

# **Mapping the music industry in Scotland:**

**A report**

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We would also like to place on record our debt to all those from within the music industry in Scotland who helped with this research. One of the most gratifying parts of the research was the way in which so many people gave their time willingly. Our special thanks go to all those who returned questionnaires and, especially, to those who took part in interviews. This report is testament to their commitment.

In many ways this report is the result of a collective effort. However, as ever, any errors remain our responsibility.

MC, SF and JW

February 2003

### **Data Protection**

All information contained in the directory has been obtained from the companies and individuals in question or from previously available public sources in line with Data Protection Legislation. Some entries may include blank fields as a result of companies/ individuals not wishing their full contact details to be in the public domain.

## Executive Summary

- The music industry in Scotland currently generates in the region of **£106 million** annually in sales of music and services. This figure can fluctuate greatly within any given year due to such things as release and concert schedules.
- In addition, the public sector in the shape of the Scottish Arts Council, local authorities and the Scottish Enterprise Network contribute around **£18.8 million** to the music economy in Scotland.
- The industry is made up of approximately **2 040** full time employees **and 2 003** part time workers. Additionally, hundreds of workers are employed on a short-term basis for events such as festivals and large outdoor concerts.
- Within Scotland there are personnel working in all the major sectors of the music industry, although several areas (notably distribution and management) are severely underrepresented.
- The advent of devolution has changed the political oversight of the industry and offers a range of opportunities for future developments. One aspect of this has been an apparent new willingness to work across musical genres and across the public/private sector divide. This approach has the potential to be expanded more fully in relation to the other creative industries.
- Scotland shares many of the challenges faced by music businesses across the developed world. These include those created by the internet and new technology, the consolidation of major companies in the recording, radio and live music industries, increased competition from large multinational companies and the decline in the number of artists being signed by the “big five” major labels.
- While investment by the major labels in Scottish artists has declined, investment by international companies in the Scottish live music scene has increased. This is indicative of the fact that live music is one of the most successful sectors in the music industry in Scotland.
- The retail sector is also buoyant, with Scottish consumers spending in the region of **£330.9 million** a year on musical instruments and live and recorded music. The amount spent on recorded music is proportionate to the UK expenditure, and although there is a worldwide trend away from the purchase of recorded music from traditional, independent shops to a combination of purchases from the internet and large multiple retailers, supermarkets and petrol stations, the success of Fopp shows that there are still market niches which retailers can exploit.
- The amount spent on musical instruments and equipment (**£21.75 million**) suggests that there is still a healthy interest in music as both a career and a leisure activity in Scotland.

- There are, however, some specifically “Scottish” issues which should be addressed. These include:
  - The (lack of) music provision in schools. (This may be addressed through research currently being undertaken by the RSAMD, see: [www.rsamd.ac.uk/enhanced/youth\\_music\\_scotland](http://www.rsamd.ac.uk/enhanced/youth_music_scotland).)
  - The perceived under-investment in Scottish based artists by both the major record labels and the public sector.
  - The lack – with a few exceptions – of Scottish media support for domestically based music. (See Chapter One, Part iv).
  - A lack of clarity and understanding within the music industry in Scotland about the role of the public sector, particularly in relation to the mechanics of funding.
  - A lack of business service providers within the industry, such as managers, agents and publicists. The report found evidence the lack of such intermediaries (between the artists and other parts of the industry) has hampered the development of Scottish musicians. The resolution of this issue may be a necessary, but not sufficient, precursor to sustained success for Scottish-based artists.
  - A perception amongst “stakeholders” of a lack of sufficient entrepreneurial skills amongst both Scottish artists and intermediaries.
  - Considerable evidence of a difference of perspectives between the public and private sectors, as exemplified by the divergent views of the “stakeholders” and case study personnel shown within this report.
  - One particularly significant effect of such divergent views is the tension between the public sector's necessary concern for the Scottish national interest and a more internationalist perspective amongst private sector practitioners.
  - A range of geographic issues, particularly for those based outwith the central belt.
  - A perception of some within the music industry that only the sustained international success of a Scottish-based act can generate significant inward investment into the local music economy (as in Ireland and Sweden).
  - A desire amongst part of the industry for the public sector to back proven winners.
  - The question of whether an industry-wide trade association is desirable. While the viability of such an organisation might be questionable (see

conclusion), it is also apparent that without it many in the industry will continue to encounter problems in engaging with policy makers.

## Preface

This report provides a map of the Scottish Music Industry in. It is by no means the first such map (see the Literature Review that follows) but we are confident that it is the most comprehensive and accurate map so far, if only because we have been able to draw on previous work, and pay systematic attention to its lacunae. Most importantly, we have talked directly to people from all sectors of the Scottish music business, who have contributed greatly to the findings here. In parallel to the report we are, then, also publishing (on the Web) a Directory of the Scottish Music Industry, a full list of all the players involved. We hope this will be a permanent, regularly updated resource, which can, in turn, lead to even better industry mapping in the future.

While we are confident that the information here supplants previous Scottish music industry statistics (where there are sharp divergences between our findings and those of previous reports, we believe that our figures are more accurate), we are also well aware that this map could be improved. Some of our decisions could be challenged. We have deliberately excluded the media and education sector from our calculations, for example, for reasons that we explain below, and should stress that we define 'added value' in strictly economic terms. And, again for reasons that we explain, we have also excluded some of the smallest "micro-businesses" as being of little financial significance even though extremely important for the people who run them. Future music industry maps may need to take more account of these exclusions. Even with these omissions, the Directory lists more than a thousand businesses.

In compiling this report, reading previous studies, interviewing stakeholders and compiling case studies, we have come to understand the advantages of working as academics who, as researchers, come to the industry as outsiders. This is not a report written to impress the Executive with either the music industry's importance (by inflating the figures) or its troubles (by deflating the figures) but, on the other hand, it is an account of music in Scotland which is focused on its economic (rather than cultural) value and this, in itself, has undoubtedly left some aspects of music making unmapped. We have little on the music economy of non-Scottish communities in Scotland; we have nothing on Army, Airforce and Navy bands (the armed services are significant employers of musicians); nothing on religious music (and the employment of, say, church organists); we make no attempt to calculate earnings from busking or the economic significance of karaoke bars.

The general point is this: unlike other creative industries the music business depends on a great variety of music making and listening activities which cannot be measured economically. There are presently in Scotland, for example, thousands of young rock musicians, practising in sheds and school halls, playing the occasionally for friends and family. None of these musicians make any money - they are, in effect, subsidising themselves - but any future Scottish stars, the next Travis or Idlewild, can only emerge from this kind of apprenticeship. In making our map we constantly came across the problem of drawing a line between amateurs and professionals. There are numerous



amateur choirs, for example, which put on concerts for which tickets are sold and coffee mornings organised in order to pay for the services of professional soloists. (Soloists who, in turn, make part of their living teaching music to people who have no intention of themselves being musicians.) And how should we classify those hundreds of people who deejay as a hobby, helping with hospital radio, providing dance music for children's parties and charity fund raisers, sometimes getting a fee, sometimes not? We want to stress here, then, not just that a map of the Scottish music industry is not the same thing as a map of Scottish music, but also the health of a music industry depends, nonetheless, on the health of these uneconomic, unmeasurable activities.

There is a further, contrary, issue here. We live in an age in which music is ubiquitous in public as well as private places. We shop and travel to music, it is there while we work, sit in waiting rooms, play or watch football, have our teeth filled and hair cut. But while Scotland is thus full of music, little of this music could be called Scottish music, and most of the money made by people providing this soundtrack to our lives flows to London and across the Atlantic, to the global corporations and publishers who dominate its production. Scottish music companies, in short, have to be understood as operating *within* a global system rather than as somehow independent of or competitive with it. This is to raise the second question with which we often had to grapple: what in this context is meant by the *Scottish* music industry? Is it the same thing as the music industry *in* Scotland? There is not a simple answer to this question and while we always explain the decisions we took on this, we know that sometimes the decision could have been different. But then this map is not meant to freeze a complex situation into a clear shape. It offers, rather, a snapshot of an ever changing situation in which blurred definitions and fuzzy figures are inevitable and may, paradoxically, be a sign of mapping accuracy!

Martin Cloonan, John Williamson and Simon Frith  
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## Introduction

In July 2002 Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE) and Scottish Development International (SDI) commissioned a team led by Dr Martin Cloonan of the University of Glasgow to map the Music Industry in Scotland. The other members of the team were Professor Simon Frith of the University of Stirling and John Williamson of Sano Management. The commission followed a tendering process instigated by Scottish Enterprise in May 2002. A draft report was produced in October 2002 and revised following an evaluation event also held in October 2002. This is the project's final report.

The purpose of the research was to provide Scottish Enterprise and the other funders with a report to 'update their information on music industry trends in Scotland'. As agreed with Scottish Enterprise at the time of tender, the report was to contain four main areas: a literature review, a database of the Music industry in Scotland to include figures on value and employment, the views of key stakeholders and a series of case studies. The sections in this report reflect that division. The research team saw its role as being to present a realistic picture of the Music industry in Scotland which neither flattered the industry nor understated its importance.

## Methodology

We wish to note here that there are a number of methodological problems associated with researching the range of musical activities within a given area and the amount of employment this generates (Wilson *et al* 2001). For example, one previous report on the UK music industry noted 'the general absence of comprehensive official data on the industry' (Dane *et al* 1996: 7) and that 'There exist few agreed definitions of what constitutes the music sector' (ibid: 8). It further noted that the concept of "employment" was also hard to define (ibid: 10). Another report agreed that 'There is no consensus as to precisely what types of businesses are representative of the "music industry"' (Wilson *et al* 2001: 94). Thus there is a sense in which all findings on the scale of the music industry are subject to dispute and interpretation. With this caveat, we now turn to our own approach.

As agreed with Scottish Enterprise at the time of commission, there were four parts to the methodology.

### (i) **Assembling a database of the Music Industry in Scotland.**

We undertook an information gathering exercise via desk-based research which involved the compilation of a list of companies and other organisations working in various sectors. This was achieved by sourcing material from existing publications, web-based research and phone calls. This led to a categorisation into eight sections: Artists and Composers, Live Music, The Recording Industry, Media, Other Creative, Ancillary, Education and Retail. In each case we have attempted to assess the earnings of each sector and the number of employees within it. We would also agree, however, with a previous report which noted that boundaries within the business are hard to draw as: 'In

reality, music businesses are very often multi-function enterprises, occupied in a range of different activities' (Wilson *et al* 2001: 19). Thus the demarcations here should be seen as somewhat fluid.

We believe that the sections we have identified constitute the most *economically* important sectors of the Music industry in Scotland. The criteria for inclusion within each sector are detailed under each of the relevant sections. We should also note that, because the boundaries of each section have tended to stretch and contract, no direct comparisons with previous research is possible.

In assembling the database, we built upon previous research done on behalf of Scottish Enterprise (Laing 2000) and by one of the research team (Williamson 1995, Sano Music 1999, Williamson and Stewart 2000). We attempted to be sensitive to the need to recognise that many companies are involved in musical activity as part of a wider remit (such as computer games companies) and sought to gather information on such activities, especially from those working in the realm of new technology. We were also aware that many individuals working in the music industry (such as road crews, tour managers, publicists etc) have been omitted from previous surveys and sought to rectify this. We collated existing information by reviewing material held by organisations such as the Scottish Music Information Centre (SMIC), the Scottish Arts Council and Companies House, and consulting Mechanical Copyright Protection Society (MCPS) and Performing Right Society (PRS) membership lists. We also drew on a number of printed sources including the Musicians' Union's *National Directory of Members* (Rhinegold 2002), the *Music Week Directory* (Scott 2002), SMIC's *The White Book* (Pillage 2002), *The Guardian Media Guide* (Atlantic 2002), the *NUJ Freelance Directory* ([www.freelance.org](http://www.freelance.org)), the BPI's *Music Education Directory* (BPI 2002b) and the *IMF Handbook* (IMF 2000).

Desk research produced a list of all the major musical activities in Scotland. In consultation with SE, a questionnaire was designed and sent by email to all these companies in July/August 2002. In total 343 questionnaires were sent out, 22 returned undelivered, 5 gave negative responses, 4 were duplicates. This left a total of 312 questionnaires. 53 were returned – a net response rate of 17% - which is in line with a good response for mailed questionnaires. (See Appendix E for further details of the questionnaire).

The questionnaires produced vital background information for the research. In particular it helped produce (i) a database of the music industry in Scotland and (ii) information on the scale of economic activity. The database is now published as a separate Directory, which will appear at [www.scottishmusicinfo.com](http://www.scottishmusicinfo.com) and selected other websites while also informing Scottish Enterprise policy development. Full details of this part of the research can be found in chapter one where the criteria for inclusion are also outlined.

## **(ii) Stakeholder interviews**

In order to provide an overview of the issues facing the music nine stakeholder interviews were conducted between July and November 2002. The interviews were semi-structured in nature with anonymised individuals speaking on behalf of their organisations. With participants' permission interviews were taped and then analysed thematically. This part of the research is detailed in a chapter two.

## **(iii) Case Studies**

Seven case studies were produced in order to give insights into the issues facing particular sections of the music industry in Scotland and to provide examples of musical careers. This was achieved by interviews with organisational representatives who provided details of their business, their views on current issues facing them and on issues confronting the industry more broadly. This part of the research is reported in chapter three.

## **(iv) Evaluation Event**

Throughout the research the team has endeavoured to maintain contact with representatives of the music industry in Scotland. In an effort to maintain the active involvement of the industry, an evaluation event was held in Glasgow on 31 October as part of the Music Works convention. Comments made during this presentation have been incorporated into this final review. Comments made during the research by members of the Scottish Parliament's Cross Party Group on the Contemporary Music industry in Scotland have also be incorporated within the report.

Having explained the origins of this report and the methodology of the research that follows, we turn now to our literature review which puts the current research into a broader context.

## Literature Review

### Mapping the Music industry in Scotland

This is not the first attempt to map the music industry in Scotland. In 1987 *The List* started publishing an annual special supplement, *The Rock Report*, which was subtitled 'The Essential Guide to the Music Business in Scotland'. The most comprehensive of these reports, published in 1990, included articles on the newly emergent dance scene, the life of a leading Scottish session musician - in London, and the lack of specialist Scottish music lawyers. It provided basic information on Scottish-based music companies under 16 headings: music shops, practice rooms, venues, pa hire, studios, video, tape duplication, promoters, management, labels, radio, press, music organisations, production companies, agents, miscellaneous (List 1990). The report covered Edinburgh, Glasgow, Dundee and Aberdeen, and makes interesting reading today as an early statement of what became recurring issues for Scottish music in the 1990s:

- The failure of local bands to make the move from Scottish to UK wide or international success. *The Rock Report* lists 8 Scottish bands newly signed to major record labels (none of which went on to have much success) and 7 that were newly dropped.
- The lack of independent Scottish record companies with any kind of sustained financial success. Of the 30 independent labels listed only 18 were actually based in Scotland (and of these only the traditional music specialists survive); the rest were London-based labels with an occasional interest in Scottish bands. As the Report notes, the days when the major international record companies had Scottish representatives were long gone.
- The absence of an entrepreneurial infrastructure - specialist lawyers, accountants, etc.

The report does carry early advertisements from two companies that did become very successful in the 1990s: the record retailer, Fopp, and Dance Factory (which became DF Concerts), and draws attention to two initiatives that prefigured things to come - MIST, Music in Scotland Trust (which was launched by the Princes Trust in 1989 to fund unemployed young people with 'an idea for a business in the Music industry in Scotland that stands a reasonable chance of success'), and the development of short music business courses based on the well-established Music Business Management HNC at West Lothian College in Bathgate.

In 1994 (with support from Tennents Live!) MIST published *The Scottish Music Guide 94*, subtitled "a comprehensive guide to the Music industry in Scotland" (MIST 1994). This covered jazz and traditional music as well as rock and pop, and was rather more upbeat than *The List* reports. Its articles were primarily written to explain the music business to new, young aspirant musicians, and

there was a strong emphasis on the importance of training and access to expertise. Here too, though, Scotland's music industry problem was seen to be its inability to produce acts and performers who could sustain commercial success, and this was blamed on the talent flow south and the lack of a music business infrastructure.

It is perhaps symptomatic of Scottish problems that this would-be annual directory was never updated. There have been occasional mapping projects since but with much narrower briefs. *Mapping Hidden Talent*, published by the National Youth Agency and the Princes Trust in 1998, was a directory of youth music projects in the UK that included 8 Scottish projects and a case study of the Castlemilk Youth Complex (National Youth Council 1998). This was followed up by a Scottish survey of youth music projects (Williamson and Stewart 2000); in 1999 John Williamson had investigated local community music initiatives and resources more broadly for the Scottish Arts Council (Sano Music 1999). Another useful guide, *The Wee Black Book*, was published in 2002 (Hillcoat and Cameron 2002), along with a work which shows the importance of Scottish music over the years (Strong 2002). But there is presently no comprehensive up-to-date directory of all music-related businesses and projects in Scotland, nothing equivalent to Meta, the web-based new music network, initiated as a 'one stop information point about the music industry' by the Arts Council of England (Meta 2002). The Directory which accompanies this report will help to fill that gap.

### **Music Industry Policy**

Municipal authorities in Britain became interested in the music business in the 1980s when music policy became a significant aspect of local economic and employment strategies (Frith 1993). Cities like Sheffield, Manchester, Newcastle, Liverpool and Glasgow pioneered four kinds of municipal musical investment: in recording studios, in venues, in concert promotion, and in training schemes (Street and Stanley nd). In Scotland, the Scottish Development Agency also became interested in developing music as an economic sector, funding the creation of the Scottish Record Industry Association and a Scottish record sales chart, and supporting the first Scottish attempt at an independent music business event, New Music World in 1990 (Frith 1993).

There has also been some interest in the problems of lifelong learning and skills acquisition within the industry including a report by the International Managers' Forum (Murphy 1997). However, this report is limited to Forum members and so misses the wider picture. This is partly remedied in a report by Metier (2000) which sought to examine skills' deficits in the music industry. While lacking any information on either Scotland or the broader context, the report provides a useful set of recommendations about developing the skills base within the UK music industry.

Meanwhile all the local initiatives (the UK government continued to believe that the British music industry responded to market forces successfully enough not to need any state support) looked to Europe for policy examples. This was the

period when many small European countries developed the state music policies that continue. Holland's Stichting Pomuziek Nederland (SPN) and Denmark's Dansk Rock Samråd (ROSA) pioneered the use of state funds to provide local music-making resources and venues for young people and to give touring, recording and promotional support to established bands. These models were followed by other European countries, such as France and Finland, who similarly used money from blank tape levies to fund information offices, export drives and national musical showcases (Frith 1993, Rutten 1993). Such European initiatives continue to provide models for politicians here. Following his launch of the first All Party Music Group in the House of Commons in February 2002, Pete Wishart MSP told readers of *Holyrood*, the magazine of the Scottish parliament, that "we only need to look across the North sea to Denmark to see how an indigenous industry can be built" (Wishart 2002)

The problem for Scotland of such policy models in the 1980s was that they were state dependent (European Music Office 1996) and at that point Scotland was a "stateless nation" (McCrone 1992). SPN's and ROSA's touring policies, for example (subsidised venues and guarantees against loss for travelling bands) could only be supported in Scotland by a commercial sponsor, Tennents Brewery (Frith 1996). It was only with devolution that a Scottish policy-making structure developed that could apply, as it does, some of these European initiatives (Symon and Cloonan 2002).

### **Post devolutionary developments**

The political context within which the music industry in Scotland is operating is also important to note. Since political devolution in 1997 there have been a number of developments which have the potential to impact on the country's music industry. In August 2000 the Scottish Executive published its cultural strategy document, *Creating Our Future: Minding Our Past* (Scottish Executive 2000). It is arguable that this underplayed the role of music and especially the role of contemporary popular music, but evidence of political interest in the future of the country's music industry can be seen in the Scottish Parliament's Cross-Party Groups on Culture and the Media, the Scottish Contemporary Music Industry, and Scottish Traditional Arts.

There have also been significant policy initiatives since devolution, most importantly from Scottish Enterprise. It launched its *Creative Scotland* strategy in 2001, a £25 million package aimed at 'the development of Scotland's creative industries to exploit the wealth of talent, skills and expertise in the sector' ([www.scottish-enterprise.com/businessdev/industries/creativeind/](http://www.scottish-enterprise.com/businessdev/industries/creativeind/)). In order to inform its popular music policies, SE commissioned a report from the Glasgow-based consultancy, New Media Partners (it reported in April 2001: New Media Partners 2001), having previously funded research on the creative industries in Scotland generally (Pratt 1999). It part-sponsored the Go North festival in Aberdeen, including the CD of mainly Scottish music which accompanied a *Music Week* piece (27 April 2002), and helped to finance Music Works, a music industry convention which took place in Glasgow in autumn 2002 ([www.musicworksUK.com](http://www.musicworksUK.com)). SE's current plans include

developing the popular industry knowledge of its own Business Advisors (under the slogan Ear for Music). This report is another result of SE's current strategy (see Appendix C for more details). Highlands and Islands Enterprise have also become involved in a number of initiatives (summarised in Appendix D).

Meanwhile the Scottish Arts Council has been re-appraising its approach to the funding of music. In March 2001 it launched its new policy on *Contemporary Popular Music* (SAC,2001). This commits the SAC to supporting popular music and to providing additional resources, with priority being given to touring, promotion and recording. Research and consultation within the sector are promised as key means of taking the programme forward (SAC 2001: 5). In March 2002 the SAC described its future vision as one of 'equity of opportunity... across musical styles and musical interests' (SAC 2002: 2). The SAC has also produced a report with Visit Scotland (SAC/Visit Scotland 2002) which examines ways of exploiting traditional music for purposes of tourism. This reviews some previous initiatives and expresses the hope that 'planning and working for the long term will produce twin benefits for economic prosperity and Scotland's unique and living cultural heritage' (ibid: 30).

### **The value of music**

The Labour Government elected in the UK in 1997 was the first national administration to take an interest in the music industry. The *Creative Industries Mapping Document*, published in 1998, sought to provide basic statistics of all the cultural industries in Britain, including the music industry, in terms of sales, value added, consumer expenditure, market size, balance of trade, employment, and secondary economic effects (DCMS 1998). Such information and the accompanying analysis of "the value chain of the recording industry" were designed to inform a forecast of growth. For the DCMS the main policy issue was how to *grow* the creative industries. This issue was taken up in the report *Banking on A Hit* (Wilson *et al* 2001) which examines the particular problems faced by small and medium enterprises (SMEs) within the music industry. These include a lack of knowledge and understanding of the industry by banks and investors.

As noted above, this was the issue taken up in Scotland, post-devolution, by Scottish Enterprise (Symon and Cloonan 2002). Mapping the Music industry in Scotland now meant not simply listing companies, but assessing their economic effectiveness, analysing the musical value chain in Scotland in order to identify any blockages to its growth potential.

Attempts to analyse the value added to the economy by the creative industries can be traced back to Myerscough's *Economic Benefits of the Arts* (Myerscough 1988). But the most influential statistical study of the music industry from this perspective is undoubtedly *The Value of Music*, published by the National Music Council in 1996 (Dane *et al* 1996), which followed up a survey of *The Overseas Earning of the Music Industry* by British Invisibles in 1995 (British Invisibles 1995). The British Invisibles study was the first to



document systematically the export earnings power of musical rights, and the National Music Council was primarily concerned to demonstrate the importance of music for the British economy. In its report music activity in the UK is divided into five core sectors: live music, the production and sale of sound recordings, copyright administration, the manufacture and distribution of musical instruments, and the provision of music education and training. For each sector figures are estimated for spending, jobs and value added. The data was updated in follow-up reports, *A Sound Performance* in 1999 (Dane *et al* 1999) and *Counting the Notes* (National Music Council 2002). The latter values the British music industry at £3.6billion for the year 2000. This report, however, is limited to the compilation of publicly available data and does not involve any primary research of the sort provided by this report.

*The Value of Music* was an important source of information for DCMS *Creative Industries Mapping Document*, and Scottish Enterprise duly commissioned Dave Laing, one of the researchers involved, to apply the same methodology to Scotland. His report, *The Value of Music in Scotland* was published in 2000. (Laing 2000; see also Pratt 1999) *The Value of Music* had used a variety of primary sources: data from industry bodies, government statistics, company reports, a questionnaire survey of a business sample, case studies of local live music scenes (including Aberdeen). The same methodology was now applied to measuring the value of music in Scotland and, on this basis, Laing calculated that in 1998-1999 Scotland's domestic expenditure on music was £389 million, the value added of the Music industry in Scotland was £95.4 million, employment was 7 206 ftes. The most significant table was that comparing the music industries in Scotland and the UK. If Scotland had 10.4% of overall UK domestic expenditure on music, it had only 4.2% of value added and 5.5% of music industry employment (Laing 2000).

Laing's research has been the basic source of the data in subsequent Scottish surveys (Gould 2001, New Media Partners 2001) but there are reasons to think that it needs some refinement. On the one hand, it provides a view of the Music industry in Scotland from a London perspective, and needs to be complemented by a wider questionnaire survey of Scottish music businesses and, in particular, by information from Scottish rather than London-based music organisations. This is one purpose of this new mapping exercise. On the other hand, the possibilities and problems of growing the UK music industry have changed somewhat since the original publication of *The Value of Music* (which pays little attention to new media, for example) and this has important consequences for Scotland's music business growth potential too.

### **The present situation**

*Make or Break: Supporting UK Music in the USA* was published by the British Council at the end of May 2002 (British Council 2002). Following an extensive music industry consultation, it recommended the creation of a UK Music Office (UKMO) in New York City. This suggestion was supported by all the industry's lobby groups and, in principle, by the Departments of Culture, Media and Sport and Trade and Industry (although negotiations are still underway about its state funding). The UKMO proposal is an immediate response to the problems

faced by British acts in the US market: in 1984 28% of the USA's best-selling albums were British; in 1999 the figure was 0.2%. But, from a Scottish perspective, it is also significant that the Westminster government no longer sees the global success or failure of UK musicians as a simple matter of natural talent and market forces. In supporting the idea of a music office it is adopting a policy long familiar in other European countries (the music office model, first developed in the 1980s by Finland, was taken up most energetically in the 1990s by France).

In its realisation that "growing" the UK industry might be more problematic than suggested in its original mapping document, the UK government has focused on two issues. The first issue, originally raised at the Government's Music Industry Forum, concerns the source of new talent and, in particular, how to ensure that SMEs (90% of music businesses according to *The Value of Music*) have reasonable access to finance to fund start-ups or second stage growth. A major review of the funding situation was commissioned and the results were published in 2001 as *Banking on a Hit* (Wilson *et al* 2001). This is equally a problem in Scotland and is one of the most important issues covered in this report. *Banking on a Hit* is particularly interesting in the Scottish context because the bulk of its recommendations concern ways of improving communication between music SMEs and potential sources of finance and of developing better systems for the provision of information and advice - policies that chime with Scottish Enterprise's own approach to the music sector in the last couple of years (Gray 2002).

The second issue for the UK government has been the protection of UK music rights, whether against straight piracy or from new digital means of musical distribution. There is increasing evidence that the major record companies are having to think about ways of profiting from rights ownership in a post-record environment (this was one interpretation of the recent Robbie Williams/EMI deal (Sullivan 2002) - EMI have invested in a brand rather than a number of albums), and one of the purposes of this report is to see how Scottish companies are responding to this situation. But this is potentially a more problematic policy area for the Scottish Executive because copyright is not a devolved matter. What the existing literature suggests, to put this another way, is that even after devolution there are aspects of music policy (tax breaks, rights legislation) which are not open to the Scottish Executive and which may partly account, for example, for the much greater international success of Irish than Scottish musical acts (Symon and Cloonan 2002, Strachan and Leonard 2000).

But the final point to be taken from this literature review is different. From a reading of the music trade press, *Music Week* and *Billboard*, it is clear that the most successful small European country in the global music market presently is Sweden, which has produced not just successful new acts like the Hives, but also songwriters and studios on whom best-selling US and British pop acts rely for material. Sweden, that is to say, seems to have solved Scotland's endemic problems - its talent does not have to go west, its infrastructure can support a flourishing creative and commercial scene. In Sweden itself this success is attributed less to the national music industry policies developed in

the 1980s, than to earlier policy decisions. In 1974 all political parties agreed to a cultural policy that put the emphasis on people's cultural rights. In music terms this meant "equal access for everybody to the stimulus which musical experience - through performance or listening - can imply to social participation and individual development". In practical terms this meant the systematic creation of "schools of music", open to everyone, in every municipality (Rikskonserter 1982). The same point is made in a new, extensive survey of popular music policy in Norway (Gripsrud 2002): a successful music industry policy cannot be developed separately from a country's arts policy; the prerequisite of a flourishing music business is a flourishing music culture. At the same time, as the most recent study of Irish music policy concludes, "Popular music initiatives should be approached in a holistic manner in which community initiatives work alongside and complement strategies that promote the economic growth and employment potential of music" (Strachan and Leonard 2002: 262).

It is in the context of such arguments that we now turn to our own research into the music industry in Scotland.

## **Chapter 1:**

### **The Music industry in Scotland**

This chapter contains the bulk of this report. It outlines the extent of the music industry in Scotland and is based on the eight categories noted in the Introduction: Artists and Composers, Live Music, The Recording Industry, Media, Other Creative, Ancillary, Education and Retail. In each case we have attempted to assess earnings and the number of employees. We detail the methodology adopted under each of the relevant sectors. Once again, however, it is necessary to note that this picture simplifies a rather more complex picture. This is because so many people within the music industry work simultaneously across the sectors (and often outwith the industry as well).

## Section I: Artists and Composers

### Introduction

In any assessment of the music industry, it is crucial to remember that without the musicians, writers and composers, the rest of the industry would be superfluous. It is not uncommon for practitioners in the industry – and this is not limited to Scotland – to assume a sense of (self) importance that diminishes the role of the musicians and composers on which they rely for their income. It is primarily for this reason that we have placed such emphasis on the creative part of the music industry in Scotland, as it is our belief that the relative poverty and commercial underachievement of the artistic sector is the key to many of our observations of the problems facing the ancillary sectors of the industry. This relationship of cause and effect between the creative and business parts of the industry will become a recurring theme.

On a superficial level it would appear that Scottish musicians are registering on a world stage. Shirley Manson stands proudly on the cover of this year's "Music Issue" of *Vanity Fair* alongside multi-platinum global superstars like Jennifer Lopez, Eve, Gwen Stefani and Alicia Keys. Her group, Garbage, boasts the accompanying editorial, has sold over eight million records. For others, the sight of Fran Healy headlining festivals and collecting awards for his group, Travis, may produce a swelling of nationalistic pride. However, a third piece of anecdotal evidence may be even more telling: last year, a motion was placed before the Scottish Parliament congratulating the Cosmic Rough Riders on sales of 60 000 copies of their album, *Enjoy The Melodic Sunshine*. Each of these three examples points to the difficulties facing the Music industry in Scotland, and the internal and external perceptions of Scottish artists.

Both Travis and Manson – the country's most famous band and export respectively – have had to leave Scotland to find success. In the case of the former, they worked in Scotland for two years with Scottish management and a Scottish agent, playing regularly around the country with no tangible outcome. Whether by co-incidence or good planning, their fortunes turned completely when they moved to London in 1995, securing recording and publishing deals, hooking up with a London-based agent and beginning work on their debut album. While they have never looked back in commercial terms, their success, other than on a peripheral level (a series of large scale headlining shows and festival appearances) has had no positive impact on the Scottish music economy.

Similarly, Manson's fortunes changed when she hooked up with the Wisconsin-based members of her new group, having previously enjoyed almost a decade of mixed fortunes with Goodbye Mr. MacKenzie and Angelfish. Arguably, in spite of their failures, both contributed more in an economically to Scotland than the multi-platinum, Garbage. Her previous bands employed Scottish musicians, management and crew for their activities; on occasion they released material on Scottish labels and their companies were based in Scotland.

The example of the Cosmic Rough Riders serves a slightly different purpose. Without wishing to diminish what is still a considerable achievement, the Parliamentary tribute is in part a measure of how low expectations have fallen for the industry in Scotland even within the last ten years. At the end of the 1980s around 45 Scottish acts were signed to major labels (Hoskyns 1989) with many of them (Deacon Blue, Del Amitri, Wet Wet Wet, Hue and Cry, Danny Wilson) achieving well in excess of this level of sales. Thus what was once routine is now deemed exceptional.

With the exception of Texas – who remain based in Scotland and operate at a level of success many times that of their compatriots and contemporaries – income (royalties and advances) from major labels investing in the Scottish music economy has all but dried up. Most of the artists who survived on major labels while based in Scotland (e.g. Del Amitri) have become victims of the consolidation and cost-cutting that has become part of the global music industry in the last decade. The table below shows the 10 Scottish-based artists currently signed to directly to one of the majors. Tellingly, the two most recent additions to the list have been spin-offs from the TV programmes, Pop Idols and Fame Academy. With a greater degree of London control than any of the other artists, these are likely to have little, if any, impact on the Scottish music economy.

|                                   |
|-----------------------------------|
| Craig Armstrong (EMI)             |
| Texas (Universal)                 |
| Ashton Lane (EMI)                 |
| Mull Historical Society (Warners) |
| Idlewild (EMI)                    |
| The Beta Band (EMI)               |
| Teenage Fanclub (Sony)            |
| Speedway (EMI)                    |
| David Sneddon (Universal)         |
| Darius Danesh (Universal)         |

**Table 1.1. Scottish-based artists signed directly to major labels.**

In addition, as this research was being conducted another band, Grim Northern Social, were due to be signed by the large independent One Little Indian, while East Kilbride-based Quarantine appeared to be on the verge of signing a publishing deal with a major label.

Meanwhile, the overall situation has required an increasing level of resourcefulness when it comes to creating full time equivalent jobs for musicians based in Scotland. Some have set up their companies, others have sought licensing deals with a series of international labels while others, such as The Proclaimers, have benefited considerably from the use of their music in films or, in other instances, on video games or television.

Fortunately some of the larger independent record companies such as Matador, Beggars Banquet and PIAS have invested considerable amounts into Scottish-based musicians such as Belle & Sebastian, Biffy Clyro and Mogwai respectively, while other smaller UK companies such as Warp and Domino have at least provided a platform for Scottish musicians, even if these relationships have rarely proved to be financially lucrative for either party.

It is also worth noting that, as is noted in the stakeholders' chapter, Scottish national identity is still a highly exportable commodity. Traditional and folk music labels play heavily on selling to ex-pat communities in the rest of the world. Generally, Scottish musicians are well perceived in the rest of the world, and their background is a source of interest, particularly in America. The other side of this is to look at what Scotland has exported over the years, and, in commercial terms, at the abject failure of Scotland to produce a genuinely sustainable international success story. While countries such as Ireland (U2, Samantha Mumba, The Cranberries) and Sweden (Abba, The Cardigans, Roxette) have seen their internal music economies benefit from the global success of their acts, Scotland has never been in a position to do so.

In terms of popular culture, it appears that many Americans still associate Scotland with the tartan-ism of the Bay City Rollers, or the bagpipe-inflicted works of Big Country and Simple Minds, all of whom enjoyed fleeting success in the USA. There are a number of artists and composers who enjoy a high degree of critical approval around the world – including The Blue Nile, Arab Strap, James McMillan, Martin Taylor, Capercaillie, The Beta Band and The Trashcan Sinatras. However, none of their considerable achievements have reached a mainstream consciousness and led to long term, commercial, international success.

Even the most commercially successful Scottish acts – whether based within or outwith Scotland – have tended to enjoy their greatest commercial success in the UK and Europe. Artists such as Texas and Travis have yet to make significant inroads into the American or Japanese market. All the aforementioned examples from Ireland and Sweden have managed to succeed in the world's largest music markets (according to recent figures from the International Federation of Phonographic Industries [IFPI]– the USA and Japan combined make up more than 50% of the global music buying market). But Scottish artists have failed to do so on any significant level.

### **Notes on Methodology**

To establish the value of the artists and composers, we have listed 176 music makers in Scotland who, based on record sales data, company accounts, questionnaire results and comparative analysis, make a significant economic contribution to the Scottish economy. This has drawn on all genres, focusing on artists who have a significant media/public profile and attempting to place their annual turnover in one of the brackets set out in the questionnaire. From this, we have calculated the number of full time and part time musicians supported by the act.

In some instances, bands with a prolific output still manage to retain full-time employment outside music and may derive very little income from their music. In other instances, bands with little output will be able to maintain themselves from their music – either on royalties from back catalogue or advances for music yet to be made. Many of the 176 acts listed fall into a category where their music provides part, but not all, of their income. An increasing number of musicians supplement their income from artistic activities by working in places such as pubs or shops or teaching. This can often have negative implications for their creativity, where the demands of their second employment reduce the amount of time they have for making music, or in some instances, become a preferred career option. Holding down a job (even part time) can also severely limit musicians' ability to tour and potentially develop their musical careers as a consequence.

In general musicians tend to gravitate towards jobs that have some bearing on their music, for example by working at venue, or earning additional cash by working in a cover versions band or, as is common among folk musicians, working in a ceilidh band. The latter two activities are both areas which can produce a higher level of income than from producing original music. In the instance of those earning the majority of their income from the education sector, their "value" and "employment" is discussed in the education part of this report, rather than in this section.

After examining this more fluid part of the music industry, we have turned our attention to the full time musicians, employed by the national companies, who are practically the only people in the music industry in Scotland to have what amounts to a fixed and guaranteed income from playing music. Data on these have been extracted from the annual reports of the companies in question and added to the overall calculation.

To conclude the calculation, we have then looked at areas which may not have been covered by the previous analysis and calculated an additional value for them.

### **Notes on Criteria**

We have imposed a number of limitations on those we have included in our directory, in order that it remains manageable and focuses on the economically significant artists and composers. The Musicians' Union (MU) Directory lists around 2 000 members in Scotland, although some will not be economically active. The list of artists which we have compiled here along with the full time musicians of the national companies will account for around half of those listed in the Directory, including most of those who are economically active.

All the artists and composers listed are based in Scotland for at least half of the year and, as a consequence, are making a contribution to the Scottish economy. In a number of instances, they may not be Scottish by birth. Similarly, we have not included Scottish artists or composers who are based outside the country, as it is considered that, for example, the impact on the



Scottish music economy of an act such Travis would be no different from that of a similarly sized touring band like Radiohead.

The first criterion for inclusion is the publication of material – either as sheet music or completed commissions for the classical sector or in recorded formats for other genres. We have listed all Scottish-based composers with a London-based publisher, plus those on SMIC's Scottish composers database (which lists a total of 326 composers) who have had work performed by one of the national companies, or work performed and released on CD. If the narrowing down criteria in this instance seem harsh, then it should be pointed out that many of the composers not listed here will appear as part of the education statistics (as many of the composers are full time employees of the music departments of various universities). Many of the others on the SMIC list are simply those who have registered their work with SMIC, rather than it having been put to any commercial use.

For those artists active in releasing music, we have included those with two or more releases on labels that are not their own. This is to exclude the growing number of artists who due to technological advances are able to release very small quantities of material in what is often little more than a vanity publishing exercise. This is not intended to decry artist-run labels or self-publishing (labels such as Soma and Chemikal Underground are very good examples of such enterprises which have succeeded), simply to exclude releases which are economically inactive. In this instance, the willingness of a third party to invest in releasing material is being used rather as a measure of the music having reached a level of proficiency and viability that it is of interest to at least that third party.

The second criteria, is that through a combination of income (see sources below), the artist in question will have had a turnover of more than £5 000 in the last twelve months. This is not always accurately quantifiable, but can be measured by sales/chart performance; the size of the venues and number of tours they embark on and the estimated fees for shows of that size and the amount of radio, television and public performances that will generate Performing Right Society (PRS) and Phonographic Performance Limited (PPL) income.

### **Sources of Income**

In these calculations we have examined what are the main sources of income for musicians.

### **Recording advances**

These are the payments made by record companies when they sign acts. They take the form of a loan against sales made by the record company to the artist. From the advances, the artists are expected to live, buy equipment, and, usually, pay for recording time. All artists signing to a major label will receive an advance of some description, while those signing to smaller independent labels will either receive a much smaller advance or, in some instances, none

at all. Advance levels vary depending on the number of sales the labels believe the act in question will achieve. Royalty levels will vary according to the size of the advance and other factors. Obviously, big selling acts are in the strongest position to negotiate better royalty rates. The table below gives an outline of the scale of first album recording advances.

|  | <i>Amount</i>                   | <i>Examples</i>   |
|--|---------------------------------|---|
| Unknown artist signing to small independent label  | Up to £5 000                    | Vera Cruise, Terra Diablo, Stapleton                      |
| Artist with some recorded history signing to larger independent label  | £ from 5 000 to 50 000          | Biffy Clyro, Nectarine No.9, Mount Florida, The Pastels   |
| Artist signing to major label with no substantial history of releases but perceived bright future              | £ from 50 000-100 000           | Ashton Lane, The Coral, Cooper Temple Clause, 100 Reasons |
| Artist signing to major/ large independent label with considerable music press coverage and sales behind them. | £ from 100 000 – 250 000        | Saint Etienne, Gorky's Zygotic Mynci, Mogwai              |
| Established act expected to sell large quantities of records signing to a major independent                    | £ from 250 000 - £1 000 000     | The White Stripes, Ficherspoonier, etc.                   |
| Established act with several million record sales behind them signing new deal with a major label.             | £ from 20 000 000 - £80 000 000 | Robbie Williams, Mariah Carey, REM, etc.                  |

**Table 1.2 examples of the values of recording advances**

It should also be noted that the value of “record deals” often bears no relation to the initial advances paid to the artists. For example, recent reports of Robbie Williams’ £80 million deal with EMI will refer to the probably exaggerated total value of the deal over a number of releases and assuming a number of conditions are fulfilled. Contrary to the impression often portrayed in the press, the artist will not receive that amount as a one-off payment.

### **Royalties**

Of the seven acts in Scotland listed as being signed to major labels, only Texas are likely to have reached a point of recoupment (where the advances have been repaid through sales). It is often in the record companies’ interest to keep a band in debt – new advances are often offered as the band reaches a point approaching recoupment. Royalties from smaller labels to artists will vary according to the level of advance involved, the structure of the deal and the method of the accounting. This is true of both major and independent labels.

### **Live performance**

For many artists live performance is the major source of income – particularly for the established folk and traditional bands, who can tour the world on a regular basis, usually with low overheads. As well as performance fees, there

is additional income from merchandise and CD sales and PRS fees. However, it should not be assumed that touring is a profitable enterprise at all levels. For many acts – even those touring at venue sizes up to 2 000 – record companies subsidise their touring with “tour support”. This is required when the travel and production costs amount to more than the fees involved.

### **Songwriting Income**

This is collected through the PRS and is payable either to publishing companies or direct to the artist (depending on whether the artist has a publishing deal). There are a number of Scottish-based artists whose songs have been successfully covered by internationally successful acts, resulting in considerable income. Examples include Eugene Kelly and Frances McKee’s “Molly’s Lips” which was covered by Nirvana; Joe McAlinden’s “Superstar” which was covered by Rod Stewart; Gary Clark’s “Beauty on the Fire” which was co-written with Natalie Imbruglia; and a number of pop hits written by John McLaughlin for acts such as 911 and Liberty X.

### **Merchandise**

Increasingly artists have more control over their merchandise by, for example, selling directly to fans through websites and at shows. A handful of bigger bands may be in a position where they can receive a merchandise advance from one of the London-based merchandising companies who produce t-shirts, other items of clothing and fancy goods. However, this is increasingly an unattractive option.

### **Commissions**

These will be primarily, though not exclusively, in the classical sector, where composers are paid for the production of music exclusively for use in a film or for orchestral performance. They also include the sort of work referred to in the case study of the Paragon Ensemble below.

### **Broadcast income**

This can remain a significant source of income at various stages in the career of a band. The BBC remains a major contributor to the UK music economy by paying Musicians’ Union rates for appearances on television programmes and for recording radio sessions. For example, a band recording a John Peel session can earn up to £200 per member for session and repeat fees. There is very little income generated from appearances on commercial radio and television networks, with artists often being required to sign away their rights to payment.

### **Session work**

There is still a substantial amount of work for musicians appearing in backing bands for solo artists or making individual contributions to other people’s recordings.

## Synchronisation rights

The use of original music in other contexts is potentially lucrative for those lucky enough to find a way into what are highly competitive markets. Examples of Scottish artists who have successfully had their music placed in films and adverts include Belle and Sebastian (who produced an album's worth of music for the Todd Solondz movie, "Storytelling"); Dougie MacLean, whose song "Caledonia" has been used in adverts and covered by other artists, making it a considerable asset; and bis, who wrote the theme tune and tracks for the accompanying soundtrack album of the cartoon, "The Powerpuff Girls."

## Public subsidy

A number of musicians have benefited from public sector investments, usually in the form of grants or loans from local authorities or the Scottish Arts Council. The SAC projected music budget for 2002-03 shows expenditure of just under £13.2 million, though very little of this goes to individual artists. The vast majority (around 87.3%) of this continues to go to the national companies (Scottish Opera, Royal Scottish National Orchestra and Scottish Chamber Orchestra) while other significant beneficiaries are organisations such as Assembly Direct, Enterprise Music Scotland and the BT Scottish Ensemble. However, the advent of the Creative Scotland Awards and an opening up of the forms of music eligible for the various Touring, Promotion and Recording Schemes means that small amounts of money are filtering towards artists, though rarely are the amounts sufficient to create full, or even part-time jobs.

|                                   |                    |
|-----------------------------------|--------------------|
| <b>Overall Music Budget</b>       | <b>£13 188 121</b> |
| Scottish Opera                    | £7 472 759         |
| Royal Scottish National Orchestra | £2 590 613         |
| Scottish Chamber Orchestra        | £1 442 131         |
| Enterprise Music Scotland         | £196 350           |
| Assembly Direct                   | £142 000           |

*Table 1.3 Largest recipients of SAC revenue grants*

## Our calculations – Income

Working from the list of 186 artists, and taking into account all forms of income listed above, we estimate that the annual turnover of each artist/group will fall as follows:

| <£5000 | £5-£10 000 | £10 000<br>-£20 000 | £20 000<br>-£50 000 | £50 000<br>-£100 000 | More<br>than<br>£100<br>000 |
|--------|------------|---------------------|---------------------|----------------------|-----------------------------|
| 35     | 32         | 45                  | 33                  | 28                   | 13                          |

*Table 1.4 Number of groups in questionnaire falling into each of the turnover categories*

To give an indication of the overall value of the sector, we have taken the mid-point of each category as an average turnover and multiplied it by the number of artists/composers falling within the category. For the open-ended category of more than £100 000, we have used company accounts to ascertain the ballpark turnover of the artists in question for the last year of published accounts.

We estimate that of the 13 listed in the over £100 000 category, 10 of them would fall in the £100-200 000 range; a further 2 between £200 000 and £500 000; and 1 equating to a turnover of almost three million. If nothing else this shows the inequality of returns in the music industry. Our research resulted in the following breakdown:

| <i>Median of category</i> | <i>no. of artists/<br/>composers</i> | <i>total value</i> |
|---------------------------|--------------------------------------|--------------------|
| £2500                     | 35                                   | £87 500            |
| £7500                     | 32                                   | £240 000           |
| £15 000                   | 45                                   | £675 000           |
| £35 000                   | 33                                   | £1 155 000         |
| £75 000                   | 28                                   | £2 100 000         |
| £150 000                  | 10                                   | £1 500 000         |
| £300 000                  | 2                                    | £ 600 000          |
| £3 000 000                | 1                                    | £3 000 000         |
| <b>TOTALS</b>             | <b>186</b>                           | <b>£9 270 000</b>  |

*Table 1.5 Estimated turnover of artists listed in 'artists ' section.*

## **Our Calculations - Employment**

Applying the same data analysis as used to calculate the above, our calculation of the number of full-time and part-time jobs created in the creation/composition of musical works in Scotland in the commercial sector, but covering all genres is as follows:

|                           |           |
|---------------------------|-----------|
| Full Time Equivalent Jobs | <b>99</b> |
| Part Time Equivalent Jobs | <b>80</b> |

*Table 1.6 Estimated number of Full and Part Time jobs in music composition, creation and performance*

There are also a large number of musicians employed on part and full time contracts by the major orchestras, with a freelance pool of musicians who may

be used to supplement the larger orchestras and who will pick up work from the likes of Scottish Ballet and BT Scottish Ensemble.

|                | <i>FTE</i> | <i>PTE</i> |
|----------------|------------|------------|
| RSNO           | 84         |            |
| SCO            |            | 34         |
| Scottish Opera | 53         |            |
| BBC SSO        | 64         |            |
| Freelance      |            | 63         |
| <b>TOTALS</b>  | <b>201</b> | <b>97</b>  |

**Table 1.7 Numbers of employees in Scottish orchestras**

We estimate the total employment of musicians in Scotland as **201 full-time** and a further **97 part-time**. According to Association of British Orchestras (ABO) report *Knowing The Score* (1999) the average salary for players in these orchestras (opera, ballet, BBC) was £23 736. An article in the *Sunday Times* Scotland in 2000 by Phil Miller (2000) suggested that members of the RSNO were “struggling to clear £20 000 a year”, while touring the world. Information from the Musicians’ Union Scottish Branch confirms that orchestra salaries at the RSNO vary from £18 500 - £25 000. For the purpose of this calculation, we will assume that full-time orchestra members earn £22 000 per year and part-time/ freelance members around £11 000.

|              |     |         |                   |
|--------------|-----|---------|-------------------|
| Full Time    | 201 | £22 000 | £4 422 000        |
| Part Time    | 97  | £11 000 | £1 067 000        |
| <b>TOTAL</b> |     |         | <b>£5 489 000</b> |

**Table 1.8 Earnings of full-time musicians in Scottish orchestras**

### **Other Areas of Musical Income**

It is advisable to build in an allowance for those working in areas that we have not researched in detail, and to make a further small allowance for composers or artists who may have been missed in our research.

### **Covers Bands/Tribute Bands**

The areas in which professional musicians are likely to earn notable amounts of income outside our research are work in club/wedding bands and as DJs. Both offer some conceptual problems. The former is a largely part-time/ weekend occupation, and even the spate of tribute bands, which produced full-time, international touring outfits such as The Scottish Sex Pistols and No Way Sis is a declining market. There are none that we are aware of based in Scotland which are full-time outfits.

However, researching the websites of the companies such as hireaband.co.uk (an Ayrshire-based agency) and Help Entertainments (Aberdeen) suggest that there are at least fifty acts working in Scotland, primarily at weddings and all relying on covering the material of hit acts of the past or present. At an

estimate, this will add approximately 150 further part-time jobs to the sector. For these purpose, we will estimate that each musician will earn £150 per week, creating a further income of **£22 500** per week or **£1 170 000** per year.

## DJs

DJs are now considered musicians for the purposes of the Musicians' Union membership and eligibility for the New Deal for Musicians (NDfM). Nevertheless, it is necessary to distinguish between those who are able to create new music and release records (some of whom are listed in our musicians section) and those who are able to command relatively high fees from performing in clubs and on Scottish radio stations. For many who style themselves DJs, their occupation amounts to little more than playing a few records once a week at a local pub or club, making this more a hobby than a realistic part-time job.

There is still a considerable market for hardcore house and techno in Scotland, with a number of DJs such as Stevie Kerr, Tom Wilson and Colin Tevendale making a reasonable income from the genre, though the vast majority of their bookings are within Scotland. There are no "superstar" DJs from Scotland and there are few exports in what is largely a home-based market. The exceptions to this are Slam and 23<sup>rd</sup> Precinct, whose long-standing reputations allow some of their DJs to travel the world and hold down residencies abroad.

We estimate that the number of full-time DJs in Scotland – drawing on information from the club listings in *The List* magazine – is **48**. This takes a snapshot of the number of named DJs working in clubs and bars in Glasgow and Edinburgh over a given fortnight. In this instance – given the urban-centric nature of the professional DJ-ing circuit - it is safe to assume that most, if not all, of the significant DJs in Scotland will rely on income from the clubs in Glasgow and Edinburgh at some point in the year. This is simply because there are more clubs, and therefore, more work. It is also safe to assume that the same DJs will occupy a large number of the slots in other towns and cities around Scotland. We have added a further 20% to the number of full time DJs and 30% to the part-time ones to allow for those working entirely out with Glasgow and Edinburgh. This is based on a comparison of the number of clubs in Scotland which regularly host DJs from outside Scotland and the proportion of those based in the two largest cities.

|           |            |
|-----------|------------|
| Full Time | <b>48</b>  |
| Part Time | <b>330</b> |

**Table 1.9 Estimated number of full time and part time DJs in Scotland**

Income for these DJs will vary from virtually nothing (e.g. free drinks) in pre-club slots at city centre pubs, to upwards of a thousand pounds for headline slots in major clubs. On average, the full-time DJs will earn between £200-£500 per week, from a combination door takings from their night or guaranteed payments, depending on the number of residencies and one off slots they



have around the country. The part-time DJs will, typically, earn between £50-£200 per week.

|              |           |                |
|--------------|-----------|----------------|
| Full Time    | 48 x £350 | £16 800        |
| Part Time    | 330 x 125 | £41 250        |
| <b>TOTAL</b> |           | <b>£58 050</b> |

*Table 1.10 Estimated income of working DJs (per week)*

This produces a total income for DJs over the course of a year in Scotland of **£3 018 600**.

|                            |                    |
|----------------------------|--------------------|
| Original artists/composers | £9 270 000         |
| Orchestral employment      | £5 489 000         |
| Club musicians             | £1 170 000         |
| DJs                        | £3 018 000         |
| <b>TOTAL</b>               | <b>£18 947 000</b> |

*Table 1.11 Estimated total income of musicians/DJs in Scotland (per annum)*

| Category          | Full Time Equivalent (FTE) jobs | Part Time Equivalent (PTE) jobs |
|-------------------|---------------------------------|---------------------------------|
| Artists/composers | 99                              | 80                              |
| Orchestras        | 201                             | 97                              |
| Club musicians    |                                 | 150                             |
| Djs               | 48                              | 330                             |
| <b>Total</b>      | <b>348</b>                      | <b>657</b>                      |

*Table 1.12 Estimated total employment in the artistic sector of the music industry*

## Notes and Observations

We have observed that Scotland's failure to produce a sustained, globally successful act has put its music industry at a severe disadvantage when compared to other countries of comparable size. The success of Abba and Roxette (Sweden) or U2 and Enya (Ireland) has had massive spin-offs for their national music industries. Irish and Swedish studios have become popular destinations for international acts and, in particular, Swedish songwriters have gone on to write for some of the biggest acts on the planet (e.g. Jorgon Elofsson who has written hits for Britney Spears, Will Young and American Idol winner, Kelly Clarkson, while Madonna's latest video has also been made by a Swedish company, Traktor Film). This results in a considerable boost to the music economy. Scottish artists tend to derive their income primarily from local (Scottish) or national (UK) markets, thus limiting their potential income substantially.

There is more fluidity of movement among classical musicians. Many of the composers now based in Scotland have moved to the country, often as a result of employment opportunities in the academic sector. There is little in the way of incoming talent in other genres, something which can add to the vibrancy of local “scenes”. The income generated by composers tends to derive from different sources to the other writers and performers listed – their income tending to come from commissions and sales of sheet music rather than recordings or live performance.

It is important to develop the notion of “scenes,” which are loose associations of like-minded people who gravitate towards each other and work together (Straw 1997). These are informal networks of small-scale enterprises, centred around bands, studios, venues or even club nights, which generally operate outside the parameters of the existing Scottish Enterprise/SAC initiatives. The informality is essentially at odds with the necessarily formal machinations of government bodies, though the geographic focus of HAIL (Highlands and Islands Labels) has succeeded in creating a “scene” of sorts around a diverse selection of unnatural partners. Evidence suggests that similar schemes in the cities fail as differences between the individuals and groups are not offset by a common good/cause (such as the geographic problems of the HAIL members).

Given the relatively small number of people who make a living from playing or writing music in Scotland, the role of the national companies as employers remains vitally important. The number of Scottish-based musicians signed to major record companies (7) is the lowest since the early seventies, meaning that the flow of money from London to Scotland has dried up considerably. By way of comparison, an article from *Jamming!* magazine in 1985 (Miller 1985) suggested that 18 bands from Glasgow alone were signed to major labels

Million selling pop/rock bands remain the biggest source of wealth, as illustrated by the example of Texas, whose income makes up a considerable proportion of that generated, by the pop/rock sector as a whole (Moncour 2000). It also illustrates that, as noted above, the rewards in the pop and rock market vary wildly: large-scale success generates millions; critical acclaim and independent success rarely amounts to a substantial income. By way of comparison, Texas’ income in a year following an album release could easily match the revenue of Scottish Opera.

The folk and traditional market is Scotland’s most successful musical export. Celtic music has a large market in Europe – as evidenced by the continuing success and large-scale festival appearances in Denmark and Germany by artists such as Capercaillie and Runrig. In addition, the most enduring performers are those such as Boys of the Lough and the Battlefield Band, who between them have been together for over 55 years and have toured America over 80 times – something no artists from other genres could claim.

There is relatively little export of Scottish pop and rock music outside the UK market, and in reverse, very few non-Scottish artists who come to Scotland to set up base or work. Investigating ways in which the former can happen will

almost certainly facilitate the latter. At present the Scottish artists are (not necessarily through choice) very insular – and the measure of publicity generated by modest inroads to the Japanese or American markets (such as the Cosmic Rough Riders in the former; Mull Historical Society in the latter) tends to highlight this failing.

The geographic spread of artists is wide, though there is a tendency for the pop/ rock acts to gravitate towards Glasgow or Edinburgh in order to enhance their visibility and career possibilities, as evidenced by Astrid and the Mull Historical Society (both from the Western Isles, now based in Glasgow). Traditional artists tend to remain largely in their place of origin (e.g. Rock, Salt & Nails in the Shetlands) and, with the exception of some additional costs, seem able to operate to at least the same degree of efficiency as their city-based counterparts.

There is a huge range of amateur music making in Scotland – either through community-based music projects or in orchestras and choirs – which are not detailed in this report. While their economic value is limited, it should be kept in mind that the actual levels of participation in music making in Scotland is considerably greater than the bottom line presented in this chapter.

### **Key Points**

We calculate that music making in Scotland accounts for the equivalent of **348 full time** jobs and **657 part-time** equivalents.

- We calculate that the total income generated by these musicians amounts to **£18 947 000**.
- Scotland is lacking internationally successful acts to draw attention to what happens here. The lack of bands signed to the 5 majors makes the likelihood of this happening on a significant scale remote.
- The national companies (Scottish Opera, Royal Scottish National Orchestra and Scottish Chamber Orchestra) remain the biggest employers in the sector. Other musicians tend to be self-employed, or in some cases set up as limited companies.
- Evidence from the questionnaires suggests that there are numerous untapped markets for Scottish produced music.

## Section ii: Live Music

### Introduction/History

Where other areas of the music industry in Scotland can be seen to lag behind their equivalents in the rest of the UK and other comparable countries, there is considerable strength in the Scottish live music market, although it is not without problems.

In this market, Scotland benefits from a strong tradition of live music, of all types and at all levels. From informal traditional music sessions which still take place in bars throughout the country, to arena-sized rock shows, there is a culture in Scotland that is very receptive to the notion of watching live music as a leisure pursuit. When on tour, it is not uncommon for artists to play to the largest audiences in the UK outside London at their Glasgow or Edinburgh show. This is down not only to the large population area from which the two cities' venues draw – they remain the exclusive destination of most non-Scottish touring acts – but also to a reputation that Scottish audiences have acquired for being among the best in the world to play to. Acts of all eras, from the Rolling Stones through Status Quo to Oasis, have all made mention of this in press and radio interviews.

While always a vibrant industry, the pre-1980s reputation of the live music industry in Scotland – as in many other places (c/f Homan 2000 on venues in Sydney) – was not good. Less reputable elements from both the drink and drugs sectors often saw live music as either a good way of plying their trades or making a fast buck. Almost invariably, the performers got the raw end of the deal. Pub rock produced most of the major Scottish acts of the seventies – such as Alex Harvey, Stone The Crows, Frankie Miller and the prototype Simple Minds – to the point where Scotland was widely associated with the genre and culture in the rest of the music world.

As in other areas, punk rock changed things significantly and it also served to highlight the anomalies in licensing laws which have bedevilled the development of live music in Scotland. For example, Glasgow City Council banned punk rock gigs, in an atmosphere of hysteria stoked by the *Evening Times* newspaper (“The Ramones in Teenage Glue Death Outrage” ran its headline of 19 August 1976) and at least one local MP tried to ban the offending records from local record shops (Cloonan 1996: 51/52). The moves against punk dislocated the Glasgow punk and post-punk scene to Paisley. Meanwhile the Civic Government Scotland (1982) Act made it increasingly difficult – depending on local interpretations – for public houses to charge on the door for admission to see live entertainment. In many instances this meant that publicans would no longer pay the fees live bands wanted.

Despite all this, the 1980s saw the emergence of Scotland's two largest concert promoters, Regular Music and DF (formerly Dance Factory) Concerts. Both of these became major promoters in UK terms, despite their own promotions being limited to Scotland. The emergence of both – one emerging from Edinburgh club promotion, the other from a former Entertainments Officer

at Dundee University Students' Union (see case study two below) – added considerably to the live music choice in Scotland and to the level of professionalism with which shows were promoted. The rise of Regular and DF coincided with the huge success of Scottish bands with which they worked closely from their earliest days. Regular Music took Simple Minds from small shows to two nights at Ibrox; DF enjoyed similar rewards from working with Deacon Blue at a time when they topped the UK album charts. Like most promoters, they have suffered at the hands of an unpredictable market and matters outside their control (such as the barrier collapse at the Pixies gig at the SEEC in 1991 and the bankruptcy of the ticket agency, TOCTA, in 1998 ). However, they have both been major players in the Music industry in Scotland since the early eighties and remain so. In 2002 DF was taken over by the major Irish promoter, MCD Concerts, though this has not, as yet, affected its Scottish operations.

The late eighties and early nineties saw festivals come to play an increasingly important role in the Scottish live music industry. This was due to a number of factors including Glasgow's position as European City of Culture in 1990. This resulted in the creation of a "Festivals Office", which later became the Department of Performing Arts and Venues and was important in creating a festival culture in the city, which may have extended outside its immediate boundaries. Although the city's longstanding Mayfest eventually reached the end of its shelf-life, the International Jazz Festival began, as did a number of specialist festivals covering folk, world music and country. The most important of these has been the annual Celtic Connections festival which began in 1993. Music also began to play an increasingly important part in the Edinburgh Festival Fringe and sponsors began to see the appeal of being associated with high profile events.

The same period saw the introduction of large amounts of "beer" money – as both the major Scottish brewing firms tried to move into the live music industry with significant amounts of cash. Both McEwans Lager – through a series of advertising campaigns and gig sponsorships – and Tennents, who devised a whole scheme called Tennents Live and launched their own free music paper, *TLN*, invested hundreds of thousands of pounds into Scottish music. Scottish Brewers eventually dropped out of the arena and Tennents moved increasingly into the larger end of the market and away from grassroots associations. This culminated in their collaboration with DF Concerts on T in the Park, which began in 1994, and their subsequent sponsorship of events such as the T on the Fringe and Triptych festivals.

Brewers' money has been, and continues to be, very important in the live music industry in Scotland. With many of the pub venues it is difficult to draw the line between where the live music is part of the beer industry and where the selling of beer is an adjunct to the live music performances. A venue such as Barrowland in Glasgow attracts no audiences - and therefore sells no beer - when there is no concert on. It therefore qualifies comfortably as a live music venue, whereas a pub such as the Clyde Bar in Helensburgh is essentially a pub which occasionally puts on live bands. The latter makes up a very small part of its turnover.

While the promoters and agents based in Scotland seem relatively stable, the venues market is constantly changing, with established names disappearing and new ones arriving on an almost monthly basis. At the bottom end of the market music promotion is reliant upon individuals willing to risk their time and money. While some go on to become established promoters, many have neither the support nor know-how and give up when they discover that promoting concerts tends to lose money in more instances than it makes any.

At the other of the market, large rock festivals have increasingly become part of the live music industry, and Scotland has been no different. For decades festivals in Scotland tended to be financial and organisational disasters, meaning that there was a distinct reluctance to start another. However with the success of T in the Park, Gig on the Green followed in 2000 - although it has yet to establish itself in the same way.

It is around such gigs that other important observations can be made as to the way the live music industry in general is going. Companies such Clear Channel (the American radio conglomerate) are promoting more and more large scale shows in Scotland that would previously have been the domain of either DF or Regular Music. It is not uncommon to find tickets for shows printed and sold by Ticketmaster, where previously these would have been printed by local printers and sold by Scottish or UK-based ticket agencies.

If globalisation is having an increasing impact on the commercial sector, then it is less noticeable in the classical opera markets where the relationship between the national companies and Scottish-based funders means that there is a commitment to Scottish venues, performances and suppliers. The uncertainty here is political. The debate on the worth and future of the national companies is played out in the pages of the broadsheet newspapers on an almost weekly basis, with convincing arguments on all sides. There is no escaping the sense of crisis that seems to be part of their current financial existence, with Scottish Opera in particular having had to rely on emergency grants in recent times - despite the continuing critical acclaim for their productions.

Both the RSNO and Scottish Opera have recently engaged in innovative marketing campaigns and pricing structures, which should have a positive impact on audiences in the long term. But their long term future is dependent on political rather than managerial decisions.

## **Methods and Criteria**

We have tried to break the live music industry into five component parts: venues, promoters, festivals, agents and providers of technical services. Details about their operation have been drawn from a combination of questionnaires, company accounts, assorted music industry directories and websites, and supplemented by a process of comparative analysis. We have limited the venues to those which contribute significantly to live music – by either putting on at least one live music performance per week or which are likely to have a turnover from live music of more than £10 000 per annum. In

the Directory, we have tried to list all known music-based venues and those arts festivals with a substantial music component.

Similarly, we have tried to list all known providers of sound and lighting equipment who are used regularly for live shows, and freelance technicians who are based in Scotland. Given the cost of the equipment, it is significant that most of the companies fall within a similar range of operation. For example, it would simply not be viable to own £10 000 worth of equipment and earn less than £3 000 per annum from hiring it as the equipment generally devalues (based on accounts) by around 20-25% per year.

The nature of technical services means that there are a large number of freelance operators, who may work for a number of venues, artists or companies. This makes it virtually impossible to trace everyone (many of the technicians and crew will be away from home for large parts of the year), so we have allowed for some additional activity in this area.

In attempting to calculate the number of employees and turnover related to live music, we have had to make a number of assumptions, which are explained below.

## **Venues**

At many of the venues listed in the Directory (e.g. in arts centres, exhibition centres and pubs/coffee shops), live music is not the main activity. This makes the actual number of employees at the venue irrelevant in our analysis of the *music* industry. In this event, we have either counted the number of staff who work exclusively on live music booking or production. Where this is not distinct, we have taken a figure based on the total number of staff and reduced it accordingly in proportion to the amount of live music activity at the venue relative to its total use. For example, the Corn Exchange in Edinburgh is used for live music around 20% of the time and for conferences and corporate events the rest of the time. Similarly, we have not included staff who may work, for example, as bar-tenders or security at the venues concerned as part of the music industry.

To make the calculations regarding turnover from live music, we have estimated the amount generated by either ticket sales or hire fees which would return to the venue and multiplying it by the number of shows which take place at the venue per year. This means that some of the pubs which put on live music, but do not charge for it will show up with virtually no income, as their return is an indirect one through the sale of beer. Many of the venues—especially the larger ones – do not actually promote shows, so we have been careful to ensure that there is no double counting with the promoters section.

## **Festivals and Promoters**

There is equally some overlap when calculating both employment and revenue generation of festivals. Many of the festivals listed have received income from local authorities, sponsors or the Scottish Arts Council as well as through

selling tickets. At one end of the scale, festivals such as the Heart of Scotland festival are run as secondary activities by people who run other music related businesses. At the other the Hogmanay celebrations in Glasgow and Edinburgh are run and managed for the local authorities by UZ and Unique Events respectively. These companies may employ additional part time staff to help with these events, but their full-time staff will do most of the work.

We are also conscious of the nature of employment on festivals. Many of the jobs created, even at the largest festivals like T in the Park, will only last for the day(s) of the event, or at most a few weeks leading up to it (see case study two below). With this in mind, we have reduced the Part-Time Equivalent jobs accordingly. By our definition, a part-time equivalent job is one that lasts all year round.

For the Fèisean movement, we have taken the figures from their most recent annual report to calculate the number of employees across the movement as a whole, rather than from the individual events.

### **Promoters**

We have used the same methodology when trying to calculate the income of the promoters, basing it around the number of shows they run per year and the income that these will generate. Much of this will be re-spent in other parts of the sector in Scotland – e.g. paying for venue hire or for sound engineers.

### **Freelancers**

In this case, we have made a simple computation of the number of freelance road crew, engineers and production managers based in Scotland. They will either be those who work regularly around the country and are not included in the figures for any of the venues or promoters or those who are based here, but spend most of their time out of the country.

Particularly for those in the latter category, income is variable and dependent to the extent the bands they work for are touring. It is not uncommon for a sound engineer to work 200 days one year and maybe 50 the next one. Payment for this type of work varies from £75 up to around £200 per day, though the latter is an exceptional rate. We have used £100/day and 150 days work per year as an average. Although this income is seasonal, we have counted these people as full-time employees, as their income levels are the equivalent (or greater) than most full-time employees in other sectors.

In each of these categories, we have taken the mid-point of each income bracket and multiplied by the number of companies that fall within it. However, where companies earn over £100 000, we have used different techniques where possible to give a more accurate picture, as these sums can be wildly variable. In the case of the festivals and promoters, this has been achieved by a calculation of the approximate number of shows they put on each year, multiplied by the capacities of the venues and the average ticket price. We have then worked on a yearly average of 75% ticket sales at their major



concerts. We have also allowed for some income from sponsorship where applicable. Among the p.a. companies with high turnovers, we have noted that all are likely to fall within a turnover range of £100-200 000, so have taken a midpoint average. Of the lighting companies, those with the highest turnovers tend to be involved in lighting more than just music. The bulk of their income may come from outdoor civic work (e.g. Christmas lights), corporate or theatre work. We have attempted to estimate the proportion of their business that involves music.

### **Other Employment in Live Music**

There are a number of other companies who are involved in the live music industry who do not fall under any of the above categories and could be included in further calculations.

Ticket agencies provide a source of employment for both counter and, in some instances, call centre staff. After the demise of TOCTA the gap in the market for a Scottish ticket agency was filled by Tickets Scotland, though the breaking of TOCTA's virtual monopoly provided the first inroads for non-Scottish based companies to sell concert tickets for Scotland.

Way Ahead, a company based in Nottingham, have acted as an agency for most of the large Scottish music promoters, and while they have a Glasgow phone numbers, calls are directed to a call centre in England. More recently, the US company, Ticketmaster, have entered the Scottish market, by reaching an exclusive agreement with DF Concerts in February 2002. However, Ticketmaster does run a Scottish office and employ Scottish staff.

It is, however, exceptionally difficult to establish either the turnover or relevant proportion of turnover attributable to music of these agencies, as to varying degrees, they all sell tickets for non-music events (e.g. football matches, theatre, carnivals, etc). This is further complicated by the nature of the business: they take in large sums of money and promptly pass it on to the promoters. In our calculations, their turnover, excepting commission or booking fees, will all be included in the promoters section. However, we have included in our calculations here the number of Scottish jobs in the sector and an estimate of the commission generated by the Scottish based companies.

We have also noted that there are a number of crew and security companies who supply (usually) part-time staff to the entertainments industries, of which concerts are a large part. Again it is difficult to ascertain the percentage of their work that stems from live music, but it is worth noting that two of the larger companies, Rocksteady and Specialized Security both supply stewards for events outside Scotland.

## Our Calculations – Employment

To date, we have identified 194 venues that fall within our criteria, 110 entries in the section covering promoters (31), festivals (72) and agents (7), and 73 entries in the p.a. and light hire sections. We have listed 12 freelance tour personnel. Figures in the p.a. and lighting section may not add up exactly, as one company (Northern Light) has two branches and we have combined their overall figures.

| <b>Category</b>                                     | <b>FTE</b> | <b>PTE</b> |
|---|------------|------------|
| Venues  | 78         | 289        |
| Promoters, Festivals and Agents                     | 96         | 199        |
| P.A., lighting and technical hire                   | 74         | 131        |
| Freelancers tour managers, crew and sound engineers | 12         | 0          |
| Security Companies                                  | 4          | 20         |
| Crew (inc. freelance local crew)                    | 6          | 14         |
| Ticket Agents                                       | 9          | 31         |
| <b>TOTALS</b>                                       | <b>279</b> | <b>684</b> |

*Table 2.1 Employment calculations in the sector*

## Our Calculations -- Revenue and Income

| <b>Median</b> | <b>frequency</b> | <b>total income</b> |
|---------------|------------------|---------------------|
| £2,500        | 23               | £57,500             |
| £7,500        | 25               | £187,500            |
| £15,000       | 22               | £330,000            |
| £35,000       | 16               | £560,000            |
| £75,000       | 9                | £675,000            |
| > £100 000    | 19               | £30,335,000         |
|               | <b>114</b>       | <b>£32,145,000</b>  |

*Table 2.2 Estimated revenue generated by Scottish promoters, agents and festivals*

| Median       | Frequency  | total income      |
|--------------|------------|-------------------|
| £2,500       | 42         | £105,000          |
| £7,500       | 60         | £450,000          |
| £15,000      | 34         | £510,000          |
| £35,000      | 26         | £910,000          |
| £75,000      | 15         | £1,125,000        |
| > £100 000   | 17         | £5,250,000        |
| <b>TOTAL</b> | <b>194</b> | <b>£8,350,000</b> |

*Table 2.3 Estimated revenue generated by Scottish venues*

| Midpoint     | No. of pa/ lights | total income      |
|--------------|-------------------|-------------------|
| £2,500       | 0                 | £0                |
| £7,500       | 4                 | £30,000           |
| £15,000      | 24                | £360,000          |
| £35,000      | 26                | £910,000          |
| £75,000      | 13                | £975,000          |
| £150 000     | 6                 | £900,000          |
| <b>TOTAL</b> | <b>73</b>         | <b>£3,175,000</b> |

*Table 2.4 Estimated revenue generated by Scottish p.a. and lighting companies.*

|                               |                    |
|-------------------------------|--------------------|
| promoters, agents & festivals | £32,145,000        |
| venues                        | £8,350,000         |
| p.a. and lighting companies   | £3,175,000         |
| freelance technicians         | £180,000           |
| security                      | £1,250,000         |
| crew                          | £30,000            |
| ticket agents                 | £660,000           |
| <b>TOTAL INCOME</b>           | <b>£45,790,000</b> |

**Table 2.5 combined income from live music sector**

## Notes and Observations

The live music industry in Scotland can be viewed as a combination of a very small number of very large companies and events which compare with any of their equivalents on a UK or European stage, and a vast array of smaller operations often centring around one individual and a number of freelance staff. Work in the industry – regardless of genre – tends to be seasonal, though it is important to note the symbiotic relationship that exists between the international music economy and its impact on the bigger Scottish companies.

The live music market is particularly susceptible to the touring schedules of the biggest acts in the world and the amount generated by the major promoters can vary hugely from year to year. For example, in 2001, DF Concerts promoted two shows by Robbie Williams and one by The Eagles to sold out crowds at Hampden Park. In 2002, they would not have had the equivalent income. The state of the economy can also impact on the market, as expenditure on live music is one of the first areas people will cut back on in times of economic downturn. The reduction in touring by American acts in the aftermath of September 11<sup>th</sup> is an example of this. As a consequence, the work for Scottish technicians and turnover of Scottish venues is often reliant on factors outside the country.

However, it is also notable that the companies based in Scotland make little impression on the live music market outside Scotland. While it is not uncommon for English promoters like Marshall Arts or SJM to promote shows in Scotland, companies such as DF Concerts, Regular Music and CPL appear to have clearly marked "territory" in Scotland, though DF has developed a festivals expertise which has meant their involvement in festival promotions elsewhere in the UK and Europe. In the jazz market, Assembly Direct have a virtual monopoly on promotion of larger scale events. This is a double-edged situation. It allows them to retain a huge percentage of the market in Scotland, but means that they are working in a finite market.

A similar pattern is evident in the technical services sector, where the majority of the companies work exclusively in Scotland, although some of the larger p.a. companies do supply rigs and personnel for UK or European tours. It tends to be the freelance engineers and crew who generate work abroad, although this often down to the touring schedules of the Scottish bands for whom most of them work.

There are reasons for these patterns. In concert promotion, there tends to be demarcated areas in which different promoters work and in this respect, Scotland is no different from, for example, Manchester or the Midlands. There is also a conventional wisdom that audiences are more likely to travel South than North to attend concerts or festivals. Thus historically rather more Scots travelled to Glastonbury or Reading than English people travelled north to attend T in the Park. One thing which the success of T in the Park may have done is to stop the need for the southward migration in the summer (as many of the same bands are now playing closer to home) rather than to induce a northwards movement. During this research DF Concerts expressed the hope that the T in the Park audience would become more international in the future.

Though the overall figures suggest a healthy business, the market is polarised, with the largest operators accounting a huge proportion of the income. In the same way that the national companies and the most successful pop band (Texas) dominate the income figures in the artists analysis, so the biggest venues, promoters and festivals make a huge proportion of the total income figures for the live music section.

For example, the Scottish Exhibition and Conference Centre ran 85 concerts in the financial year end 2001, constituting 34.4% of the Centre's events and £11.25 million turnover. T in the Park, the Edinburgh Festival and Edinburgh Festival Fringe are by far the biggest generators of ticket revenue among the festivals. In 2002, T in the Park sold around 40 000 day tickets at £67.50, with the remainder of the capacity (of over 50 000) being filled by sales of day tickets at £37.50.

The current state of the market means that it remains difficult for new companies to emerge and grow in the sector. In most instances, the provision of concert spaces is settled in a manner that matches market demand, though this means that there is a scarcity of good venues in both the North and South of the country, with a large concentration in the central belt. Audiences will generally travel some way for a big concert in Glasgow, or, for those in the Borders, in Manchester, but will not make the same commitment for a smaller show.

There is also a strong relationship between the larger promoters and venues and the same promoters and the London-based agents. Obviously, the position of power the larger promoters find themselves in is related to the fact that they are able to offer festival slots and a guaranteed level of professionalism in the way they go about things. Agents based in London are less likely to a chance on unknown promoters for their established acts. Though this is inevitable, the downside is that it offers virtually no opportunities for younger or new promoters emerging in the Scottish market, and can result in complacency among the established order. As result, most of the smaller promoters in Scotland tend to be specialists in the kind of minority musics (punk, metal, country, folk, world music, etc.) that do not offer immediate returns for the larger promoters.

Agents suffer particularly when based in Scotland. Geographic reasons make it difficult for Scottish-based agents to have the same influence within the industry as their London-based counterparts, meaning that there have been several instances of acts working with Scottish agents until the point that their career begins to take off. At this point, they almost invariably move to London representation. It is significant, therefore, that all the Scottish-based agents represent traditional/Celtic or classical musicians.

Festivals are also playing an increasingly large role in the industry, acting as an important magnet for investment from both the private and public sector. Folk festivals in the more remote and scenic parts of Scotland can also have a significant tourist impact, while all successful festivals provide a catalyst for musical activity in their given field or locality. The Fèisean movement remains a significant model for the performance, educational and community building potential of festivals.

We mentioned earlier the pressure on Scottish companies from national and international concerns. As we noted, DF Concerts is now owned by Irish promoter, MCD Concerts (see case study two below) and, at the same time, national franchises like Barfly have begun to open in Scotland. For example,

as this research neared completion it was announced that the London-based Brixton Academy is to open a 3 000 capacity venue on Glasgow's Eglinton Street. Although the live music industry generates a huge amount of income in Scotland, then, an increasing percentage of its expenditure – on artists, venues and production services -- is determined outside the country, and profits made by it are not necessarily re-invested in Scotland. This situation is likely to get worse with the increasing reach of global players such as Clear Channel and Ticketmaster.

## KEY POINTS

- We calculate that the employment generated by the live music industry in Scotland is equivalent to **279** full-time jobs and **684** part-time jobs.
- We calculate that the income generated by the live music business (promoters, venues, agents, festivals, technical service providers and freelance individuals) is **£45 130 000**
- The live music industry in Scotland is very top heavy. A small number of events, promoters and venues dominate the sector, though there is a wide range of smaller operators, who tend to specialise in a chosen form of music.
- It is also highly dependent on general economic factors and the touring schedules of major artists. The major promoters have a tight relationship with the major London agents making it very difficult for new promoters to enter the market.
- The industry is also heavily reliant on the drinks industry – both in terms of sponsorship and the sales in pubs and clubs which subsidise many of the fees paid to musicians. This often precludes under-18s in spite of the huge success of under-18s clubs and gigs. Scottish licensing laws are not conducive to the development of a new audience for live music in Scotland, at a time when alternative entertainment forms has never been greater.
- There is little activity by Scottish companies or individuals outside Scotland – the industry tends to be very inward looking.
- Festivals have grown in scope at all levels over the last decade and have become a focus for musicians and music players at all levels across the country, and in doing so have provided something of a catalyst for the live music industry.
- The Scottish market - as with the rest of Europe - has become of increasing interest to larger, global concerns.

## **Section iii: The Recording Industry**

### **Introduction: History**

For the purposes of this study, we have considered the recording industry to cover all the component parts involved in physically making and releasing a record or CD, from recording through manufacturing through release and distribution.

There are very few releases that can claim 100% to be made in Scotland – i.e. recorded in Scotland by Scottish musicians, made by a Scottish manufacturer and released internationally on a Scottish label. Part of this section attempts to address why this is the case and to look at ways in which this situation could perhaps change – for better or worse – in the future. The key to this is looking at the technological changes that have affected each of these areas.

It is also worth taking note of music piracy in Scotland. Although we have made no attempt to calculate the value of the black market, there is evidence of considerable activity in the sector. A BPI press release (17 September 2002) reported the biggest ever raid by police in Scotland on what it calls “a fully equipped counterfeit music and film factory” in Cambuslang, which contained over 50 000 CDs. A month later, a subsequent BPI release (21 October 2002) reports the retrieval of 100 000 CDs and DVDs from the Barras Market in Glasgow.

Around ten years ago many commentators predicted the imminent demise of the commercial recording studio, as home recording systems became a cheaper and more flexible alternative to spending large sums of money recording music in what were often regarded (by musicians) as soulless production factories in which musicians often spent much of the time arguing with engineers and producers who had little understanding of their music.

The 1980s had been a good time for recording studios and their staff (many of whom are also freelance producers or engineers). Arguably the decade was typified by over-produced records (including most major label Scottish bands of the late eighties) and this was good for revenue in the sector. Many of the bigger studios in Scotland established themselves during this period although the best known studio, CaVa in Glasgow, was a product of the early seventies.

The 1990s were not such a good time in the recording industry, but neither were they a total wash-out. Instead, there was a general acceptance that external input into recording was often desirable, although the amounts of money being spent on recording albums (at least by Scottish acts) declined steeply. A new era of financial caution by the majors, heralded some key changes in the studio market.

Many studios ceased trading during the nineties, but were replaced by smaller, computer-based set ups. If this technological advance meant anything, it was that recording could be done to a very high standard without either a huge amount of space or expensive equipment. Often home recording set ups were

expanded to a level where they could attract external custom. Studios like Fini Tribe's Finiflex and Apollo in Glasgow proved themselves capable of outputting music of a high quality with a fraction of the bigger studios' equipment.

This meant that the recording market retained a certain fluidity and vibrancy, though the outcome now is a few large-scale studios and numerous specialist recording facilities, which tend to be genre specific. The ability to record well cheaply, has brought a downward pressure on prices, with only the very best studios being able to maintain rates in excess of £500 per day. There is also a paucity of Scottish-based studio engineers who work exclusively in production. Thus we have included those working in production amongst the income and employment figures for individual studios.

The market for rehearsal space, by contrast, is largely static. So long as bands want a place to practice, there will always be a demand for commercially let spaces in which they can do so. In this situation, the technology of making amplified rock music has not changed in the last ten years. Rehearsal studios, however, can only exist where there is sufficient musical activity to sustain them as a business, hence the majority of these are located in the cities. Elsewhere, practice space tends to be either non-existent or considerably less commercialised. Bands in remote areas often have to be more resourceful and are more likely to rehearse in a local warehouse, school or community centre that is suitably accommodating. Rehearsal businesses have always tended to provide a steady, rather than spectacular source of income and are seem to be virtually immune to technological change.

By contrast, record labels have had to deal with both the possibilities and problems of the internet in the last decade. The general music industry line has been one of suspicion, reflected in the half-hearted attempts of the bigger companies to sell product online. Panic over piracy and the potential collapse of the existing distribution system has wasted a number of years in which the labels could have been creating a substantial new market. This is not exclusive to the majors and very few (Scottish) labels can claim to have successfully employed the internet to bolster sales.

Other technologies – most notably the ability to copy CDs on home computers – have also had an impact on record labels in recent years. This has allowed labels such as Caber Music and Fence Records to release small quantity releases on CDR, simply pressing more as and when demand arises. In some respects, this suggests an ideal future where the labels or the artists have full control over the means of production. However, doubts remain over the quality of the medium.

Another downside has been the growth in the number of record labels which are simply exercises in vanity publishing. Scotland has a number of labels that have released one album or single, usually that of the label-owners' band. After losing money on the project, there are no further releases. Elsewhere the relationship between artists and labels is a difficult one and artist-run record



labels offer creative advantages, but these are almost always offset by the business disadvantages.

In a situation not dissimilar to the one discussed in the artists' section, Scotland has never had a genuinely internationally successful record label. The longest standing labels are all in the traditional and folk markets where labels such as REL, Greentrax, Temple and Lismor have had some degree of both commercial success and critical acclaim, although primarily in specialist markets.

Successful record labels go hand in hand with vibrant artistic communities and vice-versa, as can be seen from historical examples of Sub Pop (Seattle), Factory (Manchester) and Stockholm Records (Stockholm). While Scotland has had a number of significant and innovative labels such as Postcard, 53<sup>rd</sup> & 3<sup>rd</sup>, Soma and Chemikal Underground, none of them have produced acts of the international calibre of Nirvana, New Order or The Cardigans. "Scenes" created around cities and labels have often tended to centre around creative and maverick individuals, who form alliances based on both philosophy and convenience. To become of international significance they require three key elements, all of which are to varying degrees missing in Scotland: a number of independently-minded and brilliant artists, a responsive and hyperbolic media, and the means of distributing their product.

Distribution has traditionally been a geographic problem. Most labels have ambitions to reach the entire world, but worldwide distribution deals are few and far between. This means that most labels find themselves in a position of having to start with self-distribution and perhaps mail order, before finding a UK distributor and then doing a series of licensing deals for the rest of the world. This is difficult, time-consuming and rarely financially efficient.

Scottish distribution has never been a large market, and like the sector as whole on a worldwide basis, it is under huge pressure from technological advance. Traditional and folk labels whose markets are largely in Scotland have often employed a Scottish-based distributor, but it does not take a great deal of calculation to realise that number of client labels and shops in Scotland is too limited to make this a viable business. One of the great attractions of web-based distribution is that it offers instant access to a worldwide market and removes the distributor from the equation. Given that distributors costs often account for 20-30% of the sale price of a CD, this allows for the artist/label to either take a larger cut per sale or reduce the price of their product, therefore encouraging more people to buy it.

Finally, a note on manufacturing, which for the purposes of this survey includes record, cassette and CD manufacturing but also that of hi-fi and musical equipment. Here, Scotland again finds itself geographically disadvantaged, but has managed to boast a couple of success stories, Linn Products and Grampian Record, somewhat against the odds. The market for cassette and small scale CD duplication has more or less vanished with the advent of CD copying technology, meaning that only the larger operators have survived. Traditionally many Scottish labels have relied on English companies

to press CDs, as until recently there was no mass CD manufacturing plant in Scotland. The vinyl market has had to rely exclusively on English companies, and increasingly, cheaper alternatives in the Czech Republic, as no equivalents exist in Scotland.

The significance of technological change in this sector is that the future relationship between the traditional music industry (artists and the intermediaries between them and their audience) and the media, creative industries and education sectors are the key to establishing a dynamic and progressive music industry in Scotland.

### **Methods and Criteria**

We have employed largely the same methodology here as in the other sections. First, we have compiled a list of Scottish-based recording and rehearsing studios, record companies, manufacturers and distribution companies. In the case of all of these, except the record labels, we have attempted to list all known operators in Scotland.

In the case of record labels, we have imposed a number of criteria. To be included the labels have had to release more than two records in the last twelve months, have a turnover of more than £5 000, or have a back catalogue of more than 20 albums. This is, in effect, to remove the many labels we referred to earlier as vanity publishing houses, which release material by only the one act. This does not preclude these labels becoming economically significant in the future but, for now, they are not considered so.

We have again used the results of questionnaires and information gathered from Companies' House and other public sources to estimate the total income generated by the sector. This was assisted by a particularly good response to the questionnaire by record labels.

### **Calculations**

In the Directory we have listed 88 record companies, 95 recording and rehearsal studios, and 12 companies involved in the manufacturing of CDs and musical equipment. In addition, we have found 5 distribution companies.

| <b>Type of Business</b>       | <b>FTE</b> | <b>PTE</b> |
|-------------------------------|------------|------------|
| Recording & Rehearsal Studios | 103        | 110        |
| Record Labels                 | 85         | 97         |
| Manufacturing                 | 400        | 10         |
| Distribution                  | 4          | 4          |
| <b>TOTAL</b>                  | <b>592</b> | <b>221</b> |

*Table 3.1 Employment in the recording sector*

| <b>Median</b> | <b>frequency</b> | <b>total income</b> |
|---------------|------------------|---------------------|
| £2,500        | 4                | £10,000             |
| £7,500        | 6                | £45,000             |
| £15,000       | 44               | £660,000            |
| £35,000       | 33               | £1,155,000          |
| £75,000       | 9                | £675,000            |
| £150,000      | 3                | £450,000            |
| <b>TOTALS</b> | <b>99</b>        | <b>£2,995,000</b>   |

*Table 3.2 Income generated by recording and rehearsal studios*

| <b>Median</b> | <b>Frequency</b> | <b>total income</b> |
|---------------|------------------|---------------------|
| £2,500        | 19               | £47,500             |
| £7,500        | 27               | £202,500            |
| £15,000       | 20               | £300,000            |
| £35,000       | 12               | £420,000            |
| £75,000       | 7                | £525,000            |
| £150,000      | 3                | £5,250,000          |
|               | <b>88</b>        | <b>£6,745,000</b>   |

*Table 3.3 Income generated by record labels in Scotland*

We have separately calculated the income generated by distribution and manufacturing. These are included in the table below.

| <b>Sector</b>       | <b>Estimated Income</b> |
|---------------------|-------------------------|
| recording studios   | £2,995,000              |
| record labels       | £6,745,000              |
| manufacturing       | £29,666,500             |
| distribution        | £82,500                 |
| <b>TOTAL INCOME</b> | <b>£39,489,000</b>      |

*Table 3.4 income generated by the recording industries in Scotland*

## **Observations**

### **General**

The analysis shows that recording, releasing and manufacturing industries almost match the live music industries in terms of scale, although this is distorted by the inclusion of the two of the largest turnover companies in the Music industry in Scotland in the manufacturing sector.

It was noted earlier that Scotland had no internationally significant record labels or studios, and that the latter, in particular, were working within a finite market (Scotland) which is already well served, but we also noted two

unexpected success stories. Linn Products and Grampian Records, the companies in question, are worth singling out. Linn have been selling high quality software (turntables, amps, CD players etc) which have been manufactured at their Eaglesham plant to a growing international market since 1974. In the year ending 2001, they employed 315 staff and made a pre-tax profit of just of £1 million on a turnover of £24.8 million. Linn have been widely regarded as a model of business development in Scotland and, as such, have been able to take advantage of Scottish Enterprise schemes such as the Global Companies Development Scheme.

Grampian Records are based in Wick and are one of the major employers in the area. Since moving into manufacture in the 1970s the company has built up a reputation for being a high quality cassette duplication plant, and during the course of the late eighties and nineties became a regular recipient of work from the major record companies. However, as the cassette market went into decline in the mid nineties, business became more difficult. Recently, Grampian, with the help of funding of over £200 000 from Caithness and Sutherland Enterprise have opened a CD and DVD manufacturing line, which will hopefully allow the retention of jobs as well as the ability for them to branch into a lucrative new market. Their success suggests that, in this sector, quality and reliability rather than location are the key factors in awarding of contracts.

In general, record labels in Scotland are having limited success in reaching international markets, and output on Scottish labels makes for a very small part of the UK market. Working on the basis that each of the 88 labels release on average 5 albums a year (and this is a generous estimate), then the total output of Scottish labels is around 440 albums. Taking figure from *Music Week*, the number of albums released in the first 42 weeks of 2002 is 11 329 (*Music Week* 19 October 2002). Working on this ratio, the number released in the UK this year (including re-issues) will be 14 026 albums released this year. Those on Scottish labels would make up 3.1% of the UK market.

Obviously, not all Scottish recorded music is released on Scottish labels, nor for that matter recorded in Scotland. Indeed, labels such as the Swedish classical label BIS, the Hamburg-based, Marina, and the London-based independent, Domino, are releasing more albums by Scottish acts over the course of a year than many of the Scottish-based labels.

Another point to note is that in recent years there has been, for the first time, the introduction of an element of public subsidy to Scottish record labels. Jazz label Caber Music has received almost £150 000 from the Scottish Arts Council in the shape of an initial National Lottery award and subsequent grants from the music budget, while Creeping Bent, Shoeshine Records, Path Records and Soma Records have all been recipients of awards of between £17 500 and £25 000 from the Scottish Arts Council/Scottish Enterprise initiative, the Creative Industries Awards. This is a major development, but it will be a number of years before it can be deemed successful or otherwise. In the interim, it is important not only that the schemes are maintained, but also that the many labels put off applying by lack of knowledge about the awards or

how to apply are encouraged to do so. There is particular scope for assisting labels with e-commerce, which many of them seem to have been slow to realise its potential value.

A final point on record labels is that they are not always the first destination for recorded music. In a recent interview with the *Herald* (21 September 2002) Gary Numan stated:

“I’m selling far more than I was ten years ago, but still nowhere near as much as I would like to. The money I got from an advert was four times my last recording advance, but you have to keep making records to remind advertising agencies that you are still around!”

A serious point emerges. For some musicians, the income from writing music for films, TV, computer games or adverts is greater than anything they would receive by releasing records. Other unknown acts prefer to release music through the internet on their own sites or through sites such as mp3.com rather than signing a potentially disadvantageous deal early in their career. Record labels of all sizes have been struggling to come to terms with the impact of technological change. It is little surprise that the ones in Scotland are no different.

### **Recording Studios**

There is a moderately sized recording studio market in Scotland, which is roughly proportionate to the amount of demand placed on it. Virtually all recording that takes place in Scotland is for Scottish-based bands or labels, meaning that there is a limited market for the existing studios. Attempts to attract non-Scottish bands to record here have been largely unsuccessful, though Castlesound and CaVa have worked on a number of projects for English-based bands. The general consensus is that studios of equal quality and price are available for most UK acts closer to home, therefore making them cheaper to use.

Much has been made of possibility of marketing Scottish studios as some form of remote, idyllic retreat of the type that some artists prefer, but the indications are that Scotland is perceived as too remote and distant from the centre of the industry for most requirements. The UK’s most successful residential recording studios are in Wales and Cornwall, both within a two or three hour drive of London.

If there is no geographic pull towards Scotland, the other thing that can attract international artists to a studio is the quality of the producers and engineers. At present there are a number of well-regarded producers (e.g. Callum Malcolm, Tony Doogan) working in Scotland, but they are best known for their work with Scottish bands, and there is little sign that their work is of sufficient renown to attract major non-Scottish artists to work here. There would appear to be little that can be done to alter the situation, although, once again, the global success of a Scottish band who have worked with Scottish producers and

engineers would increase the attractiveness of the country's recording facilities.

## **Manufacturing and Distribution**

With the exception of the two major companies detailed earlier, both of these areas make for a very small part of the Music industry in Scotland.

Distribution faces a particular crisis and the recent liquidation of Mac Distribution, one of the largest distribution companies in Scotland, has been a disaster for many of the labels who were owed money by them. Scotland is not a cost-efficient starting point for UK wide distribution, meaning that the distributors in the country tend to be small operators, concentrating on the Scottish market. In these instances, they do not have the clout to get considerable quantities of records into the major chains that dominate the retail market, meaning that they tend to concentrate on selling to specialist and, in some cases tourist, shops.

Web-based distribution has become increasingly relevant, and there are good examples of online retailing in the folk and traditional world at [www.musicscotland.com](http://www.musicscotland.com) and in the rock/dance market at [www.simbiotic.info](http://www.simbiotic.info) (see case study seven below).

In the manufacturing sector companies such as Linn and Grampian show that geographic factors are less important when it comes to supplying hardware and software than either technical or artistic services, and sit alongside Scottish Opera and the RSNO as the largest employers in the Music industry in Scotland. However, many of the other CD and cassette duplication companies are small-scale, single person enterprises whose turnovers have suffered in recent years as a consequence of home copying.

## **KEY POINTS**

- We calculate that the recording, releasing and manufacturing of music and musical equipment in Scotland creates a total of **592** full time jobs and **221** part time ones.
- We estimate that the total income generated by the sector amounts to **£39 489 000**.
- Both these figures give a perhaps inflated sense of the importance of the sector as close to 75% of the jobs and incomes are shared between two companies.
- Elsewhere, the majority of Scottish studios, record labels and distributors are micro-businesses looking for a toehold in a finite market, with varying degrees of success.

- Geographic reasons are instrumental in ensuring that Scotland makes up a very small percentage of the UK market for both recording studios and record labels.
- Scottish labels and studios have suffered from, rather than taken advantage of recent technological advances. The insular nature of the music industry means that integration and co-operation with the other creative industries in Scotland has been, at best, piecemeal.
- The advent of strategically placed public funds into the sector – through the Creative Industries awards – may prove to be significant.

## **Section iv: The Media**

### **Introduction/Methodology**

In this section we make no attempt to calculate the value of the media industry as part of a map of the Music industry in Scotland. To do so would be virtually impossible. In addition it is our view that music journalists, radio DJs or TV producers involved in making music programmes are not part of the music industry. We believe that the only way in which the media in Scotland contributes to the music industry is through the BBC and its payments to artists for performing sessions or the salaries and provision it makes for the musicians of the BBC Scottish Symphony Orchestra (SSO). As this income has been covered in the artists section, we have not attempted to do any further calculations of value or employment.

This is not to deny that there is a very close link between the music industry and the media. The music industry is reliant on the media for exposure of its acts (at all levels) and the media is equally dependent on the music industry for both material and advertising revenue. In this context, it should be noted that music on television does not make for good ratings, hence the low-budget nature of what few music shows do make it through to terrestrial TV schedules. Today any high value music programmes that are shown on television are paid for by record companies rather than broadcasters, and there is no Scottish label that could meet such costs. At the same time, there is no specific outlet for Scottish music videos, meaning that the closest links between the industry and the media tend to be through radio and the press.

Of course, even this presents a number of difficulties, when the ownership of some of the radio stations (for example, Real Radio, part of the Guardian Radio Group) is held outside Scotland.

What we aim to do in this section is to simply examine the relationship between the Scottish media and Scottish music.

### **Quantities**

There are 3 television companies in Scotland – BBC Scotland, Scottish Television and Grampian Television, the latter two being part of the ITV network, both owned by the Scottish Media Group (SMG)

There are 39 radio stations listed in Scotland. The most powerful and listened to are the city-based commercial stations – Radios Clyde, Forth, North Sound and Tay. All of these, and 15 other stations, are owned by Scottish Radio Holdings, who also have a number of additional media interests in the rest of the UK. BBC Radio Scotland broadcasts from Glasgow, while Radio Nan Gaidheal, the BBC's Gaelic service is based in Inverness. The BBC have studios in Glasgow, Edinburgh, Aberdeen and Inverness and also offer opt-out services for Orkney and Shetland.



Surveying the national newspapers, music is written about extensively in the 2 broadsheets (*The Herald & The Scotsman*) and their Sunday equivalents (*Sunday Herald, Scotland on Sunday*) and 3 daily tabloids (*Daily Record, The Sun* and *Metro*). The *Daily Record* is involved in the annual 192 talent competition. In addition, *Sunday Times Scotland* has some music coverage in its *Ecosse* section, and a number of the local newspapers have local interest music columns. Many of the other dailies (for example, the *Express* and *Daily Mail*) carry music coverage but, even in the Scottish editions, this is generated from London.

There are 6 magazines based in Scotland, which cover music to varying degrees. The weekly *Big Issue in Scotland*, the fortnightly events guide, *The List*, and two monthly publications, *Caledonia* and *M8* magazine. Specialist folk magazine, *The Living Tradition*, is published every two months, and a new publication, *Is This Music* has been launched in November 2002, by Stuart McHugh, editor of the JockRock website ([www.vacant.org.uk/jockrock/](http://www.vacant.org.uk/jockrock/)).

There are also a number of fanzines and e-zines based in Scotland, but as these are not for profit, irregular fan-based publications, we have not listed them all for the purposes of this report. However, the best have considerable cultural significance as markers of local scenes and sub-cultures and also as a source of writers for the mainstream media.

## **Overview: How the Scottish media covers Scottish music**

### **Public Sector Broadcasting**

In recent years Radio Scotland has struggled to determine a coherent structure for its music output with frequent changes to both policy and programming. This has meant that, despite some high quality programming across different genres, it has generally been lacking in identity. Although Radio Scotland describes itself as a “speech-based” station there is still a reasonable amount of music covered, particularly in the evenings and there is a considerable belief among BBC staff that the station has some obligation to Scottish produced music under the terms of its charter.

To this end, Radio Scotland has a number of specialist programmes, covering folk (Travelling Folk), country (The Brand New Opry), jazz (From Be Bop to Hip Hop), alternative rock (Air), Scottish dance music (Take The Floor and The Reel Blend), classical music (Grace Notes) and piping (Pipeline). Celtic music and singer-songwriters feature prominently on Celtic Connections and The Ian Anderson Show, while Radio Scotland also produces a regional version of Radio 1’s “The Evening Session,” broadcast every Thursday. There is little classical music on Radio Scotland besides Grace Notes, and the BBC SSO are more likely to be found on Radio 3 than on the station with which they share a home.

In television terms, BBC Scotland has historically attempted to engage with contemporary Scottish music makers, and has produced programmes of variable quality like Jock’n’Roll (1982), FSD (1985/86) and Eden Court (1989).

The BBC also briefly showed a Scottish Chart Show in the early nineties. Since then interest in music has been sporadic, save for a few documentaries in the “XS” strand and two series of “The Beat Room,” which was made primarily for the digital channel, BBC Choice, which meant a tiny audience though it did provide significant employment to Scottish rock musicians.

### **Commercial Radio**

Following the deregulation of UK radio, new commercial stations appeared throughout Scotland during the 1990s, though this has not resulted in the expansion of choice that may have been expected. Indeed, the radio industry has become increasingly beholden to advertisers and sponsors, with the outcome being that throughout the UK stations tend to fall into similar demographic and populist musical patterns. For the FM stations, this is manifest with a combination of local celebrity DJs playing chart singles from a tightly controlled playlist, while AM stations rely on a solid diet of the quietly familiar both from current favourites and the past. With the exception of the more geographically remote stations, this has resulted in the stations becoming increasingly disconnected from the music communities in the areas they serve. However, individual DJs such as Del Franklin (North Sound), Jim Gellatly (Beat 106) and Billy Sloan (Radio Clyde) have fewer restrictions on their playlists and are able to convey some enthusiasm for local music on their programmes.

Historically local radio in Glasgow and Edinburgh has been able to play a major role as a catalyst in developing a local scene, and DJs such as Mark Goodier and Bryan Burnett at Radio Clyde during the 1980s contributed substantially to the profile of some local bands. The nineties saw a reverse of the previous trend, whereby many new Scottish acts were more likely to be playlisted or supported on Radio 1 than they were on their local stations.

The homogeneity of local radio in the UK is not helped by the fact that the ownership of the stations is shared among so few companies. Beat 106, one of the newest Scottish stations, was awarded a franchise, amid fierce competition, by the Radio Authority in 1998, and sold on at a considerable profit to the Capital Radio Group a mere two years later.

### **Commercial Television**

Scottish television has also made some pop music centred programmes, most recently two series of the programme “Boxed Set,” featuring live performances from their Glasgow studios, which combined footage of both Scottish and international acts.

“Scotland Today”, the daily news programme, also features a weekly “what’s on in music” slot previewing forthcoming shows, and in the mid-nineties shows like “Chart Bite” made some attempts to include Scottish acts. Scottish TV also covered T in the Park for a number of years before losing the rights to the BBC. One issue which arose here was that of fees. While the BBC pay standard MU rates for live performances. Scottish, like most commercial

stations, require performers to sign away their right to payment. In many instances, the artists' or their record labels believe that the value of the exposure outweighs any payment.

Music also occasionally appears as part of both the BBC's and Scottish television's Gaelic output, but in general, there is little support for Scottish music from TV.

## **Newspapers and Magazines**

Scottish newspapers have a number of distinct approaches to the coverage of music that are roughly in line with that of their UK equivalents. The daily broadsheets offer a substantial coverage of classical music with respected authorities on the subject offering musical criticism, while the news pages are often alert to the debates on the arts in Scottish life, which often linger heavily on the funding of the national companies.

The *Herald*, *Scotsman*, *Scotland on Sunday* and *Sunday Herald* all also feature considerable coverage of pop and rock artists, though as all of these are led by news agendas they tend to concentrate on the following day/week's releases and shows, coupled with reviews of bigger touring acts. The net outcome of this is that, despite having a number of writers with different musical outlooks, largely the same music is covered in all the broadsheets. If the *Herald* is widely regarded as the best for coverage of classical music, then the *Sunday Herald* is more adventurous in its jazz and folk coverage – both genres which are often neglected by the press. Nowhere is the broadsheet dilemma between the need to cover the “high” art content expected of them and the desire to appeal to a younger audience more evident than in the *Sunday Times Scotland*, where popular music and culture is often featured, but with a generally patronising and dismissive tone.

It should be acknowledged that the broadsheets do not generate much in the way of income from advertising from the music industry (other than occasional adverts by the main Scottish promoters), but both the *Sunday Mail* and *Daily Record* generate a huge amount from adverts for live shows and single/album releases, which perhaps explains their two-tiered music reportage. While they both indulge in the showbiz gossip style of *The Sun* and other tabloids, both have a surprisingly detailed and authoritative section of reviews that cover a wide range of styles and sizes of venues, including some exposure for little-known local groups.

The freesheet newspaper, *Metro*, offers a what's on/listing-orientated approach but is again wide-ranging in its coverage of music. The same could be said of the Glasgow/Edinburgh listings magazine, *The List*, which also earns considerable revenue from London-based record companies advertising new products.

While we dispute the notion that music journalists are part of the music business in an economic sense, their relationship to the industry is important to the understanding of the way music coverage is generated. In the last

twenty years, access to artists has become more limited, more controlled, and more tightly scheduled around new releases and tours. It is virtually unheard of for an artist to do an interview with any part of the press without having a product or ticket to sell. Frith (2002: 242) describes this as “the routinization of the rock sales process... (which) has meant among other things the increasingly efficient targeting of a record’s likely market”. While this is reflected in the Scottish press, there is an added component to consider.

Most record company press officers and even respected independent publicists have little knowledge, let alone understanding of the Scottish media, leading to some unlikely inclusions and omissions. That so many artists with efficient press officers received near saturation coverage in the Scottish press while others are largely ignored, is a measure of how much the Scottish press is led by the industry rather than vice-versa.

It is also worth noting the two other Scottish-based, but UK serving magazines. *M8* has survived countless changes in the dance market, but still sells around 20 000 copies per issue, while the *Living Tradition* is approaching its fiftieth edition and tenth year of publication from its Kilmarnock base. By specialising both seem to have succeeded where the last more general attempts to launch Scottish music magazines (*TLN* and *Cut*) failed in the early nineties and late eighties respectively. Having a Scottish equivalent of Ireland’s *Hot Press* would be a huge boost for Scottish music, but whether there is sufficient activity or demand to sustain it in the current climate is open to some debate.

### **Freelance Work**

Most Scottish-based music writers are affiliated with a particular newspaper, though there are a number of freelancers based here who work for national publications. Examples of these are Sarah Dempster (*NME*), Grahame Bent (*Hip Connection* and *Metal Hammer*) and David Keenan (*The Wire*).

In general, though, freelance writers have little editorial input, usually adding little more than a geographic range to a magazine’s concert coverage. *NME* currently averages 2-3 reviews from Scotland per month, virtually none of them of Scottish bands. Most of the Scottish acts featured are reviewed/interviewed in London. In the late eighties, when there were established Scottish-based freelancers on *NME*, *Sounds* and *Melody Maker*, the Scottish music scene was much better represented than it is now.

There has also been a trend of the best Scottish music journalists leaving to take up jobs on national newspapers and magazines. Examples of this include the recent cover features of *Vanity Fair* (Madonna) and *Rolling Stone* (Britney Spears) written by former Orange Juice drummer, Steven Daly.

### **Fanzines and E-zines**

Fanzines are ultimately the domain of the superfan and to a certain extent peripheral to the industry in purely economic terms. However, traditionally

Scotland has had a healthy fanzine scene, with the end product being sold at gigs and local record shops. The likes of mid-80s Greenock-based fanzine, *Slow Dazzle*, contained some of the best writing about Scottish music of its era, while Grangemouth-based *Next Big Thing* has been banging the drum for all things rock'n'roll since 1977, establishing a worldwide reputation in the process.

In the last few years, fanzines have diminished in importance, thanks largely to the instant publishing potential of both personal biographies and websites. Even so, some of the best Scottish music writing can still be found through this medium. Fan websites such as that of Jockrock are also of some importance, especially as this site is behind the *Is This Music* magazine which, as noted earlier, was launched as this report neared completion.

## KEY POINTS

- There are 39 radio stations, 3 television companies, 2 daily national broadsheets and 1 Scottish-published tabloid, as well as 4 Sunday newspapers based in Scotland, all of which cover music of different forms. Additionally, a number of (UK) national newspapers produce distinctive Scottish editions. There are also 5 Scottish-based magazines with considerable music content.
- Television is generally unsupportive of music due to the relatively high costs to rating ratio it produces. A number of music programmes have been produced in Scotland since the early eighties, though all of these have been short-lived, due to either audience or advertiser antipathy.
- Scottish music has also suffered from both Radio Scotland's conversion to a speech-dominated station during the eighties, and consolidation and homogenisation that has characterised local radio in the nineties. A spate of new radio stations has only produced marginally more musical choice.
- There is reasonable coverage of Scottish musical activity of all genres in the Scottish newspapers (though folk/ traditional music seems to rarely enter the mainstream media), but this is often dictated by a combination of editorial whims, the relationship between the industry and the press and the dominance of the news/ topicality agendas imposed by both.
- Music fans around the world are increasingly using a wider and more geographically spread media to inform their musical taste and opinions – with digital/ internet radio, specialist satellite TV music channels and websites all playing a part. In this context, it is arguable that localised press is playing a diminishing role in the formation of tastes and the “breaking” of new bands.

## Section v: Other Creative Industries

### Introduction

In this section our prime aim is to look at the relationship between the music economy in Scotland and other creative industries. While the latter do not contribute directly to the music economy in terms of either employment or value, it is important to look at the relationship between the Music industry in Scotland and other creative industries. This becomes particularly important when looking at the public funding of the music industry in Scotland and the role of Scottish Enterprise. In 2002, the Scottish Enterprise network announced an investment of £25 million in the Creative Industries in Scotland highlighting at the time that the industries employ around 25 000 people. There is, however, some ambiguity in the terms 'creative' and 'cultural' industries, and it may be helpful to highlight some of the definitions that have been used elsewhere:

The UK Government's *Creative Industries Mapping Document* (DCMS 1998) covered advertising, architecture, the arts and antiques market, crafts, design, designer fashion, film, interactive leisure software, music, performing arts, publishing, software, television and radio. For the Scottish Executive the creative industries are "design, games, film, new media, publishing, advertising, radio and television, music and architecture" (Scottish Executive News Release, 24 August 2000). In the *National Cultural Strategy Document* the creative industries are listed as "architecture, advertising, arts and cultural industries, design (including fashion, design and crafts), film, interactive leisure software (computer games and consumer packaged software), music, new media, publishing, radio and television" (Scottish Executive 2000: 14).

The Prince's Trust use a definition taken from the East Midlands Arts Board: "advertising, architecture, arts and antiques market, crafts, design, designer fashion, film, interactive leisure services, film, interactive leisure software, music, performing arts, publishing, software, TV and radio" ([www.princes-trust.org.uk/East%20Midlands/home.asp](http://www.princes-trust.org.uk/East%20Midlands/home.asp)). In his book, *The Cultural Industries*, Hesmondhalgh (2002:P 12) lists the core cultural industries as "advertising and marketing, broadcasting, film industries, the internet industry, the music industries, print and electronic publishing and video and computer games". He describes sport, consumer electronics, software and fashion as "very important borderline cases" (ibid: 13).

Clearly, there are core areas of overlap and consensus, though it would be incorrect to use the terms "creative" and "cultural" industries interchangeably. The music industry is taken to be a creative industry in all of the definitions. Hesmondhalgh describes the music industry as "recording (which of course includes the recording of sounds other than music, but is for the most part centred on music), publishing (which is about much more than the printing of sheet music; it is about the ownership and the right to control musical works) and live performance" (ibid: 12).

Despite music's appearance in all these definitions, it is hard to specify its importance in the development of public sector creative industries strategies. Most of these are at too early a stage to provide any kind of a sector-by-sector breakdown though Scottish Enterprise have provided a breakdown of their current work (see Appendix C) and Highland and Islands Enterprise have provided details of their music-related activities (see Appendix D).

SE and HIE projects are centred largely on the accumulation of and increased access to information that will assist the development of the music industry in Scotland. The MusicWorks event clearly tried to place the music industry in a Creative Industries context, while the Music Business Development Roadshow places emphasis on "encouraging greater usage of new technologies and e-commerce" (see Appendix C).

This chapter attempts to highlight the relationship between the Music industry in Scotland and the areas regarded part of the creative industries.

## **Methodology**

We have attempted to list all the companies or individuals involved in other creative industries who make a substantial (greater than 50%) of their income from services to the music industry. This covers those involved in photography, graphic/ web design, video making and those involved in various aspects of web distribution, editing and hosting.

As these constitute a very small number of companies it is worth noting that a large part of the sector is made up of people who take photographs, design websites or make videos for bands and record labels either as a hobby or as a sideline from full-time work in the area. These would primarily be individuals earning less than £5 000. To allow for this we have added **20** part time job equivalents across the sector and allocated a total of £2 500 per individual for this, making a total of £50 000 income.

Additionally, we have broken down the larger companies listed to calculate the approximate value of income from this sector that can be attributed to the music industry.

## **Our Calculations**

We have listed **3** photographers, **1** company specialising in music videos, and **11** companies who are involved in some aspect of music and the internet. Of these, **4** are large-scale online shops/ retail services, **6** are graphic/web designers/ developers and **1** is involved in the creation of a network of websites. Of the designers/ developers, only 1 is actively involved in the digital downloading of music. We have also listed **1** company that specialises in placing music in films.

The income and jobs generated by these companies which are a result of music projects has been calculated as follows:

| <b>Category</b>           | <b>FTE</b> | <b>PTE</b> |
|---------------------------|------------|------------|
| Photography, video making | 2          | 3          |
| Web related               | 19         | 7          |
| Individual operators      |            | 20         |
| Film                      | 2          | 5          |
|                           |            |            |
| <b>TOTAL</b>              | <b>23</b>  | <b>35</b>  |

*Table 5.1 employment in the sector attributable to work on music projects*

| <b>Category</b>                            | <b>Estimated income</b> |
|--|-------------------------|
| Photography, video making                  | £95 000                 |
| Web related design, development and retail | £930 000                |
| Individual/ freelance operators            | £50 000                 |
| Film                                       | £100 000                |
|  |                         |
| <b>TOTAL</b>                               | <b>£1 175 000</b>       |

*Table 5.2 estimated income of the music related creative/new media sector*

## **Our Findings**

The music industry in Scotland is not financially strong enough to allow for the development of creative or new media suppliers who specialise solely in music projects. In looking through the different areas, it becomes apparent why operators have consistently to look to work in other fields or to move to London to maintain their specialism.

### **Photography**

There are a very small number of photographers on a UK level who can sustain a living photographing bands and concerts. As most of the work is commissioned by London based record labels or publishers, it is clearly advantageous to be based there rather than in Scotland. In addition, working as a freelance photographer in Scotland for a music paper or magazine – something that a number of people did in the eighties – is now impossible. There are fewer music papers and less coverage of events in Scotland. Additionally, Scottish newspapers find it cheaper to use existing staff/trainee photographers than to employ freelancers, making the job prospects limited.



## Video Making

The problems here are similar to those facing music photographers. Companies with serious budgets for making music promo videos are almost exclusively based in London, and a small number of directors and editing houses in Soho control the majority of major label work. For the vast majority of music made by Scottish labels there is no call for a promotional video: most of the acts are album-orientated and unlikely to appear on any of the music television shows or stations (and see our earlier comments on the costs of such TV appearances). Those acts signed to bigger labels who do need to make videos will tend to find opposition from the label to using either friends or unknown directors from Scotland. Labels generally wish to retain tight control over the making of videos in order that they reach the technical standards required to be shown on television. They consider giving (often substantial amounts of) money to untried video makers a big risk.

On a more positive note, decreasing prices and wider availability of the requisite technology mean that it is easier for Scottish bands and labels to make their own videos for very little money, if required. It is also worth mentioning **4 Minute Wonders**, a scheme which has provided funds (£5 or £6000 per month) for a Scottish label to commission a local film maker to make a video for one of their acts. This has been used by labels like Chemical Underground to make otherwise impossible videos for the Radar Brothers and Cha Cha Cohen.

## Web/Graphic Design

There has been a tendency in recent years for graphic design companies to branch out into web design as traditional print media has been sacrificed by many companies for a higher web profile. Some of the companies who have been in the past (and may be still) active in record and CD sleeve design are increasingly moving into web design for labels and bands. Bigger Scottish design companies such as Graven Images and Loco Foco will work on a number of music related projects during the course of a year, but this will make up a tiny proportion of their income and does not warrant them being in any way perceived as part of the music industry.

By contrast, companies such as Central Design, Bulletproof and Colin Usher (Junior Jet Club) have built up portfolios which lean heavily on work for music festivals, bands or record labels. In each of these examples, a considerable amount of their income will still derive from music related projects, as their work is seen primarily in these circles.

The lack of work for music industry web designers in Scotland does not equate to a lack of websites. Using the ten key sections from our directory we have listed 613 out of 944 companies listed as having a website. This equates to 65% of Scottish music businesses with an online presence. However, this figure is still below the national Scottish average of 76% of businesses with a website (DTI 2001 Chapter 10:5). The main reason for this is probably the size of the businesses in question.

We have already established that the Music industry in Scotland is made up primarily of small operators, and the International Benchmarking survey carried out by Scottish Enterprise showed that large businesses (86%) are far more likely to have a web presence than either small (71%) or micro (44%) sized ones. Our table below also shows a fairly large variation in the sectors of the Music industry in Scotland with the greatest online presence, with the festivals and artists having the biggest proportion of websites, while the service providers (managers and agents) and traditional retailers (music and record shops) have the lowest percentage. Those without websites tend to be smaller businesses where resources prevent the development of a site, but interestingly neither of Scotland's two largest concert promoters – Regular Music or DF Concerts – had a functional website at the time of writing.

| <b>Category</b>          | <b>No of Websites</b> | <b>No of Companies</b> | <b>%</b>    |
|--------------------------|-----------------------|------------------------|-------------|
| <b>Festivals</b>         | 69                    | 75                     | 92          |
| <b>Artists</b>           | 167                   | 189                    | 89.8        |
| <b>Record Labels</b>     | 79                    | 88                     | 89.8        |
| <b>Promoters</b>         | 22                    | 30                     | 73.3        |
| <b>Recording Studios</b> | 58                    | 99                     | 58.6        |
| <b>Management etc</b>    | 31                    | 53                     | 58.5        |
| <b>Record Shops</b>      | 60                    | 120                    | 50.0        |
| <b>Venues</b>            | 90                    | 194                    | 46.4        |
| <b>Agents</b>            | 3                     | 7                      | 42.9        |
| <b>Music Shops</b>       | 34                    | 92                     | 37.0        |
|                          |                       |                        |             |
| <b>TOTALS</b>            | <b>613</b>            | <b>944</b>             | <b>64.9</b> |

*Table 5.3 number of music industry companies with a website*

It is also telling that web design skills are increasingly widespread and that most music website design in Scotland is carried out at either extreme of the market – by large scale design agencies or by individuals on a voluntary, or lowly paid basis.

## **E-commerce**

There remains some resistance within the music industry (not just in Scotland) to the idea of online retailing, in spite of the returns it can yield. Digital downloading has been increasingly neglected as a potential profit centre, though a number of Scottish labels benefited in 1999-2000 from over zealous web based retailers like iCrunch whose advances for digital rights have not been fully exploited. With the deals often lasting for only three years, some have made more money from these than they would have done through any sales of digital content.

Dig Ltd (formerly Dig Music, until this year's management buy-out) is the only Scottish based company still involved in designing and developing the machinery for secure downloads, though their business has branched out

considerably from just the music market. Their recent clients have included industry organisations like such as HAIL, SMIC, the Association of Independent Music (AIM) and government agencies such as the Scottish Enterprise Network, Scottish Development International and Highlands and Islands Enterprise.

There are also a number of online CD retailers based in Scotland, notably MusicinScotland.com, musicscotland.com and simbiotic.info. The first two concentrate on marketing traditional Scottish music to an international market and trade on their Scottishness, while the success of the third (see case study seven) is dependent on their ability to sell CDs online for companies outside as well as inside Scotland. Their recent clients have included singer-songwriter, Thea Gilmore, and London based independent labels, Circus (Go-Betweens, Jeff Buckley, The Magnetic Fields) and Wichita (Yeah Yeah Yeahs, Bright Eyes). In the pop/rock/dance markets, selling CDs by Scottish companies alone is not a sufficient business base, but equally there is no reason why Scottish companies such as Dig and Simbiotic, with unique selling points, cannot create a large client base regardless of geography.

## **Film**

There is 1 small company in Scotland that attempts to match music makers with film makers, while this work is also carried out by public agencies like Scottish Screen and the Glasgow Film Office. In recent times, there have been some examples of this approach reaping dividends, though financial gain for the Music industry in Scotland from collaborations with the film industry in Scotland are limited.

In 2001, The Pastels recorded music for David MacKenzie's film *The Last Great Wilderness*. In 2002, David Byrne recorded at CaVa Studios in Glasgow with a number of local musicians for the soundtrack of the forthcoming *Young Adam*. In general, Scottish made films are low budget and expenditure on music is limited. Similarly, when EMI became involved in the marketing of the music on *Trainspotting* and *The Acid House*, a number of the smaller Scottish acts director Paul McGuigan had approached to be on the soundtrack were jettisoned for catalogue tracks from bigger selling artists. (e.g. Blur)

Overall, film is a source of some income and short-term employment contracts for musicians, which varies substantially from year to year depending on what films are being made in Scotland.

## **KEY POINTS**

- We have highlighted the difficulty of defining “creative” industries, but established that music is widely regarded as a core part of them.
- In Scotland, it is not yet possible to determine fully the import of music within newly developing creative industries strategies. We have listed some examples of the type of projects now being funded.

- The Music industry in Scotland is not large enough to support companies in other creative industries which can rely solely on work from music. The majority may be music-orientated, but are more likely to generate income from government agencies or larger corporations, not necessarily based in Scotland.
- The key to the success of Scottish companies in this sector is normally based either on marketing Scottishness or on an ability to provide a service that appeals to music industry companies based outside Scotland.
- We have calculated that the sector provides employment for **23 FTEs** and **35 PTEs**. The income generated by the companies listed and individual operators is estimated at **£1 175 000**.
- A below average number of Scottish music companies have a website, though this can be attributed in part to the size of the businesses that make up the industry. Some major companies are not online.
- There is evidence that geography and being away from the centre of the industry is less of a disadvantage when it comes to e-commerce, yet the development of e-commerce facilities by Scottish music operators has to date been scattered. There is considerable scope for increasing the export market, particularly of contemporary Scottish music, through e-commerce portals, and improved marketing of existing sites. The traditional music entrepreneur again seems to have been ahead of the pop/rock entrepreneur one in developing the potential of this area.

## **Section vi: Ancillary Services**

### **Introduction**

This section aims to look at the base of support and back-up services that are available to Scottish-based artists. This is a crucially important sector as it is here that many of the problems facing the prospects self-sustaining music industry in Scotland surface.

We have included in this category, the key professional services (legal and accounting), artist management and publicists. In addition to this, we have included details of industry organisations (both those based in Scotland and those in London that we consider relevant to the Scottish business) and publishing companies within this broad heading. Our approach here is to show how these professions interact and overlap within the industry (particularly in Scotland), to calculate the number of companies active in the field at a reasonable level, and to try to explain why the options and back up for Scottish artists are so limited.

### **Legal Provision**

Nearly all the artists listed in Section 1 will have had need of a lawyer at some stage in their career. Whether they have chosen to take up the option depends largely on financial resources at the time of need. Music industry legal advice rarely comes for less than £150 an hour and music industry contracts and problems rarely require less than ten hours to conclude. In most instances taking specialist music industry documentation to a local/cheaper lawyer is simply not an option.

The expense of legal provision and the limited (and often slow moving) system offered by the Musicians' Union to its members are sometimes blamed for some of the worst contracts the industry has to offer. Such contracts are often signed by artists who are either too desperate to get a record out or too poor to seek proper legal advice.

The situation in Scotland is accentuated by the lack of music industry specialists in the country. It is worth noting that Scottish bands not only have to pay £150 an hour for legal advice, they also have the added expense of travelling to London. Previous attempts to set up specialist legal advice for musicians have been derailed simply by the lack of musicians in a position to make such a position viable for a partnership. This has, inevitably, resulted in Scots qualified in music law moving to London, where they at least have the choice between working for a record company or joining a practice where there will be demand for their services.

### **Accounting Provision**

The situation in accounting is slightly less gloomy than in the legal profession. While there are specialist music/entertainment industry financial advisers in London, the rules governing partnerships and limited companies are generally

much the same, regardless of industry. Assuming Scottish-based accountants are willing to spend some time acquainting themselves with the peculiarities of the way the music industry works (they can often get advice from their professional organisations), they should be able to offer exactly the same type or quality of advice.

Some artists may not know this and find themselves using expensive and distant financial advisers. A look through the accounts of existing Scottish music businesses suggests that there is a fairly even split between those who use a Chartered Accountant they know in Scotland, those who use London-based specialists and those who use the local outposts of the big five global accountancy firms.

There is probably scope for a specialist music industry accountant in Scotland, though it may well be that, for the moment, it is better that a number of companies/individuals split the work that is available.

### **Other Services**

There are some other general back-up businesses which are widely used in the music industry, but not so industry-specific as to require specialists. Insurance brokers are widely used for personal, travel and liability insurance and while the music industry specialists are based in London, there is nothing to prevent a local agent being able to access the same deals, perhaps even using London companies such as Robertson Taylor as an intermediary.

Glasgow is also home to one of the biggest music industry travel agents, The Tour Company, whose work is generated from acts and labels based around the world. Perhaps this indicates that given the nature of their business, this is one of the few music-related businesses where location is utterly irrelevant.

### **Management**

Most bands think they need a manager from an early stage in their careers. This is because they either have the often misguided notion that a manager is necessary to enhance their prospects or that they are simply too daunted by the basic administrative chores that go with the running of a band.

Managers come from a number of different backgrounds to the job. Some are (failed) musicians, most are involved in the industry in some other capacity, and others are friends of a band/artist who grow into their role as their careers develop. In bigger centres (such as London, New York and Los Angeles) there are some large-scale management companies who use economies of scale to offer management services to large numbers of signed artists. There are none of these in Scotland.

The way managers approach the job also differs considerably. Some are office-based administrators with little interest in the outcomes of their work, others prefer to be around the band they manage all the time and spend time on tour with them. The relationship varies from surrogate band member to a

more distant and business administrator. Many managers play up to the notions of what they think a band manager should do, while the more successful ones tend to develop their own *modus operandi*.

One of the most striking aspects of management is how many people aspire to be band managers (the NEMIS directory lists over 30 “providers of artist management services” in Scotland). Yet, managers at best make 20% of their artist’s income and most of the bands in question are unlikely to provide their managers with any sustainable employment. For many in this position, management is effectively a part-time hobby which they hope will lead to a more regular income.

The lack of available established Scottish managers – the best ones are usually too busy with their existing acts – means that it remains common for Scottish-based bands to have London-based management.

### **Publicists**

Perhaps of all the jobs related to the music industry, the role of publicist is the one which is most reliant on the ability to network and communicate on a first hand basis with musicians, record companies and the press. Setting up a specialist music PR agency in Scotland is a hazardous occupation and requires having clients from overseas and considerable contacts in London. An emergent trend has been for Scottish PR firms to take an interest in the industry, perhaps deploying some of their staff time to specialist music projects, while the rest of their income comes from more traditional PR pursuits in other industries.

### **Publishers**

Publishers administer the collection and payment of royalties to composers and writers, and it is relatively straightforward to set up a publishing company. This is often a convenience to artists who have neither the time nor inclination to complete the endless forms and chase money, but at the smaller end of the publishing business, especially where an artist has a single label/publisher deal, this can be used to deny the artist income. Some labels set up publishing companies as a way of deferring the payment of mechanical royalties.

### **Industry/Trade Organisations**

Prior to 1990, the major music industry organisations showed little interest in Scotland, or in the full scope of the industry in Scotland. The Musicians Union served largely orchestral and instrumental players and the PRS and MCDS (Mechanical Copyright Protection Society) seemed distant bodies to the majority of Scottish record labels. However, changes in royalty collection and payment arrangements at the start of the decade and the emergence of a lobbying forum in the shape of the Scottish Record Industry Association did result in a change of approach as the decade wore on. All three organisations committed more resources to Scotland and increased both their inclusiveness and involvement in educational events and festivals.

Membership of BPI (British Phonographic Institute), AIM (Association of Independent Music) and MMF (Music Managers Forum) is limited in Scotland - reflecting either the metropolitan feel of the organisations or the limited scale of the industry in Scotland. With the exception of AIM, the cost of membership may also be considered too great relative to the benefits of being a member. For example, only 6 of the BPI's 340 members are based in Scotland, and the six are not necessarily the largest or most important Scottish labels. AIM's 650 plus members include 2 full Scottish members (both on the board) and a further 17 who joined as part of a discount membership scheme organised through NEMIS (New Music in Scotland). The MMF has only 2 Scottish members. A greater representation on all these bodies would undoubtedly help give a stronger voice to the Music industry in Scotland across the UK and within Scotland itself.

While many of the organisations listed in this section (e.g. The Prince's Trust and The British Council) are most definitely not part of the music industry, there are five Scottish-based organisations which should be highlighted. To differing degrees, NEMIS, HAIL (Highlands and Islands Labels), SMIC (Scottish Music Information Centre) and MIDAS (Music Industry Development and Support) play significant roles as advocates, resources or both. We have also included Scottish Cultural Enterprise, who manage the New Deal for Musicians on behalf of Job Centre Plus. As well as a full time administrator and an assistant, the organisation provides part time work for a number of MICs (Music Industry Consultants).

### **Criteria & Methodology**

This is a particularly awkward section in which to calculate employment and income, as the companies involved are rarely involved in either exclusively music industry pursuits or, where they are, in a single activity. For example, in legal and accountancy companies work on music-related projects will account for a negligible amount of their overall turnover, while virtually all the publishing companies and publicists involved will appear elsewhere in the directory, either as managers or record labels. With specific reference to publishing companies, most of them (however constituted) are a subsidiary part of another business, usually a label. Given the small quantities of companies involved, we have attempted to analyse each on an individual basis, mindful of the dangers of double-counting.

We have largely employed the same methods as in the other sections, but have restricted the list of management companies to those who are representing artists who are signed and, therefore, have a reasonable stream of income, or who are likely to have an income of greater than £5 000 per year. Given that managers' earnings are likely to be, at most, one-fifth of artists' earnings, this greatly restricts the number of managers listed. In the other sections, we have attempted to provide as comprehensive a listing as possible in the light of the small number of companies involved.



## Our Calculations

| Type of Company       | frequency/ no. of cos | FTE       | PTE       |
|-----------------------|-----------------------|-----------|-----------|
| legal                 | 6                     | 2         | 0         |
| accountancy           | 4                     | 0         | 2         |
| other                 | 2                     | 0         | 0         |
| management            | 17                    | 21        | 9         |
| publishing            | 14                    | 1         | 3         |
| (trade) organisations | 7                     | 18        | 7         |
| publicity             | 5                     | 10        | 0         |
| <b>TOTALS</b>         | <b>55</b>             | <b>52</b> | <b>21</b> |

*Table 6.1 Number of companies and employees involved in various music industry activities.*

| Median        | frequency | total income    |
|---------------|-----------|-----------------|
| £2,500        | 1         | £2,500          |
| £7,500        | 3         | £22,500         |
| £15,000       | 6         | £90,000         |
| £35,000       | 4         | £140,000        |
| £75,000       | 2         | £150,000        |
| £200,000      | 1         | £200,000        |
| <b>TOTALS</b> | <b>17</b> | <b>£605,000</b> |

*Table 6.2 income generated by artists managers based in Scotland*

| Median        | frequency | total income    |
|---------------|-----------|-----------------|
| £2,500        | 4         | £10,000         |
| £7,500        | 5         | £37,500         |
| £15,000       | 5         | £75,000         |
| £35,000       | 2         | £70,000         |
| £75,000       | 0         | £0              |
| £200,000      | 0         | £0              |
| <b>TOTALS</b> | <b>16</b> | <b>£192,500</b> |

*Table 6.3 income generated by publishers in Scotland*

For the purposes of these calculations we have not considered the income generated by professional services as part of the value of the music industry. Though an important part of the music industry process, income from work on music amounts to a very small percentage of the income generated by the legal/accountancy industries. Similarly, PR income and that of, for example, travel agents, should be assigned to their primary industries rather than music.

The trade organisations based in Scotland also pose a problem when assessing their value to the Scottish industry. This can be measured more effectively in terms of jobs than money as PRS and MCDS payments are still made by Scottish venues and labels to a London organisation, which then redistributes them. Most of this re-distribution will have been picked up

subsequently in the artist and publisher income calculations, meaning that to include values for these would be to simply re-count existing sums.

The income generated by the other trade organisations in Scotland (e.g. NEMIS, Scottish Cultural Enterprise, MIDAS) is largely derived from public sector agencies, and will be included in our calculations of public sector support for the music industry in Scotland (see Section 9).

This leaves a total income from the publishing, publicity and management companies of **£997 500**.

## **Observations**

It is unrealistic to expect specialist music industry lawyers or accountants to set up in practice in Scotland unless they are heavily involved in other professional activity. Historically, Robert White has been the only experienced Scottish-based music lawyer in the country. He is now semi-retired although he still looks after the affairs of some acts including Belle and Sebastian.

Other practitioners, notably Murray Buchanan (Maclay Murray and Spens) and Alison Burns (P3 Music) split their time between Glasgow and London, to allow their workload to remain 100% music related. Artists' and companies' decisions about who their legal/financial representatives will be are generally based on who they feel will best look after their interests. While in some cases this person/company may be available on their doorstep, the greater choice and knowledge available in London will inevitably force most of the major accounts to go to companies based in the capital.

We have already noted that management choices in Scotland are very limited and, perhaps most worryingly, the number of *bona fide* management companies in the country seems to have declined since 1999 (see Sano Music 1999). This reflects the situation of Scottish artists already discussed. The slump in the management sector is an aspect of the declining careers of a number of Scottish-based acts and the lack of new acts coming through with Scottish management.

Tellingly, the most successful Scottish bands of the last couple of years, Idlewild and Mull Historical Society, have London management, while the chart topping career of Darius Danesh is virtually unconnected with his Scottishness. The most successful management company in Scotland is, unsurprisingly, that of the most successful Scottish act. As well as looking after the interests of Texas, GR Management also represent Primal Scream, Julia Thirteen and Ashton Lane.

We have only listed one PR company in Scotland which specialises in music and club events and is not part of a wider organisation (Buzz Promotions). Mingo PR represent a number of mainly non-Scottish acts and labels (including Chicks on Speed, Stereo Total and Le Tigre). Elsewhere, the two major rock festivals (Gig on The Green and T in the Park) both employ Scottish publicists – Fiona Hutchison in the case of the former, and KLP

Scotland (which is Tennents' PR company) for the latter. In addition, both DF Concerts and Fopp Records, two of the largest companies in the Music industry in Scotland, both employ Burt Greener Communications in Edinburgh, meaning that a considerable amount of their work is based on music projects. The Glasgow-based agency Better Days also have a number of music clients alongside their more corporate ones.

Music publishers in Scotland are, by their very nature, limited in their scope. All the major music publishers (for both classical and popular music) are based in London, and their interest is inevitably aroused when artists show potential for earning large sums of money. This means that almost all the potentially large earners sign to London-based companies in exchange for advances against income, leaving only the scraps for Scottish-based publishers. The most successful Scottish publishers tend to be those with the largest catalogues in the traditional and folk fields.

As mentioned previously, the industry organisations are significant employers. The PRS has the largest Scottish office (with 12 staff in total), while the Musicians' Union has 2 full time staff and six part-time branch secretaries. MCDS, HAIL, MIDAS and NEMIS all employ one person while, as noted above, New Deal for Musicians in Scotland has one full time co-ordinator and an assistant, together with a number of freelance consultants.

The potential for growth in staff numbers of the industry organisations is limited, so long as membership remains stagnant. Most draw on something close to the maximum of potential members from Scotland, though, there is scope for helping such resource and lobbying bodies generate further memberships. However, there is also a danger of Scottish companies being too inward looking. The lack of representation on UK bodies like BPI, AIM and MMF is a more worrying, if explicable trend.

## KEY POINTS

- A sense of crisis is more evident in the ancillary services than in any other part of the Music industry in Scotland.
- We have calculated that there are **52 full time** and **21 part time jobs** in the sector, with a total income generated of £997 500.
- In many instances (e.g. in law or accountancy) it is difficult to break down which of these services are actually part of the music industry rather than a mere fragment of their primary businesses.
- The problems in this section are a result of not enough back up for the existing artists, the lure of apparently better and more professional companies in London, and the difficulties facing individuals trying to make a living out the publishing and management industries while based in Scotland.

- This leaves a number of artists, who could use representation, in a situation where they are involuntarily looking after their own affairs. While this, in many cases, ought to be encouraged, there is certainly scope for centralised advisory points (whether through existing organisations like SMIC, NEMIS or completely new ones), which would allow artists to get free/ low-cost advice while retaining control over their careers.
- The existing notion of management is not always totally appropriate for the needs of artists, and some consideration should be given to creating a pool of freelance consultants/personal assistants who would be able to assist artists on an informal basis, rather than being bound with a full-time management contract.

## Section vii: Education

### Introduction

Earlier in the report we highlighted the importance of interaction between the music industry and the education system. This has hitherto been limited, although there have been some improvements in recent years. To cover the education sector fully, we need to look at music tuition in schools, informal musical education, and the growing range of courses in further and higher education which relate directly to either music performance or careers in the music industry.

Looking at these in order, the lack of provision of free musical tuition in schools is considered by many, including the Musicians Union, as the most important issue in the education sector. Ultimately, local authorities have control over the level (and cost) of provision of instrument tuition, resulting in uneven access to tuition across the country. Existing provision appears adequate in general music lessons until around the S2/S3 stage, after which there are large gaps in provision which often result in pupils losing interest in, or not being able to afford to continue their musical interests.

Extensive lobbying by the Musicians' Union may lead to improvements in this situation in forthcoming years, though it will need full political support. The National Cultural Strategy does recognise the need to "promote and enhance education and lifelong learning in and through arts, culture and heritage, developing wider opportunities for cultural access and maximising the social benefits of culture" (Scottish Executive, 2000: 4). The task now is to translate this general commitment into specific support for free instrumental tuition in schools. It is worth noting in this context that Export Music Sweden attributes some of the remarkable success of Sweden's acts on an international stage to the high quality and level of free musical tuition (Forss, 1998: 150).

In 2000 the number of specialist music schools for children of Secondary School age was expanded in Scotland. These are located at Douglas Academy (East Dumbartonshire), Broughton High School (Edinburgh), Dyce Academy (Aberdeen) and Plockton High School (covering the Highland area). A schools consortium in music was also formed in Fife.

The less formal aspect of instrument tuition comes in the shape of professional and amateur musicians transferring their skill in return for hourly remuneration. This is still a large part of the (often, black) economy. Even so, 467 Scottish instrument and vocal tutors were listed among the 2000 Scottish members of the Musicians Union in the Musicians' Union *National Directory of Members* (Musicians Union 2001). This, like the Fèisean movement, suggests that there is still considerable interest in learning to play instruments away from the more formal setting of schools. These teachers will also generate some additional income for the education sector, though the amounts earned by the various tutors will vary dramatically over the course of a year.

For many this will be part-time work in addition to, for example, playing in a band or orchestra or even teaching music in schools, which may be determined by how busy they are in their primary occupation. The income from private tuition will probably range from a few hundred pounds per year towards £20 000 per year for specialist vocal coaches who can work full time and charge a higher hourly rate.

Scotland has also been at the centre of developments in vocational course in further and higher education. Gordon Campbell's music industry training course at West Lothian College began in the mid-80s and was widely acclaimed within the industry for both its pioneering nature and the quality of students it produced, many of whom are still working in prominent positions in the industry. Being the only course of its type both helped and hindered its development. It gave it access to the record companies, and a large percentage of students went straight into employment in London, often removing some of the most talented Scots from the Scottish music economy in one fell swoop. It also spawned a host of imitators across the country, which multiplied the number of students leaving FE with NC, HNC and HND qualifications in subjects such as Music Technology and Music Industry Management.

The development of this market has resulted (not just in Scotland) in a growing number of students with some qualifications attempting to find their way into a limited number of jobs in the industry. One particular complaint from the studios who responded to our questionnaire was about the number of CVs they receive on a weekly basis from college graduates seeking positions that simply do not exist (see Appendix E).

The year 2002 also saw the development of a four-year honours degree in Commercial Music at the University of Paisley and of a BA in Popular Music at Napier University; both following the introduction of a BA Applied Music at Strathclyde University. There also remain a wide range of more traditional MA, BA and post-graduate courses in music at all of Scotland's universities and at the Royal Scottish Academy of Music and Drama (RSAMD).

We should perhaps add here that in as far as creative talent is something that can be nurtured on formal courses, the Scottish Art Schools, alongside the RSAMD and now the Strathclyde Applied Music course, have been by far the most significant institutions for aspiring Scottish musicians.

## **Calculations**

As the education sector is funded by a combination of fees and government money, it would be incorrect to view it as contributing to the value of the music industry. However, it should be pointed out that the education sector is a major employer of musicians. This covers the whole spectrum of musicians from the composers (e.g. Bill Sweeney, University of Glasgow) via traditional (e.g. Brian McNeil, Scottish Music at the RSAMD) to popular. Ted McKenna from the Sensational Alex Harvey Band and Douglas McIntyre from Creeping Bent are

amongst those who teach part-time on popular music courses in the Glasgow area.

We have listed in the Directory 26 HE/FE institutions where music of some kind can be studied. The RSAMD is the 1 specialist centre of music study, 8 of the others are universities, the remaining 16 are further education colleges. Our estimate is that around **70 part-time** or former musicians are employed in the sector in addition to academics.

## **Observations**

It would be stating the obvious to say that we are supportive of the study of music, regardless of the genre or approach of the students and institutions involved. Music and music technology/industry education has been something of a growth industry in Scotland in the last decade. However this development is at odds with the diminishing opportunities for employment in the Scottish industry as a whole and has resulted in a number of tensions. These are most obvious in the FE sector which faces the dual pressures of vocationalism and the need to increase student numbers, which generally determine the level of funding a course receives (Cloonan and Turner 2000).

There are also training schemes outside the education system, aimed at preparing people for jobs in the industry. In the past, schemes such as Community Service Volunteers (CSV) and Instant Music Scotland (IMS) have provided a limited amount of support for unemployed musicians, though much of this has now been formalised through the New Deal For Musicians (NDfM). As well as the appointment of a mentor, those on the NDfM are able to take advantage of Open Learning opportunities through various FE colleges in Scotland. A small number of Scottish companies, notably Ico Ico Creative, are also suppliers of services to NDfM, specialising in self-employment.

## **KEY POINTS**

- Music education may not be part of the music industry in Scotland, but offers an increasing range of courses and options. It is important that the mistrust that exists between the two sectors is addressed.
- Instrument tuition is an important political issue, currently being dealt with by the Scottish Executive, local education authorities and subject to lobbying from the Musicians' Union. There is still a large market for informal music tuition outside of schools.
- Scotland has been pioneering in the provision of FE courses pertaining to the music industry.
- There are considerable tensions between aspects of funding council planning in FE and the needs of the industry for which some of the courses have been designed.

## **Section viii: Retail**

### **Introduction**

The retail sector is a particularly problematic area when it comes to calculating value and determining which parts of the sector can legitimately be termed part of the Music industry in Scotland. This is despite the extensive work which has been done on the sector, mainly in the form of market research.

We broke the sector down into two areas – the retailing of recorded music (including CD, DVD, Vinyl, Cassette and Mini Disc formats) and the retailing of music making equipment (instruments, studios, etc.). An investigation was then carried out to establish the number of identifiable *music* stores currently trading in Scotland.

### **Recorded Music Sales**

#### **Methods and Criteria**

Calculations here required considerable dexterity. The traditional notion of a “record shop” has changed considerably in the last decade. If this was once based on the idea of an independently owned shop serving local needs and tastes (perhaps a small chain), then the market has swung towards first what the industry terms “specialist” chains (such as HMV and Virgin); second “multiples” (such as Woolworth and WH Smith) where music retailing is only part of a greater whole; and, third, “supermarkets” (Tesco, Sainsburys, Asda etc.) where music makes up an even smaller proportion of the whole. Recently sales of CDs through the internet have increased, a phenomenon which is causing some degree of anxiety in the retail sector.

Our initial survey includes only the shops, which sell recorded music as their main business. This was calculated in Scotland as **34** shops that are part of corporate chains (Our Price, MVC, HMV, Virgin) and a further **85** independently owned retailers, ranging from multi-shop companies like Fopp and Music Zone to small one-person operated jazz and folk specialists.

We used questionnaires and company accounts and applied comparisons to place each shop into one of five turnover categories. We have multiplied the frequency of occurrence by the median. For shops with turnovers greater than £1 million we have calculated their turnovers from estimates generated from published accounts on an individual basis.

#### **Calculations**

In order to calculate the total sales of music in Scotland the main missing factors – the multiples, supermarkets and service stations – would have to be included. However, we would question whether these can be legitimately added to any assessment of the value of the Scottish music economy. We think not, and have therefore omitted them. In addition while we have included



second hand shops, we have excluded the increasing number of charity shops which specialise in music.

Our contention is that selling CDs is often a loss leader for multiples and supermarkets (chart CDs often retail for £9.99 in outlets such as Woolworth, Comet or Asda) and that there are rarely staff assigned specifically to music sales. CDs will usually be sold by staff with no specialist knowledge; they are as likely to be selling clothes, electrical appliances or vegetables, and there employment is not dependent on the CD market (though this is not to deny the great importance of supermarket sales for the record industry). In many such stores the selection of records is small, self-service and paid for at a counter shared with other products. In addition, any profit made is unlikely to be re-invested into the Scottish music economy, as none of the owners of the multiples in question are based in Scotland (John Menzies was sold to WH Smith in 1998).

We therefore suggest that it is fanciful to include them as a major part of any analysis of the Scottish music economy. However, it is important to emphasise the importance of both the independents and the specialist stores in music retailing. By our calculations, derived from the published accounts of large retailers such as HMV and questionnaires and comparative analysis of the smaller operators, together they sell around **£127.9 million** worth of music in Scotland per annum. This is broken down as follows:

| Category      | Median of Category | No. of shops | Total income        |
|---------------|--------------------|--------------|---------------------|
| >£100 000     | £50 000            | 50           | £ 2 500 000         |
| £100-249 999  | £175 000           | 36           | £ 6 300 000         |
| £250-499 999  | £375 000           | 9            | £ 3 375 000         |
| £500 –999 999 | £750 000           | 1            | £ 750 000           |
| > £1 million  |                    | 23           | £115 000 000        |
|               |                    |              |                     |
| <b>TOTAL</b>  |                    | <b>119</b>   | <b>£127 925 000</b> |

*Table 8.1 calculation of total recorded music sales in Scotland*

Figures produced by Millard Brown for the BPI (BPI 2000) suggested that Scotland is responsible for 9.1% of the UK sales of recorded music. BARD (2002) suggested that the UK figure for 2001 was **£2 094.7 million**. Working on this basis, the total value of recorded music sales in Scotland would equate to **£190.5 million**, meaning that other Scottish retail outlets (multiples, supermarkets and petrol stations) would sell around **£62.6 million** worth of music per year.

It is arguably in terms of employment that record retailers contribute most to the Scottish music economy. We calculate that the independents and specialist chains account for **577** full time jobs and **224** part time jobs. These jobs are generally not well paid. The manager of large independent store will earn between £15 000 and £20 000 per year, with the manager of a larger branch of HMV or Virgin, earning slightly more. Non-management staff will

earn between £10-£15 000, often working long hours in the process. Part-time staff are generally paid at levels marginally above the national minimum wage.

However, record retailers offer full time employment in an economic sector that is largely made up of those working on either part-time or flexible contracts. Most shops - regardless of size - have a core of full time staff with part-time back up when necessary. It is also worth noting that working in a record shop can have considerable added value for the musicians and DJs who tend to occupy many of these posts. This can be accumulated in a number of forms. DJs can use their position to hear/listen to music ahead of its release and to buy it at discounted prices. Similarly, for band members working in a record shop, like working in a venue, can be a gateway into the local music scene. In most towns or cities, the main protagonists will congregate around, or at least frequent, certain locations, and working in them is useful way of expanding contact books.

Bennett (2000: 154) paraphrases Shank's 1994 study of the music scene in Austin, Texas as highlighting the role of (particularly independent) record shops "in authenticating particular scenes by providing a space for like-minded individuals to meet, discuss their tastes in music and argue over the merits of particular tracks and artists". This is a pattern, which can be seen worldwide, although there may not be any direct connection between the size of a scene and its economic worth

The strength of connection between shop staff and other parts of the music community is a less tangible measure of their overall economic value. Staff in small, specialist retailers are far more likely to be musicians or engaged in other parts of the music industry than those who work, for example, in the music department of Woolworths as they will have been recruited on completely different criteria, namely musical knowledge.

### **General trends**

Trends in music retail are presently confusing. There have been considerable format changes, with sales of singles, cassettes, vinyl and mini discs all dropping significantly in the UK in 2001 (BPI 2002a), offset by the increase in sales of CDs (and DVDs, though there are no reliable statistics yet distinguishing between film/music DVDs).

| <b>Format</b>            | <b>Sales in Millions (2001)</b> | <b>% change (00/01)</b> |
|--------------------------|---------------------------------|-------------------------|
| <b>Singles</b>           | 59.5                            | -9.9%                   |
| <b>Albums / Vinyl</b>    | 2.6                             | -17.3%                  |
| <b>Albums/ Cassette</b>  | 4.6                             | -59.5%                  |
| <b>Albums/ CD</b>        | 218.6                           | +8.4%                   |
| <b>Albums/ MD</b>        | 0.1                             | -75.9%                  |
| <b>TOTAL ALBUM SALES</b> | 255.9                           | +4.4%                   |

*Table 8.2 changes in format sales in the UK 2000-01*

A more recent snapshot of the UK market by the BPI suggests that first quarter sales in 2002 were up 5%, but slumped by 15.4% in the April-June period. The BPI were, however, quoted (on [www.bpi.co.uk](http://www.bpi.co.uk)) as saying that they were still hopeful of an increase in second half of the year sales, blaming the World Cup and Queen's Golden Jubilee along with the lack of big name releases during the summer, for the downturn. If the overall value of recorded music sales in the UK were to increase in 2002, this would be the third consecutive year in which they have done so.

On a global level, the figures are less encouraging. The International Federation of Phonographic Institutes (IFPI) announced a worldwide downturn in sales of recorded music by 5% (in sales) and 6.5% (in units) for the year 2001, while half-year figures for 2002 indicated a slump of 11.2% in sales and 9.2% in value between January and June 2002. These are also expected to improve in the second half of the year, thanks to the imminent release of a number of major albums.

In piecing together the figures, it is worth noting that the British market is holding up well in comparison with the global (and in particular, American) one. This is partly down to a strong showing by domestic artists (France is the other country to be bucking worldwide trends, also due to the impact of domestic acts). Explanations for the global situation are frequently laid at the door of digital downloading through peer to peer networks, which the industry emotively refers to as "piracy."

While this is a convenient and, in some instances, convincing argument, it cannot be used as a blanket explanation for the downturn in sales. The record industry, retailers and the media tend ignore the market effects of oligopoly (5 global corporations account for 85% of global music sales (see D'Angelo 2002) on the choice and quality of music reaching the stores. It would be simplistic to use either argument in isolation to explain the decline in sales, something the industry, in the shape of the Record Industry Association of America (RIAA), has chosen to do in a series of recent legal cases and rounds of intense lobbying of the US Congress (Garofalo 2003)

How global activity impacts on the Scottish market is harder to tell. Sales in Scotland seem to have remained very close to 9% of the UK whole. UK-wide figures (BARD 2002) suggest that the number of specialist chain stores has declined slightly in the last four years (523 to 510) and the number of independent specialists has done so more dramatically (1064 to 943). The number of multiples (2143 to 2150) and supermarkets (1654 to 1698) selling music has remained largely static.

Comparisons in Scotland are difficult due to the lack of detailed and accurate information on the number of shops trading prior to 2000. However, observation suggests a similar pattern. Since the opening of the largest record store in Scotland - Virgin in Glasgow's Buchanan Galleries - in 1999, there has been little change in the picture regarding the multiples. The notable exception here is Tower Records, which has closed their Glasgow branch – the only one in Scotland. The number of independent shops appears to have decreased slightly with branches of Missing Records closing, along with others such as Echo and West End Records in Glasgow.

To counteract this, other chains, such as Avalanche have increased their number of stores, and new specialist retailers appear to be opening with only slightly less regularity than others are closing. One example of this is the new branch of Fopp on Edinburgh's Rose Street and, indeed, Fopp is an important example of a Scottish business bucking a UK trend (see case study four and Fraser 2002). Overall this is a fluid marketplace and though it has been the independent and locally-based stores, which have suffered initially from the effects of supermarkets selling more music, there are signs - if the current market value of HMV is anything to go by – that the specialist chains may start to consolidate and trim their number of outlets.

### **Sales by Internet**

While the majority of attention focused by the internet by the music industry has centred on downloading of material, the actual sale of CDs online has perhaps had an even more significant effect. A number of different types of website sell finished CDs. Record companies, artists, general online retailers and specialist record shops online may all take copies of a CD and sell them, often at variable prices. For example, Mogwai's "EP+6" is for sale on the band's website (£10), from Chemikal Underground (the same price), from Amazon (£10.99) and Sister Ray (£9.99).

BARD report that online sales of CDs now constitute 5% of the UK market, an increase from 3% at the beginning of 2001, and while there is little reason to think that Scottish consumers do not use these sites to the same level as anyone else in the UK, none of the major online music retailers are based in Scotland. There are a number of companies involved in the setting up of online shops listed in our "new media" chapter, and the example of [www.musicscotland.com](http://www.musicscotland.com) - a retailer of folk and traditional music which is based in Tobermory, Mull proves that the internet offers considerable flexibility in terms of location.

The online sale of CDs has changed the distribution model in the industry, and has been a source of some downward pressure on retail prices. Where a record label or band is able to sell directly to its audience, it removes the share of the price which is payable to either distributors or shops and replaces it with a (smaller) postage and packing cost. This also means sites such as CD-Wow can sell chart CDs for £8.99 (compared with £12.99 or £13.99 in most large shops), partly as a loss-leader, and partly because it costs less for them to sell them.

Even so, the tendency in the industry has been to retain or increase prices to compensate for declining sales, meaning that it is still difficult to determine fully who benefits most from the new model: consumers, artists or record labels. The answer tends to be different depending on the individual case – it may be that the major labels, retailers and distributors are those who suffer most as the percentage of CD sales carried out online increases, while the more independent artists and labels stand to gain more financially. For the casual music buyer, the increased choice and convenience may outweigh what the record/CD collector would regard as the loss of the shopping/ buying experience.

## **Music Shops**

### **Introduction and Methodology**

In some respects, instrument and equipment retail is simpler. Of the **92** retailers listed in our directory, almost all fall into the category of being small, independent, retailers. Of the shops listed, the largest is Sound Control, which is based in Dunfermline and now has 11 shops around the UK, of which five (including the largest in Glasgow) are in Scotland.

There are some interesting geographic trends as well, which show the distribution of musical instrument suppliers being responsive to music making communities. While record shops are more clustered in the biggest population centres, there are specialist music shops (e.g. bagpipe makers or folk specialists) scattered throughout the Highlands and islands.

We have included the sales of sheet music in this section, either incorporated into the turnover of the music stores which sell it, or through listing the few existing retailers (e.g. Music For Granted) which sell exclusively sheet music.

Music shops and dealers supply both professional and amateur musicians, and market information does not distinguish between the two. The only industry organisation (Music Industries Association) has only three Scottish members out of a total of **220** listed on their website.

Again, we have used questionnaires and company accounts and applied comparisons to break each shop down into one of five turnover categories. We have multiplied the frequency of occurrence by the median. With shops with turnovers greater than £1 million we have attempted simply to add their

turnovers from estimates generated from published accounts on an individual basis.

We calculate the total sales value of musical instruments and sheet music in Scotland to come to **£21 750 000**. The only means of comparison comes from the UK figures in *The Value of Music* (Dane *et al* 1996: 53) where the value of the UK market is calculated (for 1995) **£309 500 000**. We calculate the number of jobs in the sector in Scotland to be **169** full time equivalents and **134** part-time.

### Calculations

| Category     | Median of Category | Number of shops | TOTAL VALUE        |
|--------------|--------------------|-----------------|--------------------|
| >£100 000    | £50 000            | 47              | £2 350 000         |
| £100-249 999 | £175 000           | 28              | £4 900 000         |
| £250-499 000 | £375 000           | 6               | £2 250 000         |
| £500-999 000 | £750 000           | 7               | £5 250 000         |
| >£1 million  |                    | 4               | £7 000 000         |
|              |                    |                 |                    |
| <b>TOTAL</b> |                    | <b>92</b>       | <b>£21 750 000</b> |

*Table 8.3 total value of sales of musical instruments in Scotland*

### Observations

Like record shops, music instrument retailers often double as an entry route to bands or the industry. The traditional notion of complete strangers meeting or hearing each other playing in a shop and forming a group may be dated, but the notice boards in music shops remain a focal point for musicians looking for either work or like minded musicians. Other shared characteristics with record shops are the levels of pay and the high proportion of full time jobs.

### Final Figures

|  | Recorded Music Sales | Music Instrument Sales |
|--|----------------------|------------------------|
| <b>Full Time Employment</b>                            | 577                  | 169                    |
| <b>Part Time Employment</b>                            | 224                  | 134                    |
| <b>Sales in specialist chain and independent shops</b> | £ 127 925 000        | £21 750 000            |
| <b>TOTAL SALES</b>                                     | <b>£190 500 000</b>  | <b>£21 750 000</b>     |

*Table 8.4 total sales and employment in retail sector*

## KEY POINTS

We calculate that the music retail sector in Scotland provides a total of **746** full time jobs and **385** part time ones. The combined sales in specialist chains and independents is **£149 675 000**.

- There are mixed indicators from the markets as to album sales trends – although in Britain the value of sales has increased for the last two years, it is no longer safe to assume that there will be a growth in the value of sales of CDs every year as was the case from the inception of the format until the late 1990s.
- The importance of the independent record/CD retailer has diminished as first specialist chains such as HMV and Virgin took an increasing share of the market and then multiple retailers and supermarkets took an increasing interest in the market. Scotland has not been immune to these trends, though the number of retailers has been fairly static in the last three years.
- Sales of music online have increased UK wide to around 5% of the overall market, but as none of the major online retailers are based in Scotland this has little impact on the music economy. Given that this expanding market is relatively geographically indiscriminate, it would appear to offer more opportunities than are currently being taken up around Scotland.
- Scotland has proven itself to be a useful base and starting point for successful UK retail chains, Fopp and Sound Control. In these examples, the companies' success can be referred primarily to innovative practice rather their Scottish location.
- Music instrument retail in Scotland has not (yet) been the subject of any significant attention from bigger, non-Scottish companies. No retailer has more than five stores in Scotland and majority are single owner, independent, enterprises.
- Retailers of both CDs and musical instruments remain an important entry point to both playing in bands or to working within the industry. The career paths of many musicians include time working in retail. The shops themselves often provide a stopping off point or meeting place for like-minded people resulting in the formation of music scenes.

## Section ix: Overall Figures

### Introduction

This section shows our calculations of revenue generated through sales of the music industry in Scotland, the amount of support received from the public sector and the number of jobs across the sector. We have also included a calculation for the value of music sales in Scotland as a measure of the retail market in Scotland, though only a very small percentage of the income from these (royalties from profits, profits from sales) will remain in the country.

It should also be re-iterated that because our methodology (detailed in the individual sections) varies in significant ways from that used in previous mapping exercises, no direct comparisons in terms of the value of the industry and the numbers of people employed within it can be made between this report and its predecessors. In particular, we have attempted to develop a detached assessment of the sectors which can legitimately be classed as part of the economically significant “music industry.” As a consequence, the parameters here may be more restrictive than those adopted in previous reports.

We would also point out that a number of “minority” music genres, including bhangra and music within the Chinese community is likely to be underrepresented within this report. While we recognise its cultural importance, especially within the individual communities (c/f Sharma *et al* 1996; Zuberi 2001), it is difficult to assess its economic value. Some of this will be picked up in other parts of the report (e.g. venues), but it is an area into which further research could and should be conducted.

| sector                    | fte         | pte         | total       | percentage |
|---------------------------|-------------|-------------|-------------|------------|
| artists                   | 348         | 657         | 1005        | 25%        |
| live music                | 279         | 684         | 963         | 24%        |
| recording                 | 592         | 221         | 813         | 20%        |
| other creative industries | 23          | 35          | 58          | 1%         |
| management etc            | 52          | 21          | 73          | 2%         |
| retail                    | 746         | 385         | 1131        | 28%        |
|                           |             |             |             |            |
| <b>TOTALS</b>             | <b>2040</b> | <b>2003</b> | <b>4043</b> |            |

**Table 9.1 total number of jobs in the music industry in Scotland**



| <b>organisation</b>                      | <b>Amount (2001)</b> |
|--|----------------------|
| Scottish Arts Council                    | £13,341,000          |
| Local Authorities                        | £3,528,000           |
| Scottish Enterprise<br>Network (SE, HIE) | £ 500,000            |
| Other (Princes Trust, etc)               | £500,000             |
| <b>TOTAL</b>                             | <b>17 869 000</b>    |

**Table 9.2 Total spending of public bodies on music related activities in Scotland**

| <b>Category</b>                                      | <b>Amount</b>       |
|--|---------------------|
| recorded music (total)                               | £190,500,000        |
| musical instruments/ sheet music                     | £21,750,000         |
| live music   | £118,650,000        |
| <b>TOTAL ANNUALMUSIC EXPENDITURE IN<br/>SCOTLAND</b> | <b>£330,900,000</b> |

**Table 9.3 Total consumer spending on music in Scotland**

|  |                     |
|--|---------------------|
| INCOME OF SCOTTISH BASED ACTS                | £18,947,000         |
| INCOME OF SCOTTISH BASED LIVE MUSIC INDUSTRY | £45,790,000         |
| INCOME OF SCOTTISH RECORDING INDUSTRY        | £39,489,000         |
| INCOME OF OTHER CREATIVE INDUSTRIES          | £1,175,000          |
| INCOME OF MANAGERS, PUBLICISTS, PUBLISHERS   | £997,500            |
| <b>TOTAL INDUSTRY INCOME</b>                 | <b>£106,398,500</b> |

**Table 9.4 Total income generated by the music industry in Scotland**

## **Chapter Two**

### **The Stakeholders**

The next stage of the research was a series of face-to-face interviews with nine key stakeholders in the Music industry in Scotland. The schedule for the interviews is listed in Appendix A. Interviewees were asked to speak on behalf of their organisations, and are anonymised here. The interviews were semi-structured and based on a schedule designed in consultation with Scottish Enterprise. They were taped, transcribed and then analysed thematically. As agreed with Scottish Enterprise, the organisations interviewed were as follows: the BBC, Music Industry Development and Support (MIDAS), the Musicians' Union (MU), New Music in Scotland (NEMIS), the Scottish Arts Council (SAC), Scottish Enterprise (SE), the Scottish Music Information Centre (SMIC), the University of Strathclyde and Stirling Council. Here we report the findings under broad headings relating to the questions asked.

#### **Perceived advantages of operating from Scotland**

Interviewees were asked if they perceived any advantages to working from a Scottish base. There was a general feeling that there were advantages, mainly related to the size of the country and its comparatively small population. Interviewees felt that this led to a situation where the music scene was comparatively small, allowing for easier networking (within a scene which is possibly less cliquy than London) and for easier targeting of markets. The MU commented that the result was "when you pop up at places like the Scottish Executive you're going to know... at least 70% of people in the room and know them personally and well". This was held not to be the case in England, which provided comparatively less networking opportunities.

NEMIS noted that: "The benefits... are knowing the rest of the business, your competitors and possible other businesses that might be of benefit to you that you wouldn't necessarily get in a bigger area, a bigger economy". This allowed for a more targeted approach to be adopted within Scotland. NEMIS believed that previous barriers to co-operation were breaking down and people were interacting more for the sake of the industry as a whole. SMIC also commented that there is now a range of possibilities for collaboration. The University of Strathclyde remarked that "we all talk to one another... all the folkies seem to know each other, most of the rockers know each other, all the classical musicians know each other, all the jazzers know each other". This was echoed by MIDAS who noted that in the Highlands: "All the young players, regardless of what kind of music they're playing, tend to know folk in all the bands roundabout and will therefore go and hear other bands... So there's interesting crossovers and stuff appearing out of that mix".

There were also senses in which competition was held to be less fierce than south of the border, with a correspondingly higher amount of co-operation. One example of this which was that while two major promoters dominate, there is still a great amount of diversity. In relation to the general picture, the MU commented that: "I think that the industry is probably more tightly co-

ordinated in Scotland than it would be in rest of the UK". The SAC concurred with this, remarking that:

"At a certain level, the small and medium scale, which is the only level which the record business is at in Scotland, a positive point is that the scene is of a size which means that the scene can connect up with itself. It may not always be connected, but it's a viable proposition to connect bits of the scene up with other bits".

At a more local level, MIDAS commented on the fact that people working in music in the Highlands were generally willing to work together.

Stakeholders were also keenly aware of recent political developments and their likely long term effect on the industry. The SAC viewed devolution positively, noting that access to key politicians was much easier in Holyrood than it was at Westminster. The MU also viewed devolution positively, although it lamented the lack of a dedicated television station. In contrast, the BBC noted that one of its advantages was having a degree of autonomy while still being able to plug into the larger BBC network.

At a more commercial level, it was clear that a Scottish identity (which has possibly become stronger since devolution) could also be a marketable commodity, at least in some genres. Scottish Enterprise noted that "There is a particular identity to brand the Music industry in Scotland separately from the rest of the UK industry", particularly in America and regardless of the great diversity of the Scottish music scene. This was echoed by SAC, which commented that where the music is identifiably Scottish it is a distinct advantage, a selling point. At a more local level MIDAS noted: "There's certainly a selling point in being from the Highlands".

In part the question of being located in Scotland related to how far it was practical to work from a Scottish base. A constant underlying issue was the extent to which it is necessary to relocate (primarily to London) in order to have a successful musical career. Stirling Council noted that: "In Scotland, you have got a lot of places you can go if you are a musician, you don't need to go to London". There was a general desire amongst stakeholders to keep home grown talent in Scotland. This is not simply a matter of being parochial, it is also part of encouraging a diverse music scene across the UK. Here the University of Strathclyde was concerned that the British music industry was becoming too centralised and London-centric:

"I think the music industry is in danger of becoming centralised into one, maybe two, places for the whole of Britain. That's only a bad thing for creativity because if you pull somebody out of their normal environment, stick them somewhere like London and say "OK go and be creative" that can have a very bad effect on their creative energy. I don't believe in taking the musician out of their normal environment. I hate it when people say "Oh, I've got to go to London to make it big". I think that's just wrong".

Non-musical advantages included the fact that Scotland was generally perceived as offering a better way of life than London. For example, Stirling Council noted that “people want to live and work in Scotland, it is the kind of country you want to stay in... it has programming advantages - you can bring people in from abroad because they love the place, they love the musicians and you can get a really good dialogue going”. SMIC and the University of Strathclyde also commented that Scotland was a good place to work.

In sum the advantages of working from a Scottish base were seen as being part of a well connected scene, while also enjoying the advantages of knowing a small market and being able to mix business activities with a conducive lifestyle. Devolution was seen as having the potential to bring benefits to the industry, while a Scottish identity also offered a potential marketing tool.

### **Perceived disadvantages to working from a Scottish base**

Interviewees were then asked if they felt that there were any disadvantages to working from a Scottish base. The major issue here was simply geographic: Scotland’s location hundreds of miles away from the UK’s main music industry centre - London. On a practical level, this meant travelling a long way to meet key industry people, although, as Scottish Enterprise noted, the advent of cheap air travel was mediating the impact of this.

SMIC referred to a stigma being attached to be locations outwith London, as “people think that contemporary music in Britain is always coming out of London whereas in actual fact there is quite a lot of activity elsewhere”. However, they also felt that this perception could be changed by Scottish music gaining a higher profile, through a mixture of sustained activities and flagship events. One interviewee commented that: “Britain is ruled by England and England is ruled by London and London is ruled by a small group of people within the Circle line”. Thus Scotland was held to be at a distance from the real sources of power. However this was not universally seen as being a major issue and was partly mediated by the sector being worked in. So NEMIS noted that while London was primarily of importance because it contains the major record companies, it is of less importance for those who primarily deal with independent labels, which tend to be scattered across the UK.

Geography appeared to be more of an issue for those based outwith the central belt. MIDAS noted the problems that being based in a Highland and/or Island location brings in terms of lack of major venues and the expense of getting bands up on tour. It also noted that its local bands had to travel outwith their locality in order to build a reputation, again partly because of the (un)availability of venues. There was also a reported perception within the Highlands that they were missing out on some initiatives, which tended to focus of the central belt. While this had led to a perception that “we’re out on our own”, the effect had been people worked together more and that access to funding was possibly better than elsewhere in Scotland.

The MU again highlighted the fact that broadcasting powers were not devolved, so that a truly Scottish identity was not being developed within local

broadcasting, while the SAC lamented the decline of opportunities for musicians to perform on the radio. This was important as, “A healthy pool of freelance musicians is really important for a healthy music scene” and “There needs to be enough work to keep people here, whether it’s on salary or freelance and the work is live and session work”. The University of Strathclyde wondered whether “there is what we could term a solid homogenised Scottish music industry at the moment”, partly due to the fact that Scottish bands had not enjoyed major success for a number of years and some of those that had, such as Travis, were no longer located north of the border.

The SAC also pointed to a bigger base of music business administrative and management personnel in London and noted that one problem was that Scotland failed to retain its skills. It also noted that: “Large scale commercial investment is easier to access on a commercial level down south”.

Stirling Council’s interviewee was concerned that there were not enough good sized venues to provide regular gigs for touring acts. Thus the scale of Scottish operations can disadvantage it. In the case of its Tolbooth venue, the Council was hoping that musicians would see the benefit of playing a venue with a good atmosphere rather than a bigger venue which might pay more. This meant hoping that promoters and musicians would value the aesthetic experience over the pay packet.

Both the BBC and Scottish Enterprise answered that the advantages of a Scottish base outweighed the disadvantages. SE noted that: “there are perceptual disadvantages in being based in Scotland which perhaps give the impression of being quite a way from where the action is. But if you balance those out with the whole cultural experience and the fact that you can set up a business more cheaply in Scotland because of property prices etc and the quality of life comes in to play, then the advantages outweigh the disadvantages”. They were also aware of the need to attract musicians from outwith Scotland into Scottish recording studios. The SAC agreed that much of this was a matter of perception.

In sum, being located in Scotland was not generally seen as too disadvantageous and was mediated by locality. Even where it was seen as disadvantageous, it was generally felt that the advantages outweighed this. It was notable that interviewees cited many more advantages from being based in Scotland than they did disadvantages.

### **The general importance of location**

When asked whether it mattered where you were located in the modern music business the initial reaction of most interviewees was “No”. For example SMIC argued that location was not important and what mattered was feeling part of a community, whether that community was local, national, international or virtual. A number of other respondents also initially said that the rise of new technology and easier travel had made location of much less importance.

However, this was soon qualified. For example SMIC noted that: “there’s still the need for human contact. Regardless of how successful you are running a business in Skye you will still benefit from interacting with people in other areas”. The SAC also emphasised the importance of human contact: “You can do deals over the web, you can make contact over the web, but meeting is the thing”. Moreover, it believed that: “The cultural infrastructure does make a lot of difference. And if we had an investment into cultural activity in Scotland at a higher level, then I think we’d see the commercial sector boom too.”

The BBC argued that location obviously *is* important if your base happened to be, for example, the Shetland Isles. They saw themselves as having an important role to play in taking acts such as Idlewild to places such as Shetland and simultaneously giving local acts national exposure. This had been aided in recent years by the development of an infrastructure around organisations such as Highlands and Islands Labels (HAIL) and the Shetlands Arts Trust. MIDAS pointed out that working from a Highlands or islands base made touring expensive and made it hard to make tours of these locations financially viable. Meanwhile Stirling Council pointed out how hard it was for artistic events outwith the central belt to get media attention.

Once again the importance of location was mediated by other factors. NEMIS argued that the importance of location varied according to which sector of the music industry a firm is working in. For example, the geographical location of a music label may not be important, whereas recording studios generally needed to be near large population groups.

The importance of location was further mediated by the outlook of the company. Thus Scottish Enterprise commented that: “If we’re really serious about operating in a global marketplace and niche marketing across the globe then it doesn’t matter where you’re based because the technology should enable you to make contact with the customer base wherever they happen to be... that applies to the music industry as much as any other business. There are different ways of doing business”.

Thus overall location was seen to be of diminishing importance. However its impact was mediated by such factors as the sector within which businesses are operating and the outlook of the business. In the case of parts of the Highlands and Islands location was a perennial issue. As the next section shows, the issue of location is also tied into that of local politics.

### **Support from public bodies**

Interviewees were asked about their perceptions of how far the existing public bodies had helped to support the Music industry in Scotland. Perhaps inevitably there was a mixed reaction here, but the overall perception was that there had been welcome developments in recent years, possibly as a knock-on effect of devolution and the greater political scrutiny of the cultural (and other) industries offered by the Scottish Parliament. The MU noted that the Parliament had provided a lobbying opportunity, which simply did not exist before. However, this was qualified by a general perception that the Scottish

Executive had yet to fully appreciate the importance of the music sector, and of the arts and cultural industries more generally. SMIC argued that a certain amount of rationalisation was overdue and that even publicly funded organisations should not be reliant on just one income stream. Elsewhere there may, however, have been some reticence amongst stakeholders to criticise the public sector as the majority of those interviewed were working within it.

The BBC was concerned that public funding tended to be organised on a short term basis when what was needed was long term investment - "It is time that these bodies looked at both the job security involved and the longer-term picture. A year or two is not a long time to embark on some of these major projects". MIDAS also noted that the issue of core funding remained a very important one. The BBC also drew attention to the "huge cultural difference" between government or quangos and the commercial sector which had never been reconciled.

NEMIS called upon all the agencies to work together for the common good and was one of a number of interviewees who mentioned the need for partnerships. Here SAC believed that previously there had been too little interaction between funders such as the Enterprise networks, local authorities and the SAC itself. This was, somewhat belatedly, beginning to happen - "it's very very very recent and it's not thought through... It's early days". Progress had been made through people beginning to talk to one another and via MSPs beginning to open their minds. However, the SAC argued that there was still a problem in that none of the SAC, SE or the local authorities had a policy on music as a creative industry.

The University of Strathclyde argued that traditionally popular music had been viewed by public bodies as "a kind of self-financing entity". Along with others, it recognised the changes which the Scottish Arts Council had made in its funding policies in recent years, reaction to which was generally positive. However it was noted by Stirling Council that one effect of the Arts Council broadening the type of music that it supported was that more people were chasing the same amount of money. Encouragingly, it believed that its own Tolbooth venues showed what is possible and would become an increasingly important venue for Scotland.

NEMIS saw the importance of public funding, at both national and local government level, but was also keen to point out that music businesses, whether they be a band or a label have to *be* businesses and operate in that way:

"Part of what we want to be able to do is to direct people towards business development, whether they're starting up or have been running for a few years and are at the stage where they can't get any bigger without investment from some area. We want to be able to point them in the right direction as well".

Scottish Enterprise argued that until the economic worth of the Creative Industries had been recognised in recent years, public bodies had not

generally seen the music industry as requiring their assistance. In an era in which the creative industries had shown their economic worth and become a key part of the knowledge economy, public investment was justified in a way that it might not have been in the past. They added:

“In Scotland we’re understanding how our resources can be best used to support these industries. It’s not an easy thing. It’s not a matter of giving money to individuals, its helping the industry to grow, it’s matter of putting self-sustaining infrastructures in place... We’re catalyst funders, therefore we have to spot the best opportunities to help the industry to sustain itself”.

The issue of personal contact was also raised again as MIDAS noted that for applicants for public funding the first person they contacted within an organisation often affected the fate of an application, especially the level of their expertise in a given area. The process of making an application was also off putting for a number of potential applicants. Moreover, making judgements about how best to use public money was complicated, especially in particular areas:

“To be fair, it is very difficult. It’s not so difficult if you’ve got a record label or a recording studio or something in the sense that that it’s a much more recognisable business plan that you go in with to them. But if you’re a band going in saying “I’d like support”, how do you make a judgement as to whether you throw money at that. Do they know what they’re doing? Is it a good investment or not? I really do want to push the fact that there should be an economic development, it’s a business opportunity that you’re looking at”.

For the BBC:

"People like the Delgados, The Pastels, Fence Records in Fife and Mercury Tilt Switch and Spare Snare in Dundee have all arguably done more for developing a music scene in Scotland than any of the public bodies because they are real things that people can identify with and gravitate towards either musically or in terms of ideas. There are lots of good musicians out there; the problem is in how to make them viable, money-generating, operations".

Overall, interviewees were also keenly aware that funding is always going to be limited and recognised the contending pressures which publicly funded bodies face. But they generally believed that public bodies have an important role to play within the music industry in Scotland, and overall, they felt that progress was being made, even if it is still comparatively early in the process.

### **Previously successful initiatives**

Interviewees were invited to comment on previous music industry initiatives in Scotland - in both the public and private sectors - which they thought had been successful. This produced perhaps the most diverse response of any of the questions. SMIC cited the lottery advancement programme, of which it had had direct experience, as funding which had brought with it a certain amount of stability because the money could be used flexibly and was not tied to



particular projects. Stirling Council had also benefited from lottery funding which allowed it to employ a Development Officer. SMIC noted the moves made by organisation such as Scottish Development International, the British Council and SAC to support a Scottish presence at industry events such as the MIDEM music business trade show in Cannes. This had led to the production of the "Seriously Scottish" promotional CD, which would not have happened without public support. But SMIC also argued that more sustained activity was needed to support Scottish-based artists playing outwith the country. The BBC noted the publicly-funded support given to the Lush Rollers to help them play at the South by South West festival in Austin, Texas. It also pointed to the way in which the Scottish Recording Industry Association (SRIA) had helped, although generally concentrating on the folk sector. However, it was also concerned that the SRIA had failed to reach out to a broader community than the folk scene, while conceding that:

"In a lot of ways, it would be brilliant if the pop music world could put aside its differences in the same way and put on a united front when it needs to. The pop sector should look closely at the way the folk and Celtic markets work and how they make use of what resources are available to maximum impact."

The MU also pointed to the way in which SAC continued to fund the big national companies, while still managing to diversify the range of music it supported. This had involved considerable sums of money, but "these are flagship enterprises which have to be properly funded. If you want opera in Scotland it has to be paid for at a level which is sustainable, which sustains the product and satisfies the critics". Public funding from SAC and local government for the Scottish Youth Jazz Orchestra and the West of Scotland Schools Symphony Orchestra were cited by the University of Strathclyde as being of continued importance.

The MU It also pointed to the Celtic Connections festival as an example of success as it had been going for ten years, is now the biggest winter festival of its kind and is an example of a private-public collaboration. It also provides a lot of employment opportunities for MU members. The extension of the Edinburgh fringe was also cited by the MU as an important development, especially the £5 classical concerts which were introduced in 2002.

The University of Strathclyde cited the C Sharp Music Factory in Castlemilk as a successful initiative, but which is also subject to the vagaries of annual funding. Scottish Enterprise pointed to developments in the Highlands and Islands such as HAIL. In general it believed that more lobbying needed to be done, perhaps from an industry organisation organised by the industry itself.

The SAC said that the New Deal for Musicians was an example of a UK-wide scheme which appeared to be having some success, albeit that the timescales involved were too short to be certain of this. The SAC also noted that it had been working more closely with Scottish Enterprise - including investing in small record companies - but that things were again at an early stage of development. The SAC was praised by both the MU and SE for being willing to examine and change its music policies.

MIDAS pointed to its support for a Café in Invergordon in Easter Ross which was developing some spin-offs for local musicians including Radio 1 plays. In addition it cited the Go North festival as something which acts as an important showcase for local talent and which had led to more gigs for them. It also noted the presence which HAIL which been able to establish at international trade fair as well as the support it was able to give the Lush Rollers to play gigs in the USA.

SMIC noted that the net effect of all this was that a great deal of musical activity is going on, but it is not pulled together in a focused way which would show the depth and range of musical activity within Scotland. Should this be done a useful publication might emerge which could be shown to both policy-makers and large corporations, which might be interested in investing in Scotland. The interviewees here gave some credence to this view, with the BBC suggesting that SMIC may play the role of co-ordination such a database and/or publication. SMIC itself hoped to become a service, which provided information on *all* aspects on Scottish music on one portal and thus give a focus for a lot of activity which is currently disparate.

It was striking that most of the stakeholders drew upon events in which they had personally been involved in, rather than any initiatives that they had been particularly impressed by. Moreover, most of the initiatives came from within the public sector. The fact that there appeared to be no consensus on what had previously been successful perhaps indicates a need to proceed with caution.

### **Previously Unsuccessful Initiatives**

Interviewees were invited to comment on any previous initiatives which they thought had been unsuccessful. Again a wide diversity of examples were provided. SMIC pointed to the Musica Nova music festival which had not been sustainable. It was also concerned that more educational work needed to be done so that new entrants knew more about the industry they were going into as at present many of them "haven't the foggiest". It was aware that organisations such as the PRS and MU provided a wealth of information, but was concerned that advice needed to be available more easily.

The MU believed that a number of projects which had been funded via local government had failed to become business-orientated enough. Musicians in some genres had failed to realise that the music business' main way of operating is via self-employment and so had not been entrepreneurial enough. This view was echoed by the University of Strathclyde which wondered if Scottish-based musicians "don't sell themselves as well as they should as session musicians".

The MU was also concerned that the various ethnic minority communities within Scotland had not yet produced musicians with a high public profile. NEMIS worried that successful companies found it hard to access public funds which would help them to expand their activities and also by the fact that many public initiatives were only funded on a short term basis. It was further

concerned that while public funding appeared to be available for business start-up, it did not appear to be available for mid-term development.

The University of Strathclyde lamented the decline in the amount of recording studios, partly, it believed, because of the influence of new technology. It also decried the lack of major label presence within the country. SAC wondered if the ill-fated SMART project had been a little uninformed. It suggested that more research was needed to provide hard data on the state of the industry. Meanwhile Stirling Council was concerned that the SAC needed to show more potential applicants for funding that it was not a closed shop.

Overall interviewees were not aware of previously initiatives which had proved to be particularly unsuccessful. Where they had criticisms of previous initiatives these tended to be muted. The general impression given was while there might have been failures, these were no barrier to future developments. It appears that any previous failures had produced regrets but not undue cynicism. This echoes the findings by Gray (2002) that the Music industry in Scotland is more open to the idea of public funding than the industry in the rest of the UK.

### **Implications of new technology**

We were particularly keen to get stakeholders' views of the implications of the development of new technology for the music industry in Scotland. Unsurprisingly, all the stakeholders were aware that advances in new technology had revolutionised the way in which the industry (in line with other sectors) worked. The impact of email and websites were frequently cited as things which had transformed business practice. Nevertheless, this was generally tempered with a feeling that the technology had to be suitable for the purposes it was being used for and not over-dominant.

SMIC pointed to the online services which it was able to provide to both its members and the general public. It was planning to develop a portal for Scottish music with access to national archives, databases and an online shop. The service would suit the casual browser, as well as the enthusiast seeking more detailed information. SMIC also noted how new technology had allowed for more sophisticated and comprehensive data management and provided a number of opportunities for the development of educational packages.

SMIC picked up a theme which was also echoed by others: the potential of the internet as a promotional tool. It noted that this was useful for industry to industry services as well as for audiences (a point also noted by DF concerts). Here SMIC noted how, for example, international promoters would be able to hear acts via the web and then decide on booking them. If a suitably designed website was involved then a promoter looking for a particular type of act would be able to choose from a range just by visiting one site. The SAC also endorsed the idea of a digital platform for Scottish music - "to bring people together in a common cause". NEMIS noted that websites can overcome geographical promotional issues as they cost the same to put up wherever a

business is located which allowed for cheap advertising, while the Stirling Council interviewee was impressed by the opportunity to listen online before buying. MIDAS also saw promotional advantages in being able to download tracks from the internet.

Both the BBC and Stirling Council argued that the development of websites was of major significance. The BBC argued that: "In a way they have democratised the reporting of music, (they) can be used to create scenes and points of contact for musicians in a way that may be the fanzines and, to a lesser degree, the music press did". This echoes SMIC's point, noted earlier, that it is important that people feel part of communities and that virtual communities are increasingly important ones. The SAC was also enthusiastic about websites which engendered "the circulation of information" and "the way in which bands can have their own website instantly and get fans listening in and sending messages and all that. It's an incredibly strong force just to continue making music attractive, seductive, for everybody as a whole".

The BBC noted the importance of email which has "made Scotland seem like a much smaller country" and made promoters in places such as Skye more able to inform the media based in the central belt of things which are happening elsewhere in a way which is faster, cheaper and more efficient than fax or post. In this sense, developments in new technology had the potential to mediate some of the geographical issues alluded to above. Thus the impact of new technology was also locally mediated. For example, MIDAS noted that anything which made communications easier and saved someone having to travel from, for example, Skye to the central belt was very welcome. Here email is "helping (to) just remove some of the geographical issue. That's the other major one for us, the ease of contact". But MIDAS noted that while email was very useful for keeping in contact with organisations such as the BBC it was also vital that they visited the Highlands for events such as the HAIL weekend so that they had a chance to see what is really going on locally. Thus again the need for personal contact was noted and locality again emerged as a mediating factor in the use of new technology.

The MU welcomed the resurgence of the computer games industry which offered the chance for musicians to become involved in composing music for what was often a potentially lucrative market. In a similar vein, both the MU and SE were concerned that where films were made in Scotland there was often a lack of suitable studios to record the film tracks in Scotland. They both believed that this would change in the future but that it may need a lead from the Executive so that public support for film is made dependent on the soundtracks being recorded in Scotland as well.

Both NEMIS and Scottish Enterprise argued that developments in new technology had the potential to help independent record companies and to enable them to compete with the majors outwith traditional methods of distribution and retail. NEMIS noted that:

"With the traditional sales for the music the major retailers and distributors dictate rally what is sold on the High Street. If that breaks up even a fraction,

it's a really interesting thing... There is no point to wasting time if you can do things differently, if it makes them more exciting - in terms of sales and distribution and marketing, instead of trying to compete with people who've got ridiculous amounts of money".

Should this be done successfully then "your sales can be as healthy as a lot of bands signed to majors". SE argued that the development of online sales:

"... has to be an advantage to the independents. Whereas access to music was through CDs or records and vinyl you can see how the big five bought out the market. Now there are alternative you can now download to your own CD then I think it's a much better opportunity for the independents".

This is a particularly important point within the Music industry in Scotland which is, as MIDAS pointed out and as we noted earlier, characterised by a number of micro industries (see also Symon and Cloonan 2002).

The fact that new technology had allowed high quality recordings to be made for comparatively little cost was welcomed by a number of interviewees. NEMIS commented that: "Coming in with top quality recording of albums or films from out of nowhere is just so exciting, it's inspirational and will develop people". The University of Strathclyde noted that:

"Generally it's made high quality more available. You can nip out, you can buy a computer and a software package and it is literally all singing all dancing. The benefits of that is that it makes high quality recording reproduction available to a wider number of people".

However, the importance of this was again locally mediated. MIDAS welcomed the fact that developments in new technology meant that "you can actually produce something at demo level that actually is playable on radio quality", but then went on to explain how this was important in the Highlands and Islands:

"That makes a huge difference. We don't have thousands of studios up in the area, folk have to make a living and therefore can't be hiring it out for a pound an hour to make sure that all bands can get in. So that kind of access is definitely a plus".

SE noted that one result of this was that it was possible to remain located in Scotland and reach a broader customer base. It further noted that: "New business models are emerging where you can put up a piece of music for a play a day, a week, a year".

Scottish Enterprise and MIDAS both pointed to the future development of broadband as of major significance and SE believed that this is an area where Scotland might have some competitive advantage. It noted that: "The roll out of broadband is going to be crucial in terms of enabling the record industry to grow... The challenge is for people in Scotland to keep on top of this and develop your market relations, your customer relations and your resource streams".

There were, however, a number of downsides to new technology which were noted by interviewees. While liking websites, the BBC was aware that a number of general information sites were run by enthusiastic amateurs, which meant that updating was not always as regular as might be desired. Unsurprisingly, the MU was concerned that developments in new technology would lead to the replacement of musicians "where you can create material on a computer that rules out human beings creating it". Similarly the University of Strathclyde was concerned that the development of new technology had made it too easy to make music, so that people who can programme computers were now claiming to be musicians and so devaluing the profession. However, the MU was optimistic that "the worst excesses are over" because: "People are actually recognising that live musicians playing live or recording their work is actually the ideal, rather than a thing you can't afford, so let's do it on a machine". It cited the fact that a number of its high-profile members are constantly in demand as evidence of this changing pattern.

SE also sounded a note of caution about new technology by arguing that those companies which had made the most of e-commerce were those with a distinctive product and there appears to be lessons to be learnt there. Meanwhile MIDAS noted that "the bizarre thing about that is that all the technology's great, but it still relies on all the donkey work being done to actually make the technology useful in its own right... The technology's great, but it still has limitations".

The last point is perhaps one which should be borne in mind and echoes remarks made by Simbioitc about the need for businesses to ensure that they have the right technology and that they learn to master it (see case study seven). In our research, the stakeholders had generally welcomed developments in new technology and tried to embrace them. They recognised that the development of email, websites and online services were changing industry practice in ways which were not yet fully appreciated. Perhaps the most salient point, as MIDAS noted, is that while new technology must be embraced, the humans behind it still need to make direct contact with their potential customers and audiences.

## **Future Skills**

Linked to developments within new technology are those relating to the development of future skills within the industry. Interviewees were asked what skills they believed were necessary to take the music industry in Scotland forward in the forthcoming few years. By far the main issue to emerge here was the need for business skills, especially within the non-performance sectors of the industry. For example, the University of Strathclyde said that the most necessary skill was "Entrepreneurial spirit. Without a shadow of a doubt. There's too many people too scared to get involved in things and go with the dreams and their wishes". This was also echoed by the SAC which cited entrepreneurship and "The ability to attract and make wise use of investment".

Scottish Enterprise cited: "Hard-edged business skills and people management skills", adding that "I don't think the skills that are needed in the

music business are different from any other business: Drive, enthusiasm, knowledge base, commercial skills, the whole traditional business skills". They also argued that the music business needed to evaluate risk, so that they could give this information to potential funders in the private sector. SMIC argued that the most needed skill was simply "business acumen". It continued:

"In a way whether you're a classical composer or a small ensemble operating as a charity or a small label it's equally a business. Whether you're providing a public service or trying to make a living out of sales of your wares it's all a business. You've got to get the business right... You need drive and commitment and conviction whatever the product is or if it's your music that you want to go there. A lot of it is just personal commitment".

Again this was partly related to the need for artists such as composers or up and coming bands to get the necessary legal and business acumen, so that they, and not others, make the most from their art commercially. This might, for example, include licensing songs for a limited period, rather than signing a long term deal. Importantly interviewees argued that the relevant advice has to be available at the right time in an artist's development. NEMIS was hopeful that existing practitioners would be willing to pass on their skills. For example: "The people who are there running small labels - I would like to think that they would move on and they would give the information that they have built up over the years, they would pass that on to other people". This might need public funding as part of a broader business development programme which would aim at developing skills across the industry, rather than being specifically project-based. Allied to this the SAC noted that one necessary skill was an ability to work closely with the public sector - which is particularly important in Scotland - and to develop skills of advocacy before Government so that industry personnel could end up in advisory positions

There were also concerns that more promotional activities were needed. For NEMIS "knowing how to market product in different ways is also at the bottom of it", and this involved knowing the market well in first place and reflected the University of Strathclyde's earlier comment about the need for Scottish musicians to market themselves more. SAC added that it was necessary to have the confidence to go worldwide - to think globally while acting locally as, for example, Soma Records had done in recent years. There was also an issue around quality, in addition to business skills. Thus, the MU argued:

"People have to understand that it's a very competitive marketplace, there is not God-given right to survive in it and the end product has to be maintained and delivered to the highest quality, because if you compromise on the quality of the product you're not going to survive".

Stakeholders also stressed the importance of allied trades, arguing that musicianship was far from being all that the industry is about. The BBC argued that:

"The root of the problem is that there are too few people who want to get involved in the non-performance side of the industry... We need more good

managers, promoters and the like in Scotland, rather than more good bands. There are plenty of talented musicians, but it needs a lot more people who are able to harness that, or create a context for what they do".

The University of Strathclyde agreed that the non-performance sector was weak citing a lack of managers and specialist lawyers and marketers as examples. The SAC also agreed that the non-music sectors need expanding and suggested that what was needed was "a managerial cadre" to act across various sectors. MIDAS argued that "Management is definitely one area where we're lacking", especially when the micro businesses, which make up much of the industry, often lack the time and resources to develop such skill. Stirling Council also cited a lack of managers, as well as promoters and agents. They commented that: "There is a lot can be done in training and skills development - not just the basic entrepreneurial stuff, but also things like how to raise the profile of your band or how to get a basic web page together".

The BBC argued that such people needed to be retained within Scotland. They cited the example of Dougie Souness (former tour manager of Wet Wet Wet and currently managing Cosmic Rough Riders and Tippi) who had shown that it was possible to "put together a good roster of acts, be based in Scotland and successfully develop their careers".

A range of other issues also emerged. NEMIS argued that computer skills would be of prime importance. The University of Strathclyde hoped that recording studios would revive and that more record labels would come to the fore. Optimistically it argued that "there's an awful lot of opportunities... masses of opportunities". Stirling Council cited promotional skills as being necessary for the future and also commented on a current lack of agents. It also believed that bands needed to develop the skills of listening to their own music to ensure that it sounded exactly as it should.

Overall the majority of skills cited by the stakeholders imply some cultural change within the industry. This include a realisation that the popular music business *is* a business like any other with the obvious implication that business skills have to be developed in order to survive and make the most of the commercial opportunities that are available. Stakeholders were generally of a view that a new generation of non-performing professionals needs to be developed in Scotland in order that the talent which all acknowledge to be there is exploited both artistically and commercially.

## **New Markets**

If the developments of new skills is one aspect of the future of the industry, then another is the development of new markets. Stakeholders were thus asked what they considered to be the most important markets which would develop in the next few years. Responses here tended to fall into those relating to specific geographical locations and those relating to broader market opportunities.



SMIC saw potential in contemporary classical music which, it believed, would become of increasing commercial importance. This would especially be the case as lines blurred further between contemporary classical music and other genres such as free jazz and experimental rock. It was hopeful that interaction between musicians in different genres would lead to more interaction between audiences and also noted continuing developments in folk and jazz which had the potential to become of increasing commercial and artistic importance.

NEMIS thought that film would be of increasing importance, as long as film makers in Scotland did not leave music as the last consideration when making a film which used musicians "on their doorstep". This echoed the earlier concern that films made in Scotland use Scottish musicians for their soundtracks and desire for the Executive to take the lead on this.

The BBC was concerned that Scottish Music did not get sufficient international exposure. It noted that no Scottish act had ever achieved sustained international success (echoing our finding in the section on musicians) and speculated that one factor contributing to this is that most Scottish record companies are comparatively small. It also suggested that those working in folk and jazz are better at exploiting the possibilities offered by international festivals than those working in rock and pop tend to be. The MU agreed that lack of an international profile was worrying, arguing that a major issue for the Music industry in Scotland is to get "those outside Scotland to perceive there is one. It's really as simple as that". At one level this meant that touring acts played places other than Glasgow or Edinburgh. This was seen as being a matter of perception, rather than geography. Politicians have a role to play here by promoting the *whole* of the industry, rather than specific parts of it.

NEMIS believed that generally Scottish acts had had bigger markets in Europe than they had had in England or Scotland. It also saw potential markets in Asia, the Pacific ring - "We really have to look to the East... it's exciting for us", as well as Canada and the USA. Scottish Enterprise also believed that the Far East and Europe would be of increasing importance rather than necessarily the USA which is often thought of as an opportunity but which has traditionally been a difficult market to enter. MIDAS also thought that the USA was not necessarily the best market to try and enter and again suggested that Europe might be the most fruitful market in the immediate future, especially places which shared some commonalties with the Highlands. It noted that the Bute-based label, Orissor, had enjoyed some success in the USA. The SAC also believed that Europe, particularly Nordic countries, offered good potential markets, as did all English speaking countries, especially England itself. It also noted that recent joint work with the French Music Bureau had the potential to lead to future mutual benefits.

For NEMIS the boundaries within the creative industries were breaking down so that musicians increasingly had to think of themselves as all-rounders and multi-media workers. In fact, there is a long tradition of this as many musicians already have more than one occupation or work part-time outwith the industry in order to subsidise their musical activities (Cloonan 2003). This also relates to the MU's promotion of the games industry as a new market which musicians

can enter, something which was also noted by NEMIS. This theme was picked up by Scottish Enterprise which noted the increasing convergence within the creative industries and predicted more business to business interaction in the future, hopefully between Scottish-based businesses. This would need better signposting to alert Scottish businesses to others' products.

There were also some more miscellaneous observations. For example, the retail sector was causing the BBC some concern as smaller shops closed and it becomes ever more difficult for independent shops to survive. The University of Strathclyde believed that the biggest gap was in record companies: "I don't think there's a good medium to large record label in Scotland that's properly nurturing the talent that we have up here". So, it was suggested, there was something of a gap in the market here.

In sum Europe appeared to be the market which most of our stakeholders saw as having the most significant impact in the immediate future. There was some support for expanding to the Far East, with the USA being treated with some caution. New markets were generally seen in terms of geography, rather than industry sectors.

## **Major Issues**

Stakeholders were also asked what they considered to be the most important issues facing the music industry in Scotland today. To an extent, the replies here echoed the responses made earlier with a number of common themes emerging.

Once again, a number of issues concerned business matters. Partly this was perceived as a matter of the professionalisation of the industry. For Scottish Enterprise the issue was simply that "one of the... failings within the industry is that people starting out in the industry do not see that they are starting a business and until they get a business-like approach we're never going to see the growth of the industry". SMIC reiterated that business management was a key issue, while NEMIS pointed to business development and the University of Strathclyde mentioned the need to inculcate the entrepreneurial spirit.

For Scottish Enterprise it was vital that businesses within the Music industry in Scotland kept up with new technology, looked for global opportunities, worked together with each other and lobbied Government as a combined industry. This was beginning to happen, but "from our position collaboration and co-operation could be improved to better economic effect".

SMIC, NEMIS, Stirling Council and the University of Strathclyde all mentioned funding, especially public funding. For SMIC this was a matter of political will. But it was also a matter of lobbying the Executive and making them aware of the importance of the creative industries - for example as a boost to tourism - so that more support was forthcoming. The Cross Party Group on the Contemporary Music Industry was seen as one route for this, although as yet it has acted as a forum for debate rather than as an active lobbyist. SMIC suggested that the national agencies needed to come together and advise civil

servants on the importance of the industry, again highlighting the need for partnership and collaboration. But Scottish Enterprise argued that:

"The issue isn't about money. The issue is actually about putting together ideas that are worth funding. Because if you can actually put together business propositions that will last and will take the industry forward, then the idea is good enough to attract funds. It's not about putting funds in place first and expecting that to happen. It's about understanding what makes a difference... Funding every music business to start up and giving them extra cash upfront is not going to help. We have to divert, to concentrate our funds, to where they will make the biggest impact".

SMIC was amongst the organisations which mentioned the need for cohesion and collaboration across the industry, regardless of section or genre. This was supported by the MU which argued that:

"Communication and co-operation are the factors... I know how important it (is)... that the various sectors, the various genres know about each other. It's that basic. You can't exist in isolation in a country the size of Scotland, because you are going to go down... we're too small a country not to collaborate. We should seek to co-operate and seek to speak together so that the outcome is something which truly reflects Scotland at its best".

NEMIS also supported the need to work together more: "Sitting round the table, people discussing these issues together has to happen and that is a major problem at the moment - the fact that that hasn't happened... in our way NEMIS wants to be that focus for a lot of very diverse sectors of the music business. That's part of the thing we want to do".

The theme of collaboration was also pursued by the University of Strathclyde: "Everyone needs to talk to one another. There *are* good connections. People generally do have good communications with each other. But it tends to be all the jazzers talk to each other, all the classicals talk to each other, all folkies talk to each other, all the rockers talk to each other. If *everybody* were to talk to each other then we might get on a wee bit better to actually make something a lot more homogenous".

This again raised the question of a more partnership-based approach. Here the SAC argued that there needed to be an investment culture which understood the potential for the public and private sectors to work together. These sectors needed to develop mutual understanding. Stirling Council agreed that more public/private joint projects were needed. It cited the public funding of the unsigned stage at Gig on the Green in 2001 as an example of what might be possible.

SMIC also pointed out that while what was happening within Scotland was of primary importance, there was a great deal of important external activity. One example of this was the previously-noted example of the Swedish record company BIS which is the biggest recorder of Scottish classical music. Sometimes, said SMIC, such projects needed structural support to help them

get off the ground. This related to a point made by MIDAS about the need to provide support for touring. It noted that money was sometimes available to undertake European or American tours, but that it was not for one major market - England. Bot MIDAS and Stirling Council argued that support for touring also meant support for non-Scottish acts to tour here. On a related matter, the University of Strathclyde also noted that there was a need to ensure that the Music industry in Scotland was not presented or perceived as being Glasgow-centric as there is a great deal of musical activity taking place all over the country.

The BBC again reiterated the need for public funding to be long term and for the funding bodies "to work together to invest in people with experience and track records of doing good things". This echoed voices elsewhere in the research, such as DF Concerts and Chemikal Underground, which both called for funding to be given to proven successes.

NEMIS also lamented the lack of support from the major record companies for Scottish music in recent years. This had a knock-on effect on support services such as management, tour workers etc who do not have the opportunity to work with acts who had major label support. This also affected Scottish studios. The net effect was to depress the Music industry in Scotland. But, more positively, it also led to more people pursuing an independent route and it was such people that NEMIS hoped to support. Scottish Enterprise also questioned how much the industry was trying to support the next generation of talent which was coming through, while the BBC suggested that the real question is what is needed to sustain a "scene" of any description and that this was not really about policy but "making the correct support facilities available for the creative and entrepreneurial".

The University of Strathclyde hoped that it was contributing to cohesion and collaboration on its BA in Applied Music:

"One of the great things about it is we get all these classical, jazzers, folkies and rockers, we stick them in a big room together and the stuff that you get out at the end of it is *amazing*. It's *brilliant*. All of a sudden you've got rockers who are doing string arrangements, you've got these classical kids who are writing pieces for orchestras and sticking in electric guitars and drum kits. The jazzers are doing pieces of light music again and that's something that hasn't been done for years. Everybody loves it, but nobody writes it. Why not? Because the opportunities just aren't there".

The SAC returned to the issue of the need for professional support, an "administrative cadre" to take matters forward. In particular it cited a lack of agents and argued that rather than needing to look outwith the country for agents, Scotland had the potential to provide agents for most of Europe.

MIDAS returned to the point made earlier and elsewhere in this research that much of the Music industry in Scotland is based on "an awful lot of very very very small businesses. It's not even SMEs, it's micro business we're talking". Such businesses do not have time to do all the things which they need to

promote their products. Therefore one useful way forward is trade associations which can undertake some of this work for them. MIDAS itself was looking at doing more of this work. It was concerned that businesses exploit the added value of their products so that, for example, a CD would be seen as intellectual property that can be exploited commercially in a number of ways. Viewing a CD in such a way would engender a different approach to how the band which produced it might use it. The BBC made a point alluded to earlier:

"We also need to work out what is Scottish. In the folk world, this is very important and the sense of national identity is used as a key selling point for Scottish music regardless of where it comes from. Paul Mounsey is an interesting example. He has lived in Brazil for over ten years, but still makes music that is identifiably Scottish and comes out on a Scottish label. On the other hand, Primal Scream is a band that moved to London and Brighton from Scotland. Is there anything in what they do now that would identify them as Scottish? I think being Scottish is generally a positive thing in an international context and feel that people could use it more".

There is a sense in which the question of what counts as Scottish underpins the whole of this research. Some respondents questioned whether there is even such a thing as a Scottish music outside of the greater British music industry of which it can, at some levels, be considered a part. If this is the case, then it might be that funding bodies and others need to look at a broader perspective and look at collaboration beyond, as well as within, Scotland. However, it is important to note that devolution has obviously already had an impact and that funding remains a key issue.

Finally, on a very upbeat note, the University of Strathclyde argued that "I don't think we're short of talent in any way shape or form. I think we have talent oozing out of every Scottish pore".

Such an upbeat assessment might jar with some of the comments made here but it is reflective of the fact that many of the stakeholders were facing the future with some optimism. If a lack of business skills and a more cohesive approach towards both public funding and industry working were seen as lacking, then the stakeholders generally felt that the will was beginning to emerge to bring about change. There are thus some grounds for optimism.

### **Miscellaneous Final Comments**

Finally, stakeholders were invited to make additional comments in order and to raise any issues that had not been covered. Once again, a diversity of opinion emerged.

SMIC spoke of "a huge amount of opportunity here". but noted that "that the solution is not always the public purse". From a broadcasting point of view the BBC noted that the ease with which CDs could now be made meant that it now received a lot of "vanity project" CDs (of the sort referred to in the labels' section above) which were not broadcast-able. This again showed a downside to the advance of new technology and echoed remarks from the University of

Strathclyde about technology enabling some people who were not musicians thinking that they were.

The MU pointed to intellectual property rights as an area which still needed more work because some artists are still losing out on monies due to them. Although it realised that the issue was a complicated one, the MU hoped that Scotland might take a lead in developing a clear policy on intellectual property rights. It also hoped that more broadcasting might be devolved, that Scotland could develop a sales tax for investment in the arts and that performance and writing royalties might be collected at a Scottish level. It also wanted an even playing field in education so that provision of musical education in schools was not governed by ability to pay, lamenting a great diversity in rates that were currently charged by local authorities. It suggested that: 'If you want access to opportunity it starts at P1 or Nursery school'. Meanwhile SE was concerned that not enough information about the industry is available in schools.

The University of Strathclyde hoped for successful Scottish bands in the international arenas in order to spur (and perhaps invest in) the Scottish scene. In this sense success might breed success. Once again on a bright note, Scottish Enterprise noted that:

"We're impressed by the level of commitment shown in the music industry. There's undoubtedly a huge amount of enthusiasm and energy for the subject matter. It's true in other industries as well, but it's particularly noticeable in the music industry. There's a kind of passion for the work which you don't always get. There does seem to be an emerging will in Scotland to come together to make something happen. There seems to be a sharing of the view that we should help to keep the talent in Scotland".

However, it also argued that it was up to the industry to help itself with some strategic support from the enterprise networks in getting businesses off the ground. It wanted the industry to get out and lobby for itself and better links between industry and education via such things as the provision of placements, although it admitted that no information appears to exist about the extent to which this is already happening. SE hoped that some form of Music Enterprise programme would emerge which would encourage music business start-ups and that more music business would use their Small Business Gateway service. It saw one of NEMIS' future roles as being to develop both formal and informal networks.

For the SAC the main issue was political developments. It was hopeful that the present Minister for Tourism, Culture and Sport was aware of the importance of the Music industry in Scotland and its potential. From the SAC's view, the need was to promote *content* rather than form via the technological circumstances prevailing at any given moment. It believed that what really constituted the Music industry in Scotland was the *professional* music industry in all its parts. As such this industry was in need of an Industry Association of all the sectors which might get public funding and which "could actually grow into a music industry standing body who could then hopefully articulate the real voice of different sections of the music industry to help Government policy

on a much bigger scale, A much more authoritative scale than anybody is doing at the present". Luckily, it was argued, Scotland is the right size for such an initiative to happen.

For MIDAS the Fèisean movement provides something of a blue print for the future as it has provided a platform for talented young musicians to come through. However, there appeared to be a gap between this and making a career and it seemed to do little for pop and rock musicians, who perhaps had a different approach.

Thus a diversity of miscellaneous views appeared. Common themes the importance of education and the need for cohesion. Problems were identified, but within a spirit of cautious optimism about future developments.

## **Conclusion**

The stakeholder interviews provided a wealth of data of perceptions of key players about the issues facing the Music industry in Scotland today, and it is fair to say that the stakeholders were reasonably upbeat about the future. It should be stressed, though, that our interviewees were largely drawn from the public sector (or working closely with it) and are likely to have had more direct experience of the impact of political devolution than those working in the private sector. There was an underlying sense amongst the stakeholders of devolution holding a lot of promise, which was slowly beginning to bear fruit.

We were impressed by the number of times we were told that barriers were coming down and that people in both the private and public sectors were beginning to see other organisations as potential allies rather than competitive enemies. However, we also note that the many calls were made for far more co-operation, especially between agencies in the public sector. We tentatively suggest that the relevant agencies work together more and seek to involve the private sector as much as possible. Should this come about, then there may be the potential for the longer term funding which a number of stakeholders called for. Meanwhile we hope that this report acts as a spur for future collaborations and partnerships.

A number of issues concerned what might be termed the professionalisation of the industry. At the outset this means that those getting involved in the business must be aware that it is just that – a business. There is certainly an educational role to be played here and we urge that SE gives consideration to how to get basic information across to young musicians. We hope that the Directory which accompanies this report might play some role here. For those businesses and musicians at a mid way stage one issue is to see what public funding might be available and to exploit whatever markets they can. There is evidence from the case study interviews that even well established businesses do not know what is available and we suggest that the relevant agencies revisit the ways in which they promote themselves to the industry. For more established businesses, there is the question of lobbying the Executive and policy-makers, possibly in a collective way. One question here is the possible creation of an industry lobbying body. While this has some intuitive appeal,

stakeholders generally did not make great play of the idea, with only the SAC actively promoting the idea. It is clear that any such project needs some thinking through. However our stakeholders did call for the industry to organise itself into a lobbying force and we hope that the industry hears and responds to this call.

We were also struck by the amount of times we were told that Scotland lacks sufficient support staff for the industry. While SAC's call for a "managerial cadre" may not be universally supported, it is clear that there is a widespread feeling that more support staff are needed. On the opposite side of this argument, we also heard from some within the case studies that this is not really an issue. For example, it was suggested to us that the *quality* of managers is what matters rather than where they are located. It is, we were told, more important to get the best, than it was to get the local. However, the calls for more administrative support were so widespread that we suggest that the development of an administrative workforce to support the industry is given further thought by SE within its remit for developing the Scottish workforce.

An underlying theme within the stakeholder interviews is the extent to which the problems of the music industry in Scotland are peculiar to Scotland. There are senses in which many of the issues raised by the stakeholders are familiar to the larger British music industry (see Wilson *et al* 2001). The Music industry in Scotland is characterised by a number of micro companies, and there is evidence that the music industry in general suffers from a lack of venture capital dues to the internal and external perceptions of the industry and its structure (ibid: iv). However, the political dimension is different in Scotland and suggests that there may be the potential for public agencies to offer support and to engage the private sector in ways not possible south of the border, especially bearing in mind the previous observation that the Music industry in Scotland appears to be more favourably inclined to public funding than the industry is elsewhere in the UK (Gray 2002).

We would echo the remarks made by Scottish Enterprise about the commitment and passion shown within the industry. Furthermore we were impressed that so many of the stakeholders detected a new willingness among many of those involved to work together across genres and industry sectors. We are unsure how this new found co-operation might be fostered and developed, but express the hope that the goodwill evident in the stakeholder interview helps the development of the industry for the common good.



## **Chapter Three**

### **Case Studies of Scottish Music Industry Businesses**

As part of the research we were keen to examine the experience of those who had developed music industry businesses from a Scottish base. The purpose of this was to build up a picture of “musical careers” within Scotland and to ascertain the views of those in business about what lessons they had learned and how they saw the future. A schedule for these interviews was agreed with Scottish Enterprise and is included in Appendix B. The interviews were semi-structured and interviewees were asked to speak on behalf of their organisations. As far as possible the individuals are anonymised here.

Within the usual constraints of time, availability and finance, we wanted to interview a broad range of music industry businesses. The final list agreed with SE follows, together with the sector which they are drawn from: Chemikal Underground (Independent record company in the central belt), DF Concerts (live music), Fence Records (record company based outside the central belt), Fopp (retail), Lismor Records (folk record company), the Paragon Ensemble (classical musicians) and Simbiotic (new technology).

In this chapter we provide a brief summary of each of the businesses (in alphabetical order) and of the issues which they raised during the interviews. The latter are brought together in an overview at the end of the chapter.

## Case Study 1: Chemikal Underground

Chemikal Underground started life in 1995 as a vehicle for the music of the band The Delgados. Its first release was the band's debut single, "Monica Webster/Brand New Car". The label enjoyed early commercial success with the Glasgow band bis and from there went on to sign a number of critically acclaimed and commercially successful acts such as Mogwai and Arab Strap.

The label is owned by the four members of The Delgados who also constitute its board of directors. The company has three full time employees and one part-time. Annual turnover varies between £300,000 and £750,000, depending on which acts release albums in any given year. As our interviewee noted: "a big album doesn't come every year", though the company has been made more secure by a digital rights deal which gave a welcome injection of capital. Being a relatively small label, Chemikal Underground concentrates its resources on around two major album releases a year.

The Delgados' 2000 album, *The Great Eastern*, was nominated for the Mercury Music album of the year award. However, their latest release, *Hate*, (released on 14 October 2002) was licensed to Mantra, as Chemikal Underground itself was unable to pay for the recording and marketing costs of the album in addition to recording and promoting its other acts.

Chemikal Underground is Scotland's leading independent rock label. It has shown that it is possible to run a commercially successful record company from a Scottish base. However, it remains a small fish in a much bigger pond. In part this is due to the artistic vision of the directors. In interview a spokesman spoke of "nurturing" and "developing" acts over a long term, an approach which always runs the risk of acts once having been developed being signed by bigger labels.

The label was chosen for this research as it is an example of a successful label which is based in Scotland, but which still has to look outwith Scotland for support for projects such as the *Hate* album. It thus exemplifies in microcosm a number of issues that face Scottish music businesses. The company's spokesperson made the following points:

- Being located in Scotland and frequently attending gigs made A&R work relatively easy.
- The media has an important influence - Scottish indie rock will suffer from closure of *Melody Maker*, the re-orientation of *NME* and lack of an influential Scottish media via which to sell records. Scottish commercial radio does not play Chemikal Underground records.
- People learn from mistakes – and should expect to do so.
- Cash flow is a constant problem and causes crises which have been overcome by borrowing from a friendly distributor, rather than a bank.

- Small niche markets in South East Asia and Eastern Europe have helped to overcome cash flow problems and are becoming increasingly important.
- The idea of a Scottish music industry is “a complete misnomer” – “You can’t really make a living out of being big in Scotland”.
- There is a networking disadvantage to being located in Scotland.
- Promotions in London are hard to do for smaller labels with limited budgets.
- Mail orders have expanded via the internet and this is important as independent stores decline and majors take fewer risks.
- IT skills will become increasingly important.
- Many of the skills needed are present in Scotland already - e.g. the marketing skills of Soma Records.
- Lack of finance can hold back marketing and therefore sales. This problem has been made worse by retail policies which shift marketing costs onto labels.
- Britain will remain the key market, with various important niche markets below it.
- Lack of finance is the biggest obstacle to growth.
- Public support should go to companies that have already proved that they can be successful.

For more details see: [www.chemikal.co.uk](http://www.chemikal.co.uk)

## Case Study 2: DF Concerts

DF Concerts is one of the major concert promoters in Scotland. In addition to promoting a range of concerts, it also runs the King Tuts Wah Wah Hut venue in Glasgow and the annual T in the Park festival. The company originated as Dance Factory, a series of dance nights run in the Dundee venue Fat Sams from 1982 by former DF owner Stuart Clumpas. Clumpas moved on to promoting shows and developed the DF brand. In 1990 the company took over the King Tuts venue which has gone on to become one of the UK's most important small venues, regularly topping lists of fans' favourites. It has become a regular stop-off for upcoming bands from Scotland, the UK and beyond.

DF has grown consistently over the years. One major innovation was the setting up of the T in the Park festival in 1994. This has increased in size over the years and is now firmly established as one of the UK's major summer festivals, with over 50 000 fans attending in 2002. It will celebrate its tenth anniversary in 2003, by which point DF hopes that it will have become a major tourist attraction. In 2001 DF promoted the Robbie Williams shows at Hampden Park, two of the fastest selling shows in the history of popular music in Scotland.

DF has begun to diversify in recent years and is currently looking to the possibility of opening more venues and doing more international work (building on some previous experience). In 2000 it began a series of gigs linked to the annual Edinburgh festival called T on the Fringe. In 2002 around 50,000 people attended these shows. In December 2002 it promoted the Santa's Kingdom event in Glasgow.

With an annual turnover in the region of £8 million, DF employs 17 full time staff, with around 25 part-time staff working for King Tuts and 5 or 6 working as part-time, freelance, gig reps. For T in The Park the company directly employs around 250 people, with 600-odd sub-contracted to provide security. It is thus a significant seasonal employer. In addition it is a major user of PA and lighting companies, endeavouring to use Scottish companies whenever possible and economically viable.

DF Concerts is now owned by Dublin-based Denis Desmond of MCD Concerts, following Clumpas' decision to sell first half, then all, of his shares. Three separate companies, with the same boards, are responsible for T in the Park, King Tuts and DF's concert promotions.

The relevance of DF to this research is that it has a good overview of the Scottish live music scene, arguably still the area which is of most importance to both developing and established musicians. DF told us that:

- Clarification of what public money is available when is overdue.
- The public sector should approach established commercial companies for expert advice and provide assistance for promoters to visit successful festivals to learn lessons.
- Public funds should be available for those who need and will make best use of them.
- Scottish popular music industry companies would welcome public investment in Research and Development.
- A major problem at T in The Park in 1998 was overcome by the assistance of trading partners.
- As a market for live music Scotland is in many ways very different from England and local knowledge gives DF a competitive edge within Scotland over non-Scottish promoters.
- One disadvantage of a Scottish base is that companies outwith Scotland often see it as a region of the UK instead of a country in its own right with its own media.
- The most important impacts of new technology have been email, websites (especially for business-to-business) and online sales.
- The most important skill for the future is a dynamic vision that looks to recruit the best people (who may not necessarily be local).
- The civic and commercial sectors should embrace one another more.
- Identifying gaps in staffing and filling them with the right people is a major concern.
- Increased competition within the live music sector likely in the future.
- Live music thrives on the entrepreneurial spirit.
- Lack of internal back up support can hinder growth.
- Live popular music should be used more in marketing Scotland as a tourist destination.
- DF wants to be a centre of excellence in training staff for the entertainments industry.

- The biggest expansion of internet business in the future will be business to business.
- There is no need to stay in Scotland - just get the best people you can and move to London if that is what it takes to succeed.

### Case Study 3: Fence Records

Fence Records is a unique record label, its mode of operation far removed from almost any of its Scottish contemporaries. We have chosen it as a case study partly because it offers an alternative model for Scottish-based independent labels. Given the increased profile of Fence artists Lone Pigeon and James Yorkston, it may even be that the example offers a possible route forward for others at a similar stage of development.

Fence was started in 1995 by Kenny Anderson, a respected musician whose band, Skubie Dubh Orchestra, had played extensively in Scotland and Europe and appeared at the Glastonbury Festival. His band had released three albums on a Scottish-based label and, according to by Anderson “our deal had started to go a bit sour. I was of the opinion that I couldn’t do a worse job myself”.

Fence has taken a few detours in the subsequent years. Based in Cellardyke in Fife, it had close connections with the most successful group to emerge from the area, the Beta Band. Anderson’s brother, Gordon, who now works as Lone Pigeon, was an original member before being forced to quit through illness.

Lone Pigeon and King Creosote (the new monicker for Kenny Anderson’s work) were among the first acts to release material on Fence. Its catalogue rapidly increased through a number of compilation albums which included tracks by friends and family of the label, including Pip Dylan, The Abrahams and James Yorkston. All the albums have been produced on CDR, with quantities to match demand. Deals have been struck with independent shops (such as Avalanche, Rough Trade and Missing). The majority of sales are through these outlets, the Fence Records website and by mail order.

The label works as a collective, both administratively and musically. The artists work together on CDs, share a pool of local musicians, play gigs together, and share responsibility for organisation. It was set up through revenues from busking and an offshoot ceilidh band, and briefly (1999) launched an ill-fated and costly side-venture, a record shop in St. Andrews.

Many of the Fence releases sell very small quantities, and the label acknowledges that they do not have the staff, money, or distribution mechanisms to launch any act on to a substantially higher level. However, this has not stopped their development. Fence has released over 20 titles, the most recent being a Fence Collective album, *Let’s Get This Ship On The Road*.

A series of joint releases have allowed bigger labels to add weight to the recent releases by King Creosote and Lone Pigeon (on Bad Jazz) and James Yorkston (on Domino). The albums by Lone Pigeon and James Yorkston have both sold in the region of 10 000 copies during the course of 2002, gaining considerable press attention in the process. King Creosote has been offered

recording and publishing deals, but has decided for the meantime to continue building things through Fence.

Among the points raised by a spokesperson for Fence were:

- The label does not believe in signing bands – their releases are done through a bond of friendship. Artists are free to leave/go elsewhere if they wish.
- The label has been run part-time and with the main aim of not losing money. The best hope for bands and labels in Scotland is to hold down a job and use the income from that to subsidise music and see where it leads.
- Fence has been largely excluded from the folk community on the grounds that their releases are viewed as “not folky/traditional enough”.
- The imbalance between the fees bands get for headlining festivals such as T in the Park and the pay-to-play/hire-to-play systems that are in operation at many of the smaller venues was noted. Skimming even a small percentage off a headliner’s fee could make a major difference to the grassroots music scene. There is a recognition that this is unlikely to happen.
- The kind of music scene that has developed in Fife (around Anstruther and St.Andrews) is unlikely to be found in a larger city. People make more of an effort, there are no attempts to rip people off and the “scene” consists largely of a few extended groups of friends. Everybody knows each other quite well as opposed to being casual acquaintances.
- One of the few things that UK exports well is talent.
- In general there are plenty of talented musicians and bands in Scotland, but very few of them seem to get the chance to be heard outside Scotland.



## Case Study 4: Fopp

By any standards, Fopp is one of the major success stories within the Music industry in Scotland. It was founded in 1981 as A1 records by Gordon Montgomery who set up a market stall in DeCourcy's Arcade in Glasgow's West End. He moved to a larger stall in the Savoy centre on Sauchiehall Street in 1983 and then opened the first A1 record store on Renfield Street in 1985. In 1987 an Edinburgh shop was opened on Cockburn Street and the Fopp name was adopted. Since then the story has been of steady, and occasionally spectacular, growth. The Glasgow shop moved to Byres Road in 1989, an Aberdeen store was opened in 1992, one in Sheffield in 1996 and another in Leamington Spa in 1998. The wholesale part of the business has also been developed and Fopp is now the largest supplier of vinyl in the UK. There are currently 12 Fopp shops across the UK, including the latest one which opened in London's prestigious Covent Garden in August 2002. The company turnover for 2002 is estimated to be £18 million, a figure expected to rise to £30 million in 2003. It employs just under 200 people (all full time) and its headquarters are still in Glasgow.

As part of this research we were keen to find out Fopp's views of the music scene in Scotland and the lessons which had been learned along the way. One thing which was immediately clear from talking to Fopp was how much the brand image had been thought through. It is clear that Fopp seeks to differentiate itself from other retailers. It has a keen sense of who its customers are and strives to make the experience of shopping at Fopp different to that of other major retailers. As spokesperson said: "I think we appeal to the female customer who wouldn't dream of going into an independent record shop".

One of the major retail successes in Scotland in recent years, Fopp is facing the future with confidence. Its spokesman made the following observations:

- Businesses learn by making mistakes.
- Major problems were overcome by turning over stock quickly and efficient use of IT from an early stage.
- There appears to be little/no public money available to support retail.
- Local authority planning processes for retail outlets can be difficult.
- Operating from Scotland had the advantage of being able to develop the brand away from potential competitors in London.
- Scotland has a focussed media which can be used for promotional purposes.
- There may be some slight disadvantages of operating from Scotland because of distance to market.

- Getting into IT early has helped in the areas of logistics, communications and purchasing.
- Marketing, technical, management and financial skills are the ones necessary for the future.
- Fopp's major issue at the moment is moving from being a medium business to a fairly large one.
- Lack of suitable sites is the biggest obstacle to growth.
- Because the UK music business is based in London, simply to come from Scotland is in some ways to be an outsider.
- Glasgow should promote itself as a city of retail.

For more information on Fopp see: [www.fopp.co.uk](http://www.fopp.co.uk) and Fraser (2002).

## Case Study 5: Lismor Records

Lismor Records is one of the longest-standing record labels in Scotland, having started in 1973 as an offshoot of a chain of four record stores run by Peter Hamilton. By the mid-seventies he had closed three of the shops, but kept one running in the Finnieston area of Glasgow, which was (and still is) a popular place of residence for the city's Gaelic speaking community. Early sales were aimed primarily at that market, and enjoyed some success due to the national exposure granted some of the acts by television programmes such as the White Heather Club and those hosted by Peter Morrison. In 1980, Hamilton sold the label (and shop) to Ronnie Simpson, a former agent and gig promoter (he booked shows at the Glasgow Apollo in 1973-4) and his business partner, Andrew Harvey.

At the time of acquisition, Lismor had a catalogue of over 100 titles, which included the first Runrig album, though many of these had never enjoyed full national distribution. During the eighties, Lismor expanded. The shop and offices moved to Glasgow's South Side, and a number of artists - notably Ossian, Wolfstone and Dalriada - enjoyed at least cult and, in some instances, wider recognition.

A further expansion came in 1989, when Lismor bought over Iona, a traditional label run by George Jackson. Iona was reconstituted in the early 90s as Iona Gold, a label which, alongside Lismor's more traditional output, attempted to release albums by more contemporary acts, often with singer/songwriter leanings. Artists included Carol Laula, The Pearlfishers and Love and Money. A spokesperson referred to these releases as:

"Not at all unsuccessful. Most of them sold between 5 and 10 000, but a lot of that was down to Scottish support. We naively expected that there would be more interest from south of the border, but we rarely got beyond Carlisle with them. In the circumstances, and especially in the light of the way the industry has changed since, it seems like quite an achievement".

These experiments in more rock-influenced material ebbed to a halt around 1995, and more recent releases by the label have returned to traditional fare. In 2002, they released a collection of bagpipe music and tutorials by Donald MacLeod, MBE, while re-activating popular titles from the Lismor back catalogue by acts such as Runrig, Peter Morrison and Kenneth McKellar and producing a series of compilations. Lismor estimate that their sales are split approximately equally between "normal" sales through record stores, exports and the tourist market. The latter obviously leaves labels such as Lismor vulnerable to a decline in tourism. However, Lismor has received some subsidy for trips to MIDEM in recent years.

The importance of Lismor to this research is that they have a great deal of experience in survival in the music industry in Scotland by being primarily focused on a key area of music - folk and traditional. In addition, their experience helps us to reflect some of the current problems facing the sector for although Lismor's catalogue continues to sell in parts of North America, the

spokesperson admits that business is currently "difficult". Given this and the age of the label's owners and, possibly, audience, it is difficult to predict the future for Lismor, but their experience of many genres and markets is clearly an informed one. Among the issues raised by the company's spokesperson were the following:

- The experience of the SRIA (Scottish Record Industry Association) in the early 90s - in which Lismor was a key player - exposed the cultural differences between the traditional/folk and pop/rock labels.
- The SRIA increased the profile of the Scottish industry, which until then had been largely ignored by the London-based industry organisations.
- Some Scottish failures to export their music have been down to either individual or national traits - notably, inability to agree amongst themselves, lack of willingness to compromise or to do the hard work needed to succeed in the American market.
- Historically there has been an inability to capitalise on chances when presented.
- There is some resistance to Scottish music from the ex-pat market as some think "we travelled four thousand miles to get away from that".
- Labels like Lismor who sell a lot through tourist outlets have suffered because of the strength of the pound against Euro, the Foot and Mouth crisis, and the terrorist attacks of 11 September.
- "Rock" artists are still reliant on a major deal to be able to sell significant amounts of records. This requires budgets for marketing and promotion in order to compete with successful bands.
- Scotland has genuine problems with distribution and retail. The number of independent record shops is declining, with chains and grocers moving in and dictating the terms on which they stock CDs, reducing the price per unit to the label in the process.
- There will never be a major record label based in Scotland. It looked possible for a "mini-major" to exist for a brief period during the late 80s, but now although there are a lot of labels, the objective is always primarily survival. Only few are in a position where they can make a good living from releasing music.
- There are far fewer live music venues in decent sized towns like Kirkcaldy and Dunfermline.
- Alternative forms of entertainment - digital TV, computer games, etc. are becoming more popular.

- There has been a massive shift in leisure spend and the music industry was not able to foresee it/react to it.
- Public funding of music is run by a “cabal,” with an Edinburgh bias. Decision making is detached from what really happens, and the process of applying for funds is often so time consuming “you just have to get on with it, rather than wasting time on what you think might be leading you up a blind alley”.
- The media in Scotland presents few opportunities for labels like Lismor. “Radio Scotland is not bad, but even a programme like ‘Celtic Connections’ is to all intents and purposes a world music programme, and programmes like Ian Anderson and Tom Morton play a lot of American music. Apart from that our releases might get a review in ‘Scots’ magazine about 3-6 weeks after release - that’s about it”.
- College courses in Popular Music have burgeoned in recent years. While the growth of education is welcome, it is unclear whether the skills needed to survive in the music industry can be taught other than through experience.
- Internet sales have declined since 11 September - partly indicating the parochial nature of the US market
- The record industry has been slow to adapt to the internet and has sought to stifle, rather than expand, it.

For more information see: <http://www.lismor.co.uk/>

## Case Study 6: The Paragon Ensemble

The Paragon Ensemble was started in 1980 by David Davis from Scottish Opera. It became an incorporated company in 1984 and is now a charity with a Board of Directors. Since its inception Paragon has been a contemporary music ensemble which has sought to promote new and experimental music within Scotland. It has performed by artists such as John Cage, Steve Reich & Ross Campbell, as well as commissioning a range of works by Scottish composers. Much of its work crosses over with other the visual arts and theatre.

Paragon is currently core-funded by the Scottish Arts Council and Glasgow City Council and also attracts funding through a variety of trust funds, engagement fees, box office receipts and other projects. The Ensemble has an annual turnover in the region of £190 000. It appointed its second Artistic Director, John Harris, in November 2001. He works with a part-time administrator to make up the Ensemble's entire direct workforce. The Ensemble has a conductor, Gary Walker, and draws from a pool of around 200 performers, of whom 14 are considered to be the core. Productions range from operas down to 3-performer shows.

Paragon has developed a number of strands to its work including grassroots activities aimed at encouraging new composers (often in schools); a strand for new composers, an experimental strand (often working with new commissions) and a main season (including operas). In recent years Paragon has re-established itself at the Edinburgh International Festival. It has recently performed at the Dialogues festival in Edinburgh and in November 2002 undertook its first performance at a rock venue: Glasgow's Barfly. It believes that audiences for other contemporary art forms are increasingly likely to be its main audience.

Other recent activities have included a series called *Whatever Happened to Music* – a contemporary music cabaret staged at the Tron in Glasgow and two new operas performed under the heading of *Voiceover* in both Edinburgh and Glasgow. Paragon are currently seeking to expand their broadcasting work, to raise their international profile and to develop strategic partnerships with other organisations. While it is currently working almost exclusively in Scotland, Paragon's presence at the Edinburgh Festival had shown that a higher international profile was feasible. Paragon is also seeking to extend its recording activities.

Paragon were chosen as a case study because of the direct public funding they attract and because of their involvement in new (and often experimental) music. The fact that Paragon is increasingly seeking to develop new commercial activities also added an important dimension to their work. We were thus keen to get the views of a publicly-funded organisation which was seeking to develop commercially and to promote music which could be seen to be *avant garde*.

Paragon's spokespersons told us:

- There is a tension between wanting a steer from Government, while needing to avoid the "heavy hand".
- In contemporary music it is easier to be more distinctive in Scotland and there is less tendency to simply follow fashion. Audiences are generally more open to new music.
- Scotland produces more commissionable work in contemporary music than England.
- In practical terms performing outwith Edinburgh and Glasgow can be problematic. Building an audience for experimental music outside the major urban centres requires careful planning.
- The main disadvantage of operating from Scotland is a comparatively small pool of players of the sort Paragon needs. (At times this has led to flying up the required performers from London, which is very expensive).
- It is important to stay in dialogue with funders.
- New technology has the potential to bring experimental music to new audiences. However, it has to be of the same high quality as Paragon's live performances.
- Funders of music industry initiatives can learn from the experience of the design industry.
- Scotland is producing too few musicians of the calibre Paragon needs. It is important to provide a cultural atmosphere which results in those who are good enough stay and others come in.
- There is a lack of decent training for players.
- Continued core funding by public bodies can lead to recipients "cruising" and not being innovative.
- Musicians need to be multi-skilled and to understand the impact of music in different art forms.
- Scotland has produced composers from a working class background before, but it is not clear that such people are still coming through.
- More funding is needed so that productions do not have to rely on the goodwill of musicians.

- Paragon wants to establish itself as a nationally founded strategic contemporary music ensemble which is regarded as a vital part of the Scottish and European cultural dynamic.
- Changes in the structure of the Scottish classical music scene are likely to have an impact on Paragon which draws most of its performers from this sector.

For more information see: [www.paragonensemble.org.uk](http://www.paragonensemble.org.uk)



## Case Study 7: Simbiotic

In many ways Simbiotic can be seen as indicative of the future. An internet company, Simbiotic was formed in June 2002 as a spin-off from the Stableyard internet company. Simbiotic's two directors and owners, Graham Collins and Natasha Noramly, are also the company's only two employees. Graham has an academic background in Computing Science and began designing websites for friends as a hobby, while Natahsa is a musician with a great deal of music industry experience. It is this fusion of new technology with music industry experience which forms the basis of Simbiotic's approach.

In essence, Simbiotic consists of 22 online shops and a distribution network for a number of record companies and artists, mainly working in independent rock. Current clients include The Arches, Banchory Merchandise, Mogwai, Optimo and Renascent Records. Clients are able to share the costs of a web presence through the use of the Simbiotic site. Simbiotic also hosts some sites and, at the time of writing, is planning to move into online concert ticket sales.

Simbiotic was born out of an awareness that many artists have a vision of how they want to use new technology, but lack the technical expertise (and often finance) to fulfil that vision. As Graham explains: "There is this mismatch between what people want and what's technically possible. A lot of the Simbiotic vision is that we handle that conflict for people".

Simbiotic has gained a reputation in some quarters for undertaking jobs which other companies decline. At present Simbiotic plans to develop slowly in a way which is manageable and maintains the Directors' enthusiasm.

Because of the ways in which Simbiotic has one foot in the music industry and the other outwith it, they seemed to be a particularly interesting case study. Their views are as follows:

- One business tip is get everything down in writing!
- Technology should be made to suit client need, not provider packages.
- Applications for public funding take too long.
- The Music industry in Scotland is a close-knit community and much of business comes via word-of-mouth recommendations – "the strongest recommendation there is".
- New technology can be used to generate profits in interesting ways.
- People, including many within the music industry need to understand new technology more before they start talking about it.

- Venues, theatres and visual artists are likely future markets.
- Technology will be used more for business-to-business in the music industry and will improve in quality.
- Government must consider the implications for technology of changes in the law.
- Growing a company involves being more exposed.
- Developing a lot of small niches limits the danger of being over-exposed in one market.
- Developing online communities is a key to successful internet business.
- Clients should be made self-sufficient in technology, not reliant on providers.
- Start small and keep the quality high.
- Scotland lacks sufficient music publishing companies.

For more information on Simbiotic see <http://www.simbiotic.info/>

## **Overview of case studies**

In many ways the findings of the case study part of the research echo those of the stakeholder chapter in that they reveal generally positive feelings about working in the industry from a Scottish base, whilst recognising the issues that this raises. The case studies also provided evidence of the skills necessary to run a music industry business in Scotland and of the challenges which various sub-sections of the industry face. As ever with case studies, the findings are illustrative rather than representative. In this section we bring them together under five headings.

### **A Scottish Location**

The case studies revealed generally positive perceptions of working from a Scottish base. Simbiotic's view that the industry was a close-knit community where word of mouth plays a key influence has been borne out as this research has progressed. The size of Scotland is a recurrent feature and one reflected in Chemikal Underground's comments about the ease of A&R work and networking in Scotland. However, the industry should not be seen as totally united as, understandably, tensions exist. This was reflected in Lismor's comments about the fate of the SRIA and Fence's concern that they are perceived as "not being folky enough". Lismor also pointed to a previous lack of unity hampering potential export opportunities.

More practical disadvantages were revealed in Simbiotic's concern at the lack of suitable publishers, Lismor's worries about distribution, retail and the lack of suitable venues in smaller towns and Paragon's problems in building audiences outwith Edinburgh and Glasgow. The media has an obvious role to play in all these problems and there were conflicting views about how successfully they do this at present. Thus while Fopp appreciated the fact that Scotland's media is relatively focussed, Chemikal Underground pointed to the lack of a suitable Scottish media through which to sell records, and shared Lismor's concern about the lack of airplay their products received on Scottish radio.

The distinctiveness of the Scottish market was also shown during the research. Music was seen by DF as potentially playing a key role in promoting Scotland, while the company also recognised that the Scottish live market is different to the rest of the UK and that this gives a competitive advantage to local promoters. Paragon's comment that it wanted to be part of a European cultural dynamic, DF's awareness of foreign markets and both Chemical Underground and Simbiotic's talk of niche international markets showed that Scottish music businesses are very well aware of a wider world of opportunity.

However, whether this opportunity will be seized appeared to be the subject of some debate. Fence saw a great deal of talent in Scotland, but worried whether it would be heard by a wider audience. Paragon worried that too few performers of the right calibre were coming through and that there was not suitable training for players. Lismor believed that a large Scottish-based record company would never exist, a feeling which chimed with Fence's view that the

best that can be hoped for is to stay part-time and hope for a break. Fopp made the double-edged remark that simply to come from Scotland is, in some ways, to be an outsider in an industry which is heavily London-centric.

However, the St.Andrews "scene" described by Fence is evidence that at least some music business activity is sustainable in a comparatively small town. This more optimistic scenario was echoed by Paragon's view that it is easier to be distinctive in Scotland and that the country produces more commissionable work in experimental music than the rest of the UK. However, we were struck by Chemikal Underground's assertion that the idea of a Scottish music industry is "a complete misnomer" as "You can't really make a living out of being big in Scotland". This was echoed in DF's contention that the point is not necessarily to have a Scottish base, but to go for the best wherever they are based. The challenge therefore is to simply *be* the best, something which our respondents also had views on.

### **Business Practice**

Our case studies also brought forward a number of business hints. At one level these were simply practical steps such as Fopp, Symbiotic and Chemikal Underground's observing that businesses learn by making mistakes. The latter two's point about developing niche markets is also important and was picked up by Symbiotic as being one means of ensuring that a company is not too exposed within a particular market.

Businesses also reflected on past and present problems including Lismor's concerns about the effects of 11 September on internet sales, DF's about being able to recruit suitable staff and Chemikal Underground's about the cost of doing promotions work in London combined with general concerns about cash flow which could hit sales. Lismor's contention that most rock acts need a record deal can be contrasted with Fence's observation that it only signed acts with which it was friends.

Overall, the cases did not generally reveal business problems which are particular to Scotland, but they did point to problems which are particular to the music industry, of the sort outlined in *Banking on A Hit*.

### **Developments in New Technology**

Not surprisingly the case study on Symbiotic was the one which produced the main comments on new technology. Its Directors argued that new technology should suit client need and that it can be used to generate profits in new and interesting ways, provided that those using it fully understood it. Along with DF, they envisaged a growth in business-to-business use of new technology in the future.

Fopp's observation that it had benefited from getting into IT early showed its obvious potential, as did Chemikal Underground's view of the internet as an increasingly important arena for sales in a context where record shops are increasingly unwilling to take risks with untested stock. Here Symbiotic pointed

to the importance of developing online communities as it is clear that new type of consumer is emerging, a point reflected in Lismor's comment that one problem the popular music industry faces is increasing competition from other forms of media.

### **Perceptions of Public Funding**

The case studies produced some interesting views about the public funding of music industry projects. Respondents were generally supportive of public funding, but raised questions about how it could be most effectively used. Both Chemikal Underground and DF believed that public funding should go to those companies and organisations which had already proved that they can be successful. At a minimum, DF's call for the public sector to engage more with the commercial and to call upon its expertise appears to be worthy of investigation.

The case studies also revealed some apparent omissions from current policy. Thus Fopp noted the lack of support for retail and the difficulties which planning processes can elicit. Lismor's remarks about a "cabal" running public funding, is arguably an extreme reaction but was also indicative of more general concerns such as Simbiotic's that funding applications take too long. Both Paragon and Simbiotic have concerns about too much Government intervention in unwarranted areas. However, a greater concern was that of confusion about the public sector's role as exemplified by DF's call for clarification of what is available. Their call for public investment in Research and Development is interesting but should, perhaps, be placed in the context of frequent criticisms about the low level of investment in R&D by the music industry. Perhaps the most pertinent point was made when Paragon suggested that it is vital to maintain contact with funders.

### **The Future: Skills and Markets**

Case study respondents were looking to the future. On the optimistic side was Chemikal Underground's observation that many of the skills which will be needed in the future are already in place such as those exhibited by Soma's marketing strategy. Fopp and DF are also looking to the future and calling for visionaries who wanted to be the best, especially in marketing, technical, management and financial areas. These comments echoed those of many of the stakeholders.

Case study respondents were equally looking to future markets, and all had views of how they would develop in Scotland, the UK and internationally. Once again there may be scope for judicious use of public funding to help with some of these plans. Certainly obstacles exist: for Chemikal Underground they relate to lack of finance, for Fopp it is the difficulties caused by moving from being a medium sized company to being a bigger one and to finding suitable sites.

## **Summary**

The case studies here help to illustrate both the potential of, and the constraints upon, the Music Industry in Scotland. They again illustrate the complexity of the industry and highlight the fact that different sectors within it have different concerns. This perhaps suggests that the lesson for policy-makers is to prioritise, but to explain the prioritisation fully to the industry concerned.

## Conclusion and Final Thoughts

Our brief in compiling this report was to provide a comprehensive account of the structure and value of the Music industry in Scotland, to indicate significant trends, to survey the views of key stakeholders, and to provide case studies of companies in various music business sectors. We hope this report will, indeed, inform music policy making and be useful to everyone with an interest in this complex part of the Scottish economy.

It was not part of our brief to make policy recommendations but, in conclusion, we would like to highlight the issues raised by this study which, we believe, pose the most important - and difficult - policy questions.

- It may not always be appropriate to regard the Music industry in Scotland as a sector with a collective economic interest. Historically, the dynamic of the music economy has been conflict: artists *versus* labels; indies *versus* majors; music publishers *versus* music radio; record retailers *versus* record producers; and so forth. It is not accidental that lawyers are so important at all levels of the music industry; nor that technological developments have always been resisted as well as welcomed (because of their threat to copyright regimes, for example). Calls for the industry to speak with one voice or to form a single lobbying body may be more problematic than they first appear.
- The policy emphasis on the needs of the *Scottish* Music Industry may be misplaced. While some Scottish music is sold for its Scottishness (in folk and traditional music markets, for example), other music made in Scotland cannot be understood culturally or economically in national terms. The most successful Scottish musicians currently, such as Craig Armstrong, James MacMillan and Texas, are successful in music worlds (film scoring, contemporary classical, rock) which are not in any sense Scottish. Similarly the most successful Scottish music business in recent years, Fopp, is by now (this is a measure of its success) a UK-wide rather than Scottish retailer. Economically what determines the strength of an industrial sector are the terms of the trade of its goods and labour and capital. One reason why we suggest that the live music market is one of the healthiest sectors of the Scottish music business is because of the inward investment of global operators like Clear Channel and Ticketmaster and the take-over of DF Concerts. Such moves show that at least parts of the Music industry in Scotland appear to be financially lucrative.
- As this example suggests, the cultural and economic objectives of music policy may not always coincide, and even here the issues are not as straightforward as they might first appear. It is often assumed, for example, that the best guarantor of Scottish musicians' commercial success are flourishing Scottish independent record companies. Our research suggests lack of global major label interest in Scottish acts is an equal problem. Figures gathered by the IFPI show that the global consolidation of the majors in the 1990s went alongside increasing sales of domestic (rather than international) repertoire in local markets ([www.ifpi.org/](http://www.ifpi.org/)). The majors, in

other words, are now as much concerned to benefit from local sales trends around the world (by taking over local labels, for example) as to dominate the global market with global sounds. This is one aspect of recent Swedish and Irish success and is a trend from which Scotland has not yet benefited.

- Everyone we interviewed agreed that Scotland does not lack musical talent; the problem is to exploit it. Hence the emphasis among the stakeholders on improving ancillary services. But there is a paradox here. Music business people, for understandable reasons, sometimes forget that the success of, say, the Beatles, U2, Eminem, and even Robbie Williams was an effect of their own abilities as musicians and performers; it was not the result of the abilities of their managers, accountants, marketing teams, etc. So while it may be true that if a major new talent were to emerge in Scotland, their success would be greatly enhanced by a strong professional infrastructure, it is equally true that such an infrastructure cannot, in itself, create new talent.
- Among our interviewees there were two kinds of argument for state investment: money should be provided for start-ups, new bands, would-be entrepreneurs; money should be provided for established businesses with a track record, to help them through cash-flow problems, at particular moments of expansion, and so on. Either way what's involved is the management of risk. From this perspective the biggest problem for music entrepreneurs is the shortage of risk capital in Scotland (which is why public funds are called on). The problem here is that while the state can certainly provide training, information and other infrastructural support, it is not at all clear that it can take on the kinds of risk on which the music business depends. In the music industry success depends in the end on talent harnessed by an all-but-obsessive entrepreneurial determination to sell that talent. By their nature state-funded bureaucracies can't be so obsessive. It would be constitutionally impossible, for example, for the Scottish Arts Council, to devote its entire music fund to promoting a single act, however emotionally certain the Music Officer was of its success. The difference in the kinds of engagement possible in the public/commercial sectors was clear to us in the differences between the stakeholder and case study interviews. The latter are involved in the material consequences of failure and success in ways in which the former are not. This needs to be acknowledged to avoid the misunderstandings and bad feeling that has arisen in the past. In particular, policy makers need a clearer understanding of the nature of risk-taking in the music business, whether in commercial or artistic terms (which may mean, among other things, being seen to invest in a wider range of music-making and marketing practices than is presently the case, and taking on board industry worries about the expansion in vocational music courses when there aren't enough decent job opportunities for their graduates).
- Finally, to return to a point made in the preface, we have been concerned here primarily with the problems of developing the Music industry in Scotland - hence the emphasis on business practice. But if, as we suggest, a healthy music economy is dependent on a healthy music culture, then



policy should be concerned not just with business growth, and changing the way things are done, but also with people's ability to make a living from music *without* being ambitious to change their lives. As a cultural industry music is unique - and uniquely important - because so much of its commercial success depends on people making and listening to music for its own sake, without economic concerns at all.

## **Appendix A: Schedule for Stakeholder Interviews**

1. What are the advantages of operating from Scotland?
2. What are the disadvantages of operating from Scotland?
3. Does it really matter where you are located in today's music industry? (if so, why?)
4. To what extent have the existing public bodies helped the development of the Scottish music industry?
5. What previous initiatives do you think have been successful?
6. Which previous initiatives do you think have been unsuccessful?
7. What are the most important implications of the development of new technology for the Scottish music industry?
8. What will be the skills which are needed to take the Scottish music industry forward in the next few years?
9. What are the most important markets which you expect to emerge in the next few years?
10. What are the major issues facing the Scottish music industry today?
11. Are there any other comments which you wish to make?

## **Appendix B: Schedule for Case Study Interviews**

1. Tell me how you got started in the industry
2. In retrospect, is there anything which you would have like to have had in the way of training/advice/mentoring?
3. Tell me something about the nature of your company
4. Has the company ever been in crisis at any point? If so, how was this resolved?
5. Have you ever had any support from publicly funded bodies?
6. What are the advantages of operating from Scotland?
7. What are the disadvantages of operating from Scotland?
8. What are the most important implications of development in new technology for your company?
9. What will be the skills which are most needed to take the Scottish music industry forward in the next few years?
10. Where are your main markets at the present?
11. What do you think your main markets will be in the future?
12. What are the main issues facing your company today?
13. What are the biggest obstacles to growth?
14. What do you expect to be doing in 10 years time?
15. What do you think will be the most sustainable market in the future?
16. Are there any other comments which you wish to make?

## Appendix C:

### Scottish Enterprise Creative Industries Cluster: Music Activities 2002

**MusicWorks** was successfully launched to the music industry in March, to the press in August and finally delivered at The Lighthouse in Glasgow from 31<sup>st</sup> October – 1<sup>st</sup> November. It was backed by Scottish Enterprise, AIM, BPI, Music Managers Forum, Musicians Union, and Glasgow City Council. The event concentrated on issues facing the music sector and other industries which use music – film, TV, video, games & new media. Seminars, workshops, masterclasses and one-to-one 'surgeries' with experts were designed to reflect these shared interests and to promote the Scotland's music industry to a global audience. UZ Events Ltd led on the development, including showcases and gigs organised in partnership with clubs and promoters at various Glasgow venues. The delegate target of 250 was exceeded, a great achievement for a new event in its first year. Relevant websites: [www.musicworksuk.com](http://www.musicworksuk.com); [www.uzevents.com](http://www.uzevents.com).

**StreetSMART** is a community engagement programme that is now running in six LEC areas – Ayrshire, Dunbartonshire, Forth Valley, Grampian, Lanarkshire and Renfrewshire. It delivers a series of workshops for school and post school age people with a serious interest in a career in the music industry. The programme, delivered by music industry professionals, focuses on “survival skills “ in a very competitive and diverse industry and promotes music education courses running throughout Scotland and the Small Business Gateway as key sources of support. The programme also focuses on music as a global business and introduces elements of new ways of trading (e-commerce), international distribution models and market information. Relevant website: [www.street-smart.org.uk](http://www.street-smart.org.uk).

An internal resource has been developed – an **Enterprise Adviser Resource (EAR) for Music** – to assist business advisers in Local Enterprise Companies and the Small Business Gateway. Designed and updated by music and enterprise experts, it enables business advisers to access specific information about music support organisations and professional assistance in order to build appropriate profiles to serve individual business enquiries. The resource is dynamic, database driven and was launched in May 2002.

One of the key challenges facing the Scottish music industry is to develop the local support **infrastructure**. With this in mind, Scottish Enterprise is working in partnership with the Scottish Arts Council in 2002 to support industry organisations like NEMIS (New Music in Scotland) by contributing to a full time co-ordinator and SMIC (Scottish Music Information Centre) to develop a comprehensive music web portal for Scotland. In partnership with Glasgow City Council, Scottish Enterprise is also supporting an Artist Manager Development Programme delivered by the Music Managers Forum (MMF) and hosted by Stow College for businesses throughout the SE Network area. Relevant websites: [www.icoico.co.uk/nemis](http://www.icoico.co.uk/nemis); [www.smic.dircon.co.uk](http://www.smic.dircon.co.uk); [www.glasgow.gov.uk](http://www.glasgow.gov.uk); [www.mmf-training.com](http://www.mmf-training.com); [www.stow.ac.uk](http://www.stow.ac.uk).

A new **Music Business Development Roadshow** was launched in late 2002, delivered at various regional venues, aimed at emerging and existing businesses across the country. There will be workshops aimed at encouraging greater usage of new technologies and e-commerce, information sessions for businesses considering growth through investment and seminars on people and customer management. This will be an awareness programme to enable music businesses to keep abreast of leading edge technology developments and business models. The roadshow is sponsored by Scottish Enterprise and will be delivered by a variety of industry professionals.

A new study – “**Mapping the Scottish Music Industry**” has been jointly commissioned by Scottish Enterprise (including Scottish Development International) and Highlands and Islands Enterprise. The study is being done by a partnership consultancy lead by Dr Martin Cloonan, DACE, University of Glasgow, supported by John Williamson (music journalist) and Professor Simon Frith, University of Stirling. As well as providing comprehensive information on the markets, number, value, type and range of music businesses in Scotland, the study will identify and outline the key issues and challenges currently facing the industry. Relevant data from the study will be used by a variety of bodies and principally by music businesses as an aid to future planning. Early findings were presented at MusicWorks and the full report will be published in early 2003.

(This Appendix was submitted by Scottish Enterprise in November 2002 as part of this report).

## Appendix D:

### Highlands and Islands Enterprise: Support to the Music Industry in 2002

The HIE network has directly assisted a variety of individual music related businesses, ranging from Scotland's first CD pressing plant, Grampian Records, through to labels such as Scotsville and Macmeanmna, to individual acts such as The Lush Rollers and Croft No.5. Whilst this direct assistance is important, HIE believes that a grass-roots approach, working with key industry bodies and trade associations in the area, will best develop the Creative Industries as a whole in the Highlands and Islands. For that reason, we currently work with three key organisations and have provided financial support as well as taking a more hands on approach, working on the identification of new markets and partners with these organisations.

- Highlands and Islands Labels (HAIL) – [www.hailmusic.com](http://www.hailmusic.com)
- Highlands and Islands Arts (HI Arts)/MIDAS – [www.hi-arts.com](http://www.hi-arts.com)
- goNORTH- [www.gonorth.org.uk](http://www.gonorth.org.uk)

In conjunction with our partners HIE has supported:

**MIDAS:** The role of MIDAS is to produce the flow of creative talent that will allow the continued development of the music industry. This has been developed by:

- Working in conjunction with the Musicians' Union and SIP partnership – provision of workshops and long-term support for new bands and music projects.
- HAIL workshops and access to e-mail skills bank, provide advice on live performance, recording, presentation of demo material, and development of management/business skills etc.
- Build and maintain a web-site which serves as a source of information, encourages contributions from regional contacts with news items and a bulletin board.
- Delivery of initiatives such as rehearsal spaces and facilities, particularly in rural areas, and regular gigs where bands can get experience of playing to an audience.
- Provision of showcase opportunities.

**HAIL:** HAIL represents more than twenty independent labels as well as a variety of associate members including promoters, distributors and artists, as well as providing an advisory service to the wider Highland music industry. HAIL has:

- Provided core-funding.
- Supported representation at major national and international trade fairs.
- Appointed advisors to provide information on publishing, distribution, European and North American Markets.

- Introduced an Education programme – Initially 50 tip sheets are available on-line. There is also the provision of advisory services and workshop programme.
- Developed a new national and international partnership networks – representation currently in Spain, Belgium and England.
- Set up a Music Database, initially with 1,250 tracks digitised and on-line for download.
- Provided a Media/PR service.
- Showcased Highland artists.

**GoNORTH: A showcase festival and network promoting the best of the talent from the North of Scotland**

The first festival ran between the 3rd and 11th of May 2002, taking in all elements of the music industry and covering all genres, from rock and pop to traditional and dance. Its aim was to provide an opportunity to showcase talent from the North of Scotland to the wider industry, and develop new audiences. GoNORTH also produced a *Music Week* cover mounted CD for the event going out with over 10 000 issues.

With over 70 performances from acts from 8 countries, excellent audiences, and the largest industry turn-out Aberdeen has seen, the event exceeded expectations.

(This Appendix was submitted by HIE in November 2002 as part of this research).

## Appendix E:

### Questionnaire Results

Our questionnaire (attached) was sent to a sample of **343** companies from the database compiled for this survey by email. **22** of the e-mails bounced, **5** indicated that they did not wish to take part in the survey and **4** were duplicates (i.e. sent to the same person at a different e-mail address). This left a sample size of **312**, meaning that the **53** returns equated to a response rate of **17%** - in line with the average for this type of survey.

However, we have been reluctant to draw too many conclusions from what is a relatively small sample, especially as there is no means of ensuring that this is a truly representative sample. In the preceding report, we have sited little evidence from the questionnaire, though many of the wider findings are in line with the questionnaire results. Instead, we have chosen to present the results below, with a few observations on each.

### Sectors

|           | Frequency | Percent | Valid<br>Percent | Cumulative Percent |
|-----------|-----------|---------|------------------|--------------------|
| artistic  | 6         | 11.3    | 11.3             | 11.3               |
| recording | 19        | 35.8    | 35.8             | 47.2               |
| live      | 16        | 30.2    | 30.2             | 77.4               |
| other     | 12        | 22.6    | 22.6             | 100.0              |
| Total     | 53        | 100.0   | 100.0            |                    |

*Table E.1: response to questionnaires by industry sector*

The sample is broadly in line with the representations of the three main sectors in the database, though the artistic community is slightly under-represented in terms of response and the public sector funded bodies slightly over represented.



## Numbers of Years Trading

|       | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|---------|---------------|--------------------|
| 1     | 9         | 17.0    | 17.0          | 17.0               |
| 2     | 5         | 9.4     | 9.4           | 26.4               |
| 3     | 3         | 5.7     | 5.7           | 32.1               |
| 4     | 2         | 3.8     | 3.8           | 35.8               |
| 5     | 1         | 1.9     | 1.9           | 37.7               |
| 6     | 2         | 3.8     | 3.8           | 41.5               |
| 7     | 3         | 5.7     | 5.7           | 47.2               |
| 8     | 3         | 5.7     | 5.7           | 52.8               |
| 9     | 1         | 1.9     | 1.9           | 54.7               |
| 11    | 4         | 7.5     | 7.5           | 62.3               |
| 12    | 6         | 11.3    | 11.3          | 73.6               |
| 13    | 1         | 1.9     | 1.9           | 75.5               |
| 15    | 2         | 3.8     | 3.8           | 79.2               |
| 16    | 2         | 3.8     | 3.8           | 83.0               |
| 18    | 1         | 1.9     | 1.9           | 84.9               |
| 22    | 1         | 1.9     | 1.9           | 86.8               |
| 23    | 1         | 1.9     | 1.9           | 88.7               |
| 25    | 1         | 1.9     | 1.9           | 90.6               |
| 26    | 1         | 1.9     | 1.9           | 92.5               |
| 29    | 1         | 1.9     | 1.9           | 94.3               |
| 31    | 1         | 1.9     | 1.9           | 96.2               |
| 37    | 1         | 1.9     | 1.9           | 98.1               |
| 49    | 1         | 1.9     | 1.9           | 100.0              |
| Total | 53        | 100.0   | 100.0         |                    |

*Table E.2 :Number of Years Companies Have Been Trading*

- **37.7%** five years or less
- **79.2%** trading 15 years or less
- **10.5** years is the mean
- Most Scottish music industries are in an early phase of their development. The fact that 1 year of trading is the mode suggests a healthy number of new business start-ups, although there is also a high failure rate: many of such small enterprises last for a short period of time – reflecting the nature of the business.

## Employment

|              | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------|-----------|---------|---------------|--------------------|
| 0            | 6         | 11.3    | 11.3          | 11.3               |
| 1            | 17        | 32.1    | 32.1          | 43.4               |
| 2            | 7         | 13.2    | 13.2          | 56.6               |
| 3-10         | 12        | 22.6    | 22.6          | 79.2               |
| 10-20        | 3         | 5.7     | 5.7           | 84.9               |
| more than 20 | 7         | 13.2    | 13.2          | 98.1               |
| No data      | 1         | 1.9     | 1.9           | 100.0              |
| Total        | 53        | 100.0   | 100.0         |                    |

*Table E.3: Number of full time employees*

|              | Frequency | Percent | Valid<br>Percent | Cumulative Percent |
|--------------|-----------|---------|------------------|--------------------|
| 0            | 21        | 39.6    | 40.4             | 40.4               |
| 1            | 7         | 13.2    | 13.5             | 53.8               |
| 2            | 8         | 15.1    | 15.4             | 69.2               |
| 3-10         | 8         | 15.1    | 15.4             | 84.6               |
| 10-20        | 2         | 3.8     | 3.8              | 88.5               |
| more than 20 | 5         | 9.4     | 9.6              | 98.1               |
| No data      | 1         | 1.9     | 1.9              | 100.0              |
| Total        | 52        | 98.1    | 100.0            |                    |
| No response  | 1         | 1.9     |                  |                    |
|              | 53        | 100.0   |                  |                    |

**Table E.4: Number of part time employees**

- It is indicative that the modal number of full-time employees in the companies surveyed is 1, reflecting the small-scale, single person enterprise nature of many Scottish music businesses.
- At the other end of the scale, 7 companies (mainly publicly funded or the larger festivals) have more than 20 employees.
- Over 40% of the companies surveyed employ no part-time staff – although in many instances (for example, festivals) a number of full-time workers would be employed for a few weeks per year around the time of the event.

## Business Growth

|               | Frequency | Percent | Valid<br>Percent | Cumulative Percent |
|---------------|-----------|---------|------------------|--------------------|
| more than 20% | 20        | 37.7    | 37.7             | 37.7               |
| 0-20% growth  | 13        | 24.5    | 24.5             | 62.3               |
| no change     | 18        | 34.0    | 34.0             | 96.2               |
| 0-20% decline | 2         | 3.8     | 3.8              | 100.0              |
| Total         | 53        | 100.0   | 100.0            |                    |

**Table E.5: Business growth in the past 12 months**

- The survey shows a healthy state of growth among the companies surveyed which is unrepresentative of the industry as a whole. Only 3.8% admitted to declining sales, while 62.3% indicated that their businesses were growing.
- This may be down to the fact that successful companies may be more inclined to return a questionnaire of this nature; due to the perception of having to keep up appearances (in spite of this being a confidential questionnaire) and the desire to impress.

## Markets

| <b>% of total sales in Scotland</b> | <b>Frequency</b> | <b>Percent</b> | <b>Valid Percent</b> | <b>Cumulative Percent</b> |
|-------------------------------------|------------------|----------------|----------------------|---------------------------|
| 2                                   | 1                | 1.9            | 1.9                  | 1.9                       |
| 5                                   | 2                | 3.8            | 3.8                  | 5.7                       |
| 10                                  | 5                | 9.4            | 9.4                  | 15.1                      |
| 15                                  | 1                | 1.9            | 1.9                  | 17.0                      |
| 20                                  | 1                | 1.9            | 1.9                  | 18.9                      |
| 30                                  | 1                | 1.9            | 1.9                  | 20.8                      |
| 40                                  | 5                | 9.4            | 9.4                  | 30.2                      |
| 50                                  | 2                | 3.8            | 3.8                  | 34.0                      |
| 60                                  | 4                | 7.5            | 7.5                  | 41.5                      |
| 70                                  | 2                | 3.8            | 3.8                  | 45.3                      |
| 75                                  | 2                | 3.8            | 3.8                  | 49.1                      |
| 80                                  | 3                | 5.7            | 5.7                  | 54.7                      |
| 84                                  | 1                | 1.9            | 1.9                  | 56.6                      |
| 90                                  | 1                | 1.9            | 1.9                  | 58.5                      |
| 92                                  | 1                | 1.9            | 1.9                  | 60.4                      |
| 95                                  | 6                | 11.3           | 11.3                 | 71.7                      |
| 98                                  | 4                | 7.5            | 7.5                  | 79.2                      |
| 100                                 | 11               | 20.8           | 20.8                 | 100.0                     |
| <b>Total</b>                        | <b>53</b>        | <b>100.0</b>   | <b>100.0</b>         |                           |

*Table E.6: Percentage of sales in Scotland*

- 11% of companies surveyed sold exclusively to a Scottish market
- 66% of companies sold more than 50% or more of their product/services in Scotland.
- This suggests there remains considerable scope for the export of Scottish music and companies – even within the UK.

| <b>% of sales outside UK</b> | <b>Frequency</b> | <b>Percent</b> | <b>Valid Percent</b> | <b>Cumulative Percent</b> |
|------------------------------|------------------|----------------|----------------------|---------------------------|
| 0                            | 27               | 50.9           | 50.9                 | 50.9                      |
| 1                            | 2                | 3.8            | 3.8                  | 54.7                      |
| 2                            | 3                | 5.7            | 5.7                  | 60.4                      |
| 5                            | 2                | 3.8            | 3.8                  | 64.2                      |
| 10                           | 3                | 5.7            | 5.7                  | 69.8                      |
| 20                           | 2                | 3.8            | 3.8                  | 73.6                      |
| 30                           | 4                | 7.5            | 7.5                  | 81.1                      |
| 35                           | 2                | 3.8            | 3.8                  | 84.9                      |
| 40                           | 2                | 3.8            | 3.8                  | 88.7                      |
| 50                           | 1                | 1.9            | 1.9                  | 90.6                      |
| 55                           | 2                | 3.8            | 3.8                  | 94.3                      |
| 61                           | 1                | 1.9            | 1.9                  | 96.2                      |
| 65                           | 1                | 1.9            | 1.9                  | 98.1                      |
| 85                           | 1                | 1.9            | 1.9                  | 100.0                     |
| <b>Total</b>                 | <b>53</b>        | <b>100.0</b>   | <b>100.0</b>         |                           |

*Table E.7: sales outside the UK*

- Over 50% of the companies sampled do not sell anything outside the UK
- Only 9.4% of the companies sampled sell more than 50% of their product/services outside the UK.
- This reflects the insularity of the UK market: while some services (e.g. recording studios and localised events in Scotland are of little appeal to a non-Scottish market) domestic record labels and artists also underachieve outside the UK.

## Education

|                       | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------------|-----------|---------|---------------|--------------------|
| post graduate         | 23        | 43.4    | 43.4          | 43.4               |
| Degree                | 19        | 35.8    | 35.8          | 79.2               |
| Further education     | 6         | 11.3    | 11.3          | 90.6               |
| Scotvec or equivalent | 2         | 3.8     | 3.8           | 94.3               |
| School                | 3         | 5.7     | 5.7           | 100.0              |
| Total                 | 53        | 100.0   | 100.0         |                    |

*Table E.8: The highest level of qualification held by employees of the sampled companies.*

|       | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|---------|---------------|--------------------|
| yes   | 15        | 28.3    | 28.3          | 28.3               |
| no    | 38        | 71.7    | 71.7          | 100.0              |
| Total | 53        | 100.0   | 100.0         |                    |

*Table E.9: number of companies who employ a staff member who has attended a music industry training course in FE/ HE*

- 43.4% of companies claim that their most qualified member of staff holds a post-graduate qualification.
- 79.2% have some form of university qualification. Both these figures would appear to be distorted and out of synch with national averages.
- 5.7% of music industry employees have no post-compulsory.
- 28.3% of the companies surveyed have employed someone who has qualified from music industry training course in Further or Higher Education.

## The Industry

This section of the questionnaire asked whether the companies had heard of/are a member of a number of international, national (UK) and Scottish industry organisations. The abbreviations are as follows:

SRIA – Scottish Record Industry Association

SMIC – Scottish Music Information Centre

NEMIS – New Music In Scotland

AIM – Association of Independent Music

BPI – British Phonographic Industry

PRS – Performing Right Society

MCPS – Mechanical Copyright Protection Society

PPL – Phonographic Performance Limited

IMF – International Managers Forum (now MMF – Music Managers Forum)

MU – Musicians' Union

PRC – Performer Registration Centre

PAMRA – Performing Arts and Media Rights Association

TMSA – Traditional Music and Song Association

The results are set out in the tables below.

**sria aware**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 26        | 49.1    | 49.1          | 49.1               |
| no        | 27        | 50.9    | 50.9          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**smic aware**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 28        | 52.8    | 52.8          | 52.8               |
| no        | 25        | 47.2    | 47.2          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**nemis aware**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 28        | 52.8    | 52.8          | 52.8               |
| no        | 25        | 47.2    | 47.2          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**aim aware**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 24        | 45.3    | 45.3          | 45.3               |
| no        | 29        | 54.7    | 54.7          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**bpi aware**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 39        | 73.6    | 73.6          | 73.6               |
| no        | 14        | 26.4    | 26.4          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**prs aware**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 51        | 96.2    | 96.2          | 96.2               |
| no        | 2         | 3.8     | 3.8           | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**mcps aware**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 45        | 84.9    | 84.9          | 84.9               |
| no        | 8         | 15.1    | 15.1          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**ppl aware**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 36        | 67.9    | 67.9          | 67.9               |
| no        | 17        | 32.1    | 32.1          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**imf aware**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 15        | 28.3    | 28.3          | 28.3               |
| no        | 38        | 71.7    | 71.7          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**mu aware**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 51        | 96.2    | 96.2          | 96.2               |
| no        | 2         | 3.8     | 3.8           | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**prc aware**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 14        | 26.4    | 26.4          | 26.4               |
| no        | 39        | 73.6    | 73.6          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**pamra aware**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 19        | 35.8    | 35.8          | 35.8               |
| no        | 34        | 64.2    | 64.2          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**tmsa aware**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 23        | 43.4    | 43.4          | 43.4               |
| no        | 30        | 56.6    | 56.6          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**Fig E.10: awareness of music industry organisations**

- There is a greater awareness of the UK wide organisations, such as the Musicians' Union (96.2%), the Performing Right Society (96.2%) and the Mechanical Copyright Protection Society than there is of either Scottish organisation (NEMIS – 52.8%, SRIA – 49.1%) or specialists organisations, such as IMF (now MMF) for managers (28.3%) or TMSA for traditional music (43.4%). The newer rights organisations – PAMRA and PRC have yet to reach the same level of awareness as longer established bodies.

**Membership of trade organisations**

**sria member**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 6         | 11.3    | 11.3          | 11.3               |
| 2         | 47        | 88.7    | 88.7          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**smic member**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 10        | 18.9    | 18.9          | 18.9               |
| 2         | 43        | 81.1    | 81.1          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**nemis member**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 9         | 17.0    | 17.0          | 17.0               |
| 2         | 44        | 83.0    | 83.0          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**aim member**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 7         | 13.2    | 13.2          | 13.2               |
| 2         | 46        | 86.8    | 86.8          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**bpi member**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 4         | 7.5     | 7.5           | 7.5                |
| no        | 49        | 92.5    | 92.5          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**prs member**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 26        | 49.1    | 49.1          | 49.1               |
| no        | 27        | 50.9    | 50.9          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**mcps member**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 20        | 37.7    | 37.7          | 37.7               |
| no        | 33        | 62.3    | 62.3          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**ppl member**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 19        | 35.8    | 35.8          | 35.8               |
| no        | 34        | 64.2    | 64.2          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**imf member**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 2         | 3.8     | 3.8           | 3.8                |
| no        | 51        | 96.2    | 96.2          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |



**mu member**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 14        | 26.4    | 26.4          | 26.4               |
| no        | 39        | 73.6    | 73.6          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**prc member**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 8         | 15.1    | 15.1          | 15.1               |
| no        | 45        | 84.9    | 84.9          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**pamra member**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 6         | 11.3    | 11.3          | 11.3               |
| no        | 47        | 88.7    | 88.7          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**tmsa member**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 6         | 11.3    | 11.3          | 11.3               |
| no        | 47        | 88.7    | 88.7          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**Fig E.11 membership of trade organisations**

## Public Support

### amount of public money

|               | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------|-----------|---------|---------------|--------------------|
| Valid > £100k | 7         | 13.2    | 13.2          | 13.2               |
| 50-100k       | 3         | 5.7     | 5.7           | 18.9               |
| 20-50         | 5         | 9.4     | 9.4           | 28.3               |
| 10-20k        | 5         | 9.4     | 9.4           | 37.7               |
| 2-5k          | 5         | 9.4     | 9.4           | 47.2               |
| >2k           | 4         | 7.5     | 7.5           | 54.7               |
| 0             | 24        | 45.3    | 45.3          | 100.0              |
| Total         | 53        | 100.0   | 100.0         |                    |

*Fig E.12 Amounts of public support received by companies*

- The distribution of public funds shows a huge discrepancy: after the 45.3% of companies who receive no support from the public sector, the next most frequent occurrence is those in the greater than 35.8% who receive more than £100 000. There is a tendency for larger companies on the 'treadmill' of public funding to be supported annually to a considerable level, while it appears to be increasingly difficult for new companies to get a portion of the funds. There is an argument for public funds being split more equitably among more companies and artists as a means of catalysing the industry.
- The Scottish Arts Council is the biggest funder of music related companies (35.8% of respondents had received money from them), with local authorities and local enterprise companies equal in second place (26.4%). Funds tended to be for business development and to cover the costs of attending international trade fairs like MIDEM and South By South West. Outside these three areas, the music industry in Scotland appears unable to access other sources of funding such as European money or funds from the British Council.

### funds from sac

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 19        | 35.8    | 35.8          | 35.8               |
| no        | 34        | 64.2    | 64.2          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**funds from local authority**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 14        | 26.4    | 26.4          | 26.4               |
| no        | 39        | 73.6    | 73.6          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**funds from lec / se**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 14        | 26.4    | 26.4          | 26.4               |
| no        | 39        | 73.6    | 73.6          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**funds from british council**

|          | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------|-----------|---------|---------------|--------------------|
| Valid no | 53        | 100.0   | 100.0         | 100.0              |

**funds from princes trust**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 3         | 5.7     | 5.7           | 5.7                |
| no        | 50        | 94.3    | 94.3          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**other pub funds**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 1         | 1.9     | 1.9           | 1.9                |
| no        | 52        | 98.1    | 98.1          | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**Fig E.13: percentage of companies funded by various public bodies**

**Internet Use**

**website**

|                    | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------|-----------|---------|---------------|--------------------|
| Valid yes          | 46        | 86.8    | 86.8          | 86.8               |
| no                 | 6         | 11.3    | 11.3          | 98.1               |
| under construction | 1         | 1.9     | 1.9           | 100.0              |
| Total              | 53        | 100.0   | 100.0         |                    |

**Fig E.14: percentage of companies with a website**

**website sales**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid yes | 30        | 56.6    | 56.6          | 56.6               |
| no        | 22        | 41.5    | 41.5          | 98.1               |
| 8         | 1         | 1.9     | 1.9           | 100.0              |
| Total     | 53        | 100.0   | 100.0         |                    |

**Fig E.15: percentage of companies selling products through their website**

- 86.3% of the companies who returned questionnaire had a website, which is comparable with the percentages for festivals, artists and record labels in table 5.3
- 56.3% of the companies with websites had some form of e-commerce facility.
- 1 company listed its website and e-commerce facility as “under construction.”

**Other Comments**

At the end of the questionnaire we invited companies to make general comments about the major issues facing the music industry in Scotland. Many respondents took the opportunity to do so, although a large number focused on issues specific to their business rather than the wider interest. While maintaining anonymity, we have grouped the more pertinent observations by sector (table E.1).

**Artistic**

“There is a shortage of consistently good instrumental tutors in schools and a lack of instruments for children to use”.

**Recording**

“The quality of professional support services in Scotland is a real problem for the studio if any of the larger pieces of equipment need repaired or serviced”.

“We receive a lot of CVs from people graduating from sound engineering courses in the UK and Europe (about 1 a week) but we cannot offer any of them work. These courses are very popular now, but there is not the work for them when they finish”.

“There’s never a lot of money around and we in Scotland don’t seem to get the same financial or educational perks as I often hear about in England. This isn’t a jibe against the English, but whenever I hear about a new music project, musical education initiative or council funded music “thing” it is never in Scotland”.

“There are many course for the aspiring musician/ industry career minded. The reality within the industry is that these ‘courses’ are meaningless. I am sent, on average, 5 CVs a week quoting passes in subjects such as “pop music performance.” Sadly, someone with no formal training and obvious talent and originality will get the work every time”.

“We have had to create our own website to sell our products because of the disinclination or inability of the distributors to obtain sales. In 2002 so far our 3 major distributors who have access to large outlets like HMV have made up only 13% of our total sales”.

“Pop is in a state of torpor: too many crap bands and labels whingeing and whining because they cannot sell records. Myself included”.

“The main problem is the serious lack of media interest in traditional Scottish music”.

“An overly parochial approach to attitude to development will prove detrimental to any progress that Scottish business and creative talent can make. There is a lot of money being handed out to artists who cannot get a gig south of the Clyde. If that is the extent of our vision for the Scottish music industry, I think we are selling ourselves short”.

“I think there has been a vast improvement with regards the public funding of contemporary music in recent years. It would be very detrimental and short term to not continue the support to Musicworks and NEMIS as these could provide a huge benefit to the Scottish industry”.

## **Live**

“I would have thought the music industry in Scotland is in pretty good shape, considering. Glasgow is awash with small venues with live music, all of which seem to do ok, and bigger ones like the SECC do very well”.

“Instead of the public sector going round thinking they understand showbiz they should simply hand out money to those who are already doing it”.

“Scottish musicians need help developing outside Scotland”.

“There does not seem to be any cohesive policy linking the various components of the Scottish music industry”.

“The process of awarding grants or subsidies seems to be a deliberate minefield to thwart any application by those in most need”.

“Promoters feel aggrieved that if we lose money on a big show, we lose our homes. If it happens to Scottish Opera – as often seems to be the case – they get another handout”.

## Other

“Major barriers are access to finance and support... This is compounded by the Scottish Executive’s refusal to seriously support all arts in Scotland. The appointment of a designated Arts Minister would at least demonstrate some commitment on their part”.

“One of the main opportunities for Scottish based companies is the depth of talent this country consistently produces”.

“The value of indigenous music is not recognised in the Highlands, or indeed, Scotland wide. Local businesses and communities don’t appreciate the popularity of Scotland’s music as a powerful international selling tool”.

“One of the major barriers being put in the way of retailers of Scottish music is the trend of established artists releasing CDs and selling them only through their website or at concerts”.

“There are a lot of good things happening in Scottish music at the moment. ITV broadcasts a lot of good Gaelic programmes and Celtic Connections is a hugely successful event. By supporting things like these we can help preserve the culture and the music”.

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