



# Market Report

A Snapshot of your Market Sector

## Record Label & Recording/ Rehearsal Studio

This pack has been designed to provide information on setting up a business in the Record Label & Recording/ Rehearsal 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 January 2018. 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 & Recording/ Rehearsal 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 2017-18, industry revenue is expected to increase at a compound annual rate of **9% to reach £2.4 billion**. Revenue is expected to **expand by a meagre 0.1% during 2017-18**. Growth in the year is expected to be dampened by inflationary pressures pushing down the level of real household income. (IBISWorld, *Sound Recording & Music Publishing in the UK*, October 2017)
- ◆ • The number of enterprises in the industry is expected to **grow a compound annual rate of 3.3% over the five years through 2022-23**. Despite the increasing level of competition that will accompany this, industry profitability looks to continue to rise along with rising revenue. (IBISWorld, *Sound Recording & Music Publishing in the UK*, October 2017)
- ◆ • The UK music industry's **income fell by 1% in 2015 to £688 million**, according to the BPI (British Phonographic Industry). Growth in streaming income, driven primarily by subscription streaming, is compensating for significant declines in income from physical formats and digital sales. Mintel forecasts that income from digital sales **will continue to fall, reaching £124 million in 2021**. (Mintel, *Music and Other Audio –CDS, Streaming, Downloads & Podcasts, UK*, May 2017)
- ◆ • The UK music industry grew by **6% in 2016 to contribute £4.4 billion to the economy**. UK Music chairman Andy Heath said, "*Live music continues to thrive with a 14% rise on the previous 12 months and the recorded sector has turned around with a 5% rise in 2016.*" (UK Music, *Measuring Music 2017 Report*) ([tinyurl.com/ya7uep2f](http://tinyurl.com/ya7uep2f))
- ◆ • The national organisation for this industry is the [Association of Professional Recording Studios](#). Other industry bodies include the [Association of Independent Music](#), [British Phonographic Industry](#), [PRS for Music Foundation](#), [Music Producers Guild](#), [Professional Lighting and Sound Association](#), [Music Publishers Association](#) and [UK Music](#).



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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).

- ◆ **Mintel – Music and Other Audio - CDs, Streaming, Downloads and Podcasts, UK – May 2017.** The volume of physical music purchased continues to fall, with a further 18% drop in sales of physical formats in 2016, as more people opt to listen to music online. Vinyl, in contrast, has seen a major growth in sales over the last several years. While Mintel forecasts the decline in the physical music format to carry on physical formats do look set to continue to play a role, albeit a niche one, within the music market. Mintel's consumer research shows that 50% of those who have bought physical music in the last three months buy CDs/vinyl records in order to have a physical collection of music.
- ◆ **IBISWorld – Sound Recording & Music Publishing in the UK – October 2017.** Although record companies, music publishers and sound recording studios will face some challenges, the industry is projected to grow over the next five years. Fighting music piracy remains a challenge for the industry, but the crackdown on illegal downloads has been positive so far in the United Kingdom. Additionally, the continued popularity of British artists worldwide is expected to increase royalties and investment. IBISWorld expects revenue from the sale of recorded music to account for 49.5% of industry revenue in 2017-18. Sales of physical records, such as CDs and LPs, account for about 41% of total recorded music sales, down from 46% during the previous year. Music publishing is estimated to account for 33.4% of total revenue in 2017-18.

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

- ◆ **Creative Industries (UK Music)** ([tinyurl.com/hpicy8b](http://tinyurl.com/hpicy8b)). UK Music is a group which represents all aspects of the UK Music industry and is comprised of several organisations such as the [Association of Independent Music \(AIM\)](#), [British Academy of Songwriters, Composers and Authors \(BASCA\)](#) and [Music Producers Guild \(MPG\)](#).
- ◆ **British Phonographic Industry (BPI) Official UK recorded music market report for 2016** ([tinyurl.com/y9d67cpv](http://tinyurl.com/y9d67cpv)) Using the music industry's standard Album Equivalent Sales (AES)<sup>1</sup> metric to calculate the overall volume of music consumption, a total of 123 million albums or their equivalent were either streamed, purchased on physical format, or downloaded by UK music consumers in 2016. This represents a 1.5 per cent rise on 2015, which, it should be noted, was a '53 week' chart year benefitting from an extra week's trading. Like-for-like growth in unit volume would, in fact, have been higher at 4 per cent<sup>2</sup>. The total volume of music consumed in 2016 corresponds to an estimated retail value expected to be worth approximately £1 billion.

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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 [Retaining and Grow Your Customer Base](https://tinyurl.com/c2fw4o4) (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

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 Account](#)" 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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**Updated by:** Emma

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