



Market Report

A Snapshot of your Market Sector

Record Label and Recording Studio

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

This pack has been designed to provide information on setting up a business in the **Record Label and Recording Studio** industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **January 2023**. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

What do I need to know about the Record Label and Recording Studio market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ The music industry enjoyed a seventh successive year of **growth in 2021**, with a market value of **£1.1 billion**, an **increase of 12%** from 2020. Streaming continues to be the dominant driver of this growth, with its value in 2021 climbing to £837 million, up 14% from 2020. However, streaming's sizeable growth trajectory shows signs of slowing in the past year. Streaming experienced average growth of **24%** per year between 2018 and 2020, which suggests that the market is beginning to mature after years of relentless growth. However, it remains the main source of revenue for the industry, accounting for **75%** of in the total in 2021, compared with **38%** in 2016. (Mintel, *Music and Other Audio UK*, 2022).
- ◆ Industry Over the coming years, the Independent Label Music Production industry is set to continue the emphasis on their services which are aligned to modernised online streaming platforms. Over the five years through 2026-27, IBISWorld forecasts that industry revenue will grow at a compound annual rate of 1.2%, to reach £337.5 million. (IBISWorld, *Independent Label Music Production in the UK*, March 2022).
- ◆ The major labels are expected to continue to work with various partners to create and grow subscription-based streaming models, which provide users with broader access than current free services and increase revenue from digital distribution. Over the five years through 2026-27, industry revenue is anticipated to **grow** at a compound annual rate of 3.3% to reach **£1.4 billion**. Digital revenue, particularly from streaming services, is expected to counteract falling physical record sales, although CD sales are projected to fall at a slower pace than previously expected. (IBISWorld, *Major Label Music Production in the UK*, March 2022).
- ◆ IBISWorld forecasts that industry revenue will **grow** at a compound annual rate of **1.9%** over the five years through 2027-28 to reach **£2.6 billion**. Digital revenue, particularly from streaming services, is expected to counteract falling physical record sales. Fighting music piracy remains a challenge for the industry. (IBISWorld, *Sounds Recording & Music Publishing in the UK*, October 2022).
- ◆ The national organisation for this industry is the [British Phonographic Industry \(BPI\)](#). Other industry bodies include the [Scottish Music Industry Association](#), [Association of Independent Music](#), [Music Producers Guild](#), [Music Publishers Association](#) and [Creative Scotland](#).

Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **IBISWorld – Independent Label Music Production in the UK (March 2022)**. Over the next five years, technological innovation will continue to affect the industry, as operators will have increased capabilities when tracking consumer preferences and purchasing behaviour via usage data. The growing popularity of streaming services has supported independent labels, as music labels earn revenue from these services by receiving a share of the subscription fees or advertising revenue.
- ◆ **IBISWorld – Major Label Music Production (March 2022)**. Streaming services are a fairly recent phenomenon in the music business, which is why the industry is still adapting to the trend. Hence, IBISWorld expects that this will boost employment and enterprise numbers by respective compound annual rates of 4% and 1.6% over the five years through 2026-27. Despite the increasing level of competition that will accompany enterprise growth, industry profitability is expected to continue to improve as revenue expands. However, profit growth is expected to slow as a result of streaming services reaching saturation.
- ◆ **IBISWorld – Sound Recording & Music Publishing in the UK (October 2022)**. Music publishers and record companies have had to adapt to the demands of digital music in an effort to remain relevant. Successful rights owners have responded by negotiating new agreements with recording artists and the users of licensed music. As revenue from record sales has declined, operators have sought new licensing opportunities, such as deals with advertising agencies, online streaming services and video game developers, referred to as synchronisation deals.

There are also a number of online resources you may find helpful:

- ◆ The **Scottish Music Industry Association** (smia.org.uk/resources) offers a number of online workshops and other resources to help music producers and other industry participants, as well as industry news, Brexit support and COVID 19 updates.
- ◆ In November 2022 the **International Federation of the Phonographic Industry** released their **Engaging with Music 2022** report. This downloadable report explains how music fans around the globe are connecting with artists and music that they love, in new and imaginative ways (tinyurl.com/mr26x6s8).

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as [Yell](#) ,[Thomson Local](#) or [Google Maps](#)
- ◆ Trade specialists like [EuroPages](#) (European directory), [The Wholesaler](#) or [Free Index](#)
- ◆ Business to business (B2B) specialists such as [Kompass](#)

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the [Companies House](#) website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the [National Records of Scotland \(NRS\)](#). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the [Census Area Profiles](#). Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ [Understanding Scottish Places](#) has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ [Scottish Government Statistics](#) provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ [The Scottish Household Survey](#) provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ [Office for National Statistics \(ONS\)](#) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Accountant](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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