



# Market Report

A Snapshot of your Market Sector

## Record Label and Recording Studio

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](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **March 2024**. 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:

- ◆ Over the five years through 2023-24, industry revenue is expected to increase at a compound annual rate of **0.9%, including revenue growth of 1% in the current year, to reach £1.3 billion**. The industry was not significantly affected by the pandemic, due to growing demand for music streaming services. Industry profit is expected to **expand over the five years through 2023-24 to reach 9.8%**, supported by the growing popularity of streaming services, enabling content to be distributed at lower costs (IBISWorld, *Major Label Music Production in the UK*, December 2023).
- ◆ Over the five years through 2023-24, industry revenue is expected to **increase at a compound annual rate of 0.1%, to reach £375.5 million**. Revenue tanked in 2020-21, on the back of dwindling physical media sales due to forced store closures and cancelled tours, concerts and gigs due to responsive pandemic-related responses. **Revenue is forecast to grow by 1.4% in 2023-24** with increasingly popular streaming services regularly adapting to a monetisation environment (IBISWorld, *Independent Label Music Production in the UK*, December 2023).
- ◆ Over the five years through 2022-23, industry revenue is expected to **increase at a compound annual rate of 0.6% to reach £2.5 billion**. Revenue tumbled in 2020-21, on the back of dwindling physical media sales due to the forced closure of retailers and recording and publishing delays due to the pandemic-related measures. The industry has since rebounded and **revenue is forecast to grow by 1.2% in 2023-23, despite the wider economy facing headwinds**, inclusive of surging inflation, which is set to dampen real household disposable income. (IBISWorld, *Sound Recording & Music Publishing in the UK*, December 2023).
- ◆ The music industry **contributed £6.7 billion to the UK economy during 2022** in terms of gross value added (GVA). **Exports topped £4 billion**, and employment stood at 210,000...**Online revenues grew 25% year-on-year to reach £334 million in 2022**, thanks to the continued growth of streaming, video-on-demand platforms, and online video games (**UK Music - [This is Music 2023 Economic Report](#)**).
- ◆ The national organisation for this industry is [Scottish Music Industry Association](#). Other industry bodies include, [UK Music](#), the [British Phonographic Industry \(BPI\)](#), the Musicians' Union, the [Association of Independent Music](#), the [Music Producers Guild](#), the [Music Publishers Association](#) and [Creative Scotland](#).



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## 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](mailto:info@bgateway.com).

- ◆ **IBISWorld – Independent Label Music Production in the UK (December 2023):** Consumers aged between 25 and 34 years have favoured indie labels. Historically, this age demographic has been the largest group of music consumers of both independent and major label produced music artists. As the industry has shifted to generating the majority of its revenue from streaming services, revenue generated from this segment has blossomed.
- ◆ **IBISWorld – Sound Recording & Music Publishing in the UK (December 2023):** The British Phonographic Industry reported that 166.1 million albums or their equivalent were either streamed, purchased, or downloaded in 2022, marking an eighth consecutive year of growth. The main source of income for publishers is royalty payments, which includes mechanical royalties, performance royalties, synchronisation royalties, and other. Royalty payments may be collected directly by the publisher or via collections societies, such as Phonographic Performance Ltd.
- ◆ **IBISWorld – Major Label Music Production in the UK (Jun 2023):** The unparalleled access to major label music on platforms like Spotify, Apple Music, and Amazon has shifted consumer preferences towards streaming subscriptions. Consumers aged between 25 and 34 years have favoured major labels. This market has traditionally been the most willing to spend more on discretionary items such as music records.

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

- ◆ **Music Week - [UK Musicians' Census reveals insights on earnings and career barriers](#)** (published September 2023) - *Despite this, the Census found that UK musicians' average annual income from music work is £20,700 – with 43% earning less than £14,000 a year from music, meaning many are left supplementing their income in other industries. The average income for those making 100% of their income from music is around £30,000, which compares to the average median income in the UK of £33,280 (ONS), and the average salary for a working-age person with a degree in the UK of £38,500.*
- ◆ **The Musicians' Union - [Fix Streaming: Government Announces Equitable Remuneration Working Group Dominated by Labels](#)** (Published February 2024) - *the streaming revenue pot is currently divided roughly 30% to the streaming platform, 55% to the record label who will account to the artist according to contract and 15% to the music publisher (who will account to the songwriter). While music publishers often pay songwriters 80% of the revenue they receive, record labels pay artists a maximum of 26% on a traditional-style recording contract, and with older contracts the figure will often be much lower.*

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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](mailto: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](mailto: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 websites, 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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**Updated by: Fiona Elliot**

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