

TOTAL MARKET VALUE AND STRUCTURE OF FINNISH MUSIC EXPORTS IN 2006

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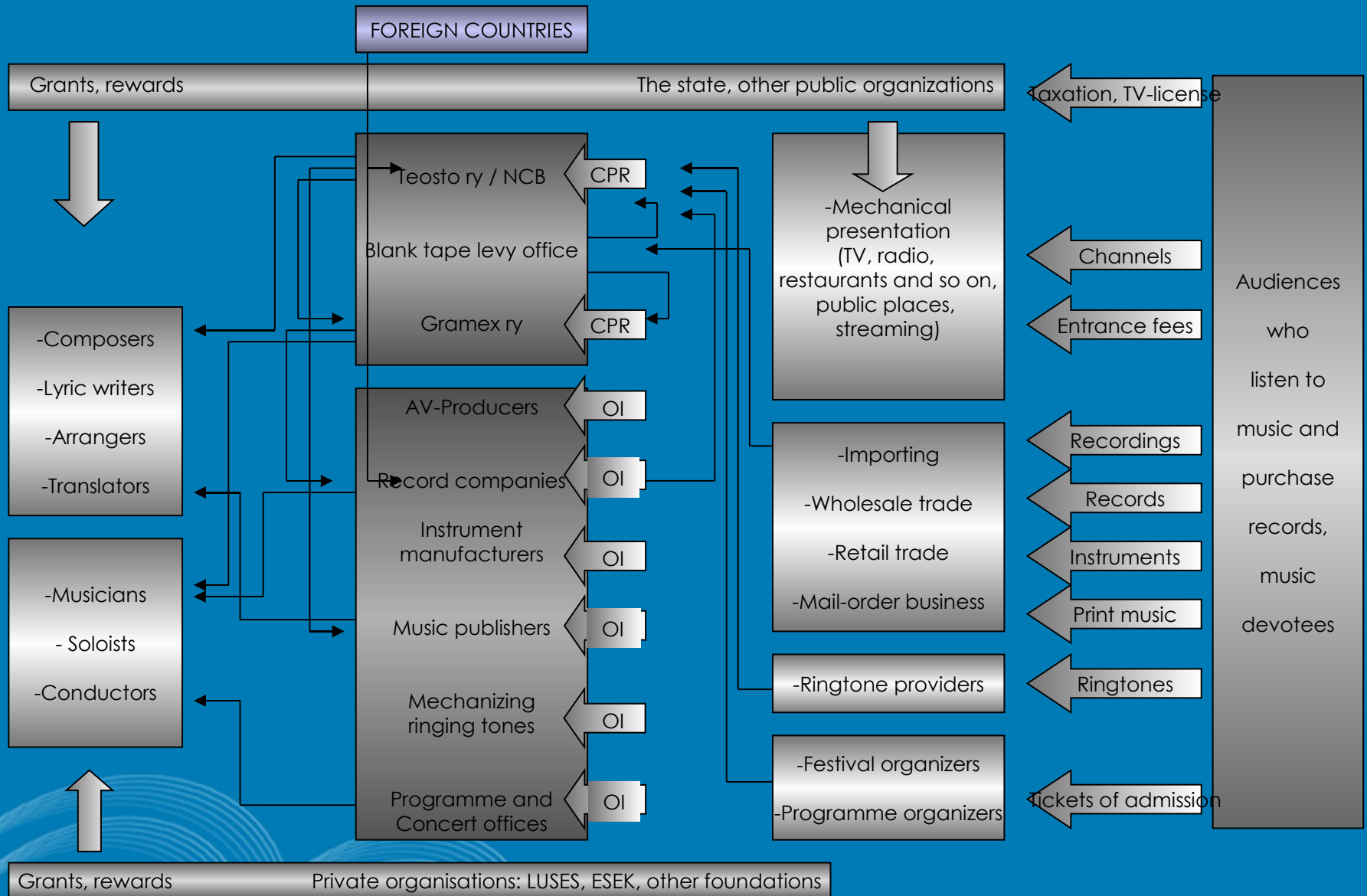
RESEARCH BACKGROUND

- Based on the research model developed by Kim Forss of Andante Consultants
 - The same research model is used in Sweden, Norway and Denmark; the figures are not, however, compatible, since, for example, the Swedish study uses data not included in this study
- Developments in Finnish exports and their increasing socio-economic significance make it sensible to carry out research annually
- The report provides the industry with analyses of the structure of exports and tools for further development
- Note!: Quantitative analysis does not measure overall impact
- Previous export research reports in Finland (in English):
 - *Behind The Music – Profiting from Sound: A Systems Approach to the Dynamics of the Nordic Music Industry (03/2003)*; Nordic Industrial Fund
 - *Total Market Value and Structure of Finnish Music Exports*
 - ✓ year 2001 (Media Clever, 2003)
 - ✓ year 2002 and 2003 (Media Clever, 2004)
 - ✓ year 2004 (Media Clever, 2005)
 - ✓ year 2005 (Media Clever, 2006)

WHO IS BEHIND THIS STUDY?

- ❑ Commissioned by Music Export Finland
- ❑ Conducted by Media Clever Oy
- ❑ In collaboration with:
 - ❑ The Finnish National Group of IFPI
 - ❑ Finnish Composers' Copyright Society Teosto
 - ❑ The Finnish Music Publishers' Association
 - ❑ Nordic Copyright Bureau (NCB)
 - ❑ Copyright Society of Performing Artists and Phonogram Producers in Finland Gramex

THE LOGIC OF INCOME IN THE MUSIC INDUSTRY



SOURCES OF EXPORT INCOME

SALES OF GOODS

Record companies

Companies that
manufacture goods
for sale

SALES OF SERVICES

Management work

Booking agencies

Marketing services

Legal services

Public sector

COPYRIGHT ROYALTIES

Finnish Composers'
Copyright Society
Teosto

The Finnish Music
Publishers' Association

Nordic Copyright
Bureau (NCB)

Copyright Society of
Performing Artists and
Phonogram Producers
in Finland Gramex

KEY CONCEPTS

- (a) "**artists**", including composers, lyric writers, arrangers and performing artists, mixers and sound technicians. Mixers, record producers and sound technicians have become a group comparable to artists, since their productions are distinctive and recognizable.

- (b) "**producers**", whose mission is to bring artistic material to the public; the tasks include talent scouting, choosing the right music content, supervising and administering the recording process, marketing and sales. Producing bodies include, for instance publishers and record companies.

KEY CONCEPTS (continues...)

(c) **”supporting bodies”** can be divided into the following categories:

- **production instruments:** companies that are specialized in manufacturing compact discs, vinyl albums or cassettes and companies manufacturing equipment for those mentioned previously
- **management work and marketing:** also including other professionals such as stylists, cover artists, promoters, professional advertisers, photographers, designers and so on
- **legal services:** lawyers that help with contract issues and provide assistance in case of disputes
- **the network:** companies and communities that have an interest in the industry, collect and distribute information about the industry and coordinate various of the industry's activities and functions. In Finland these include The Finnish National Group of IFPI, Finnish Composers' Copyright Society Teosto, Copyright Society of Performing Artists and Phonogram Producers in Finland Gramex and so on
- **public officials:** these officials represent the public that the industry

COLLECTING DATA

- ❑ Total of little over 200 question forms were sent out and 57 returned
- ❑ 16 personal interviews were conducted
- ❑ The Finnish National Group of IFPI and the Finnish Music Publishers' Association collected data from their members (IFPI 24, Music Publishers' Association 36)
- ❑ Copyright royalty data was given by the Nordic Copyright Bureau (NCB) and the Copyright Society of Performing Artists and Phonogram Producers in Finland Gramex
- ❑ The figures of the Finnish Composers' Copyright Society Teosto are from their annual report of 2006
- ❑ The research does NOT include:
 - ❑ export activities of sales divisions (wholesalers etc.)
 - ❑ e-commerce (ringtones etc.)
 - ❑ music teaching
 - ❑ music journalism
 - ❑ programme sales of radio and TV productions
 - ❑ manufacturing of musical instruments

CAN THE FIGURES BE TRUSTED?

- **Sales of goods** (2006 over 90% validity):
 - Percentage response from the members of the Finnish National Group of IFPI was 100% in 2006
 - In 2006, the market value of IFPI Finland members was approx. 90% of the total local market value (source: IFPI Finland)
 - The most relevant record and publishing companies known to export answered the enquiry
- **Sales of services** (2006: approx. 90 % validity):
 - All important key artists / groups (pop / serious) known to do exports answered the inquiries
- **Copyright royalties** (2006: almost 100 % validity)

MARKET VALUE OF FINNISH MUSIC EXPORTS IN 2006

26 226 885 €

DISTRIBUTION OF EXPORT INCOME BY SOURCE

SALES OF GOODS

12 187 597 €

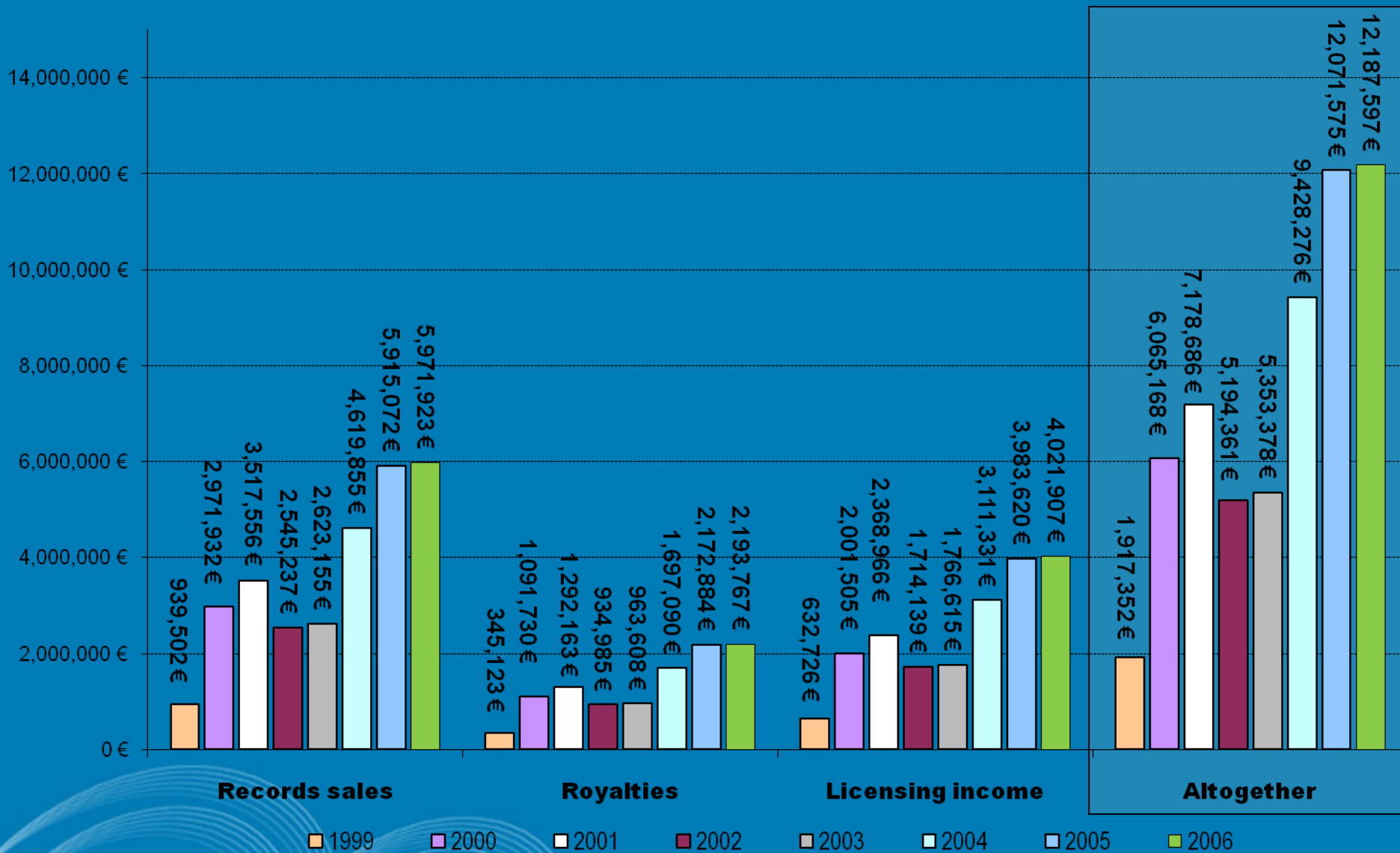
SALES OF SERVICES

6 975 808 €

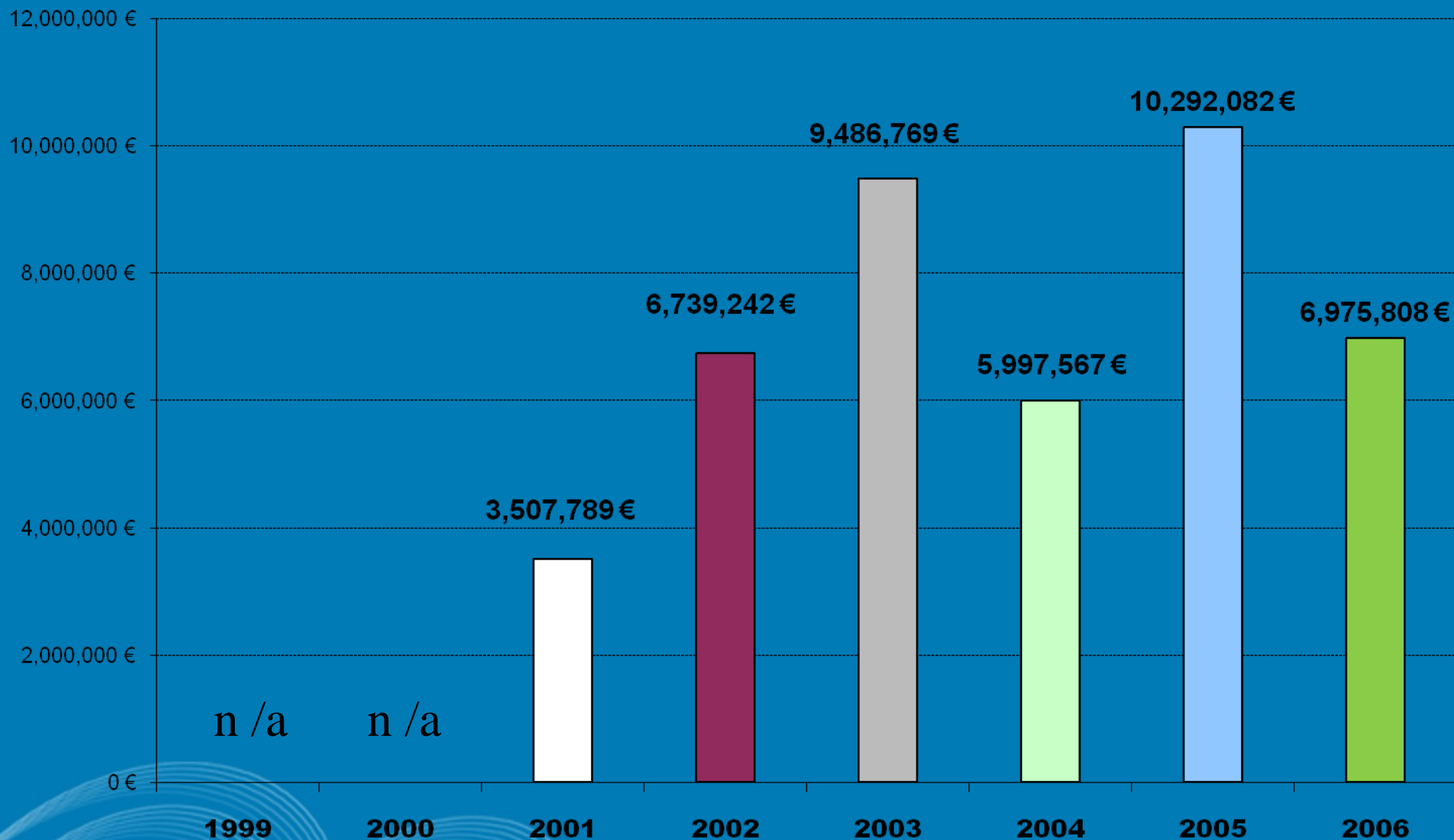
COPYRIGHT ROYALTIES

7 063 479 €

SALES OF GOODS 1999-2006

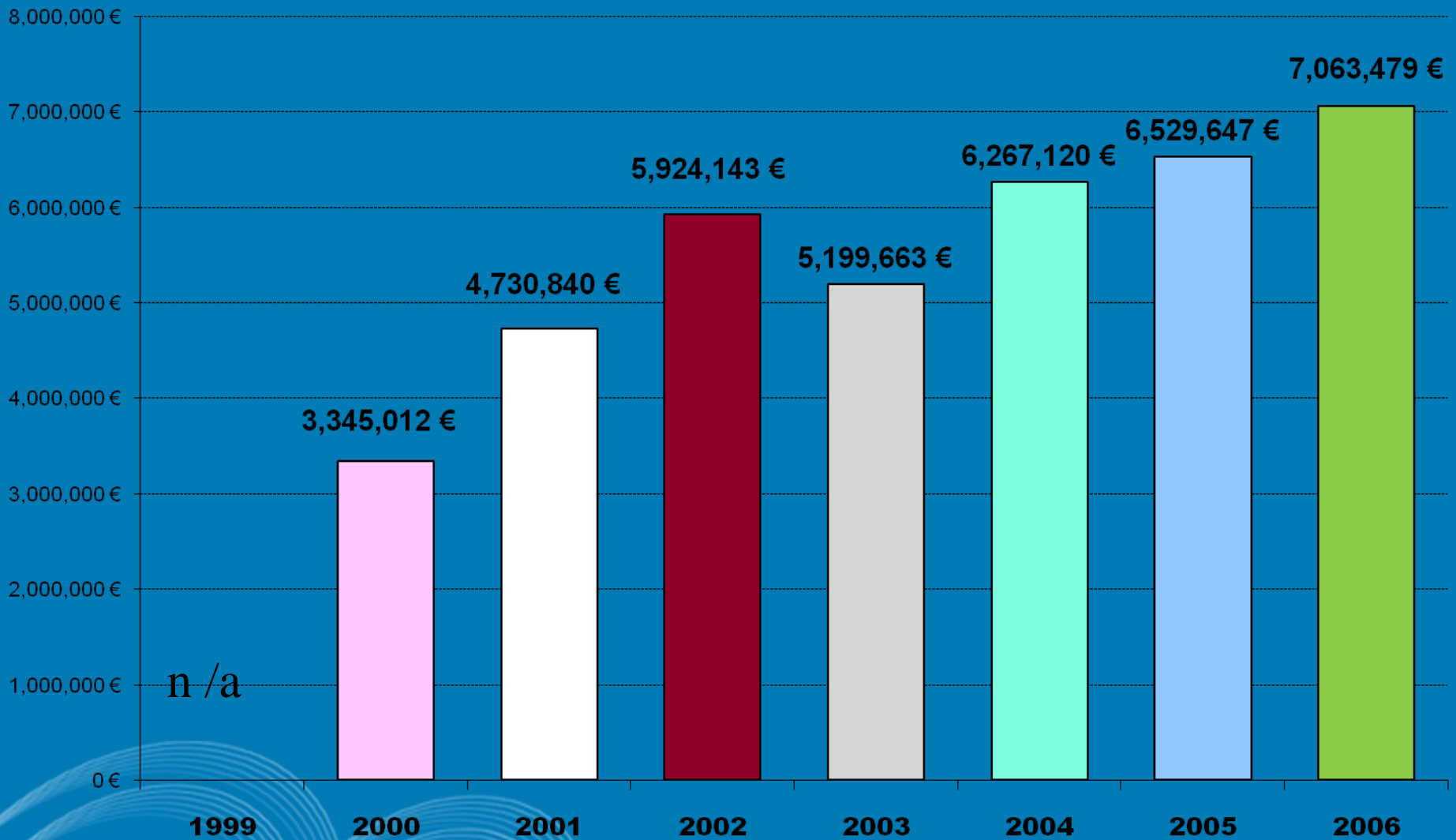


SALES OF SERVICES 2001 – 2006

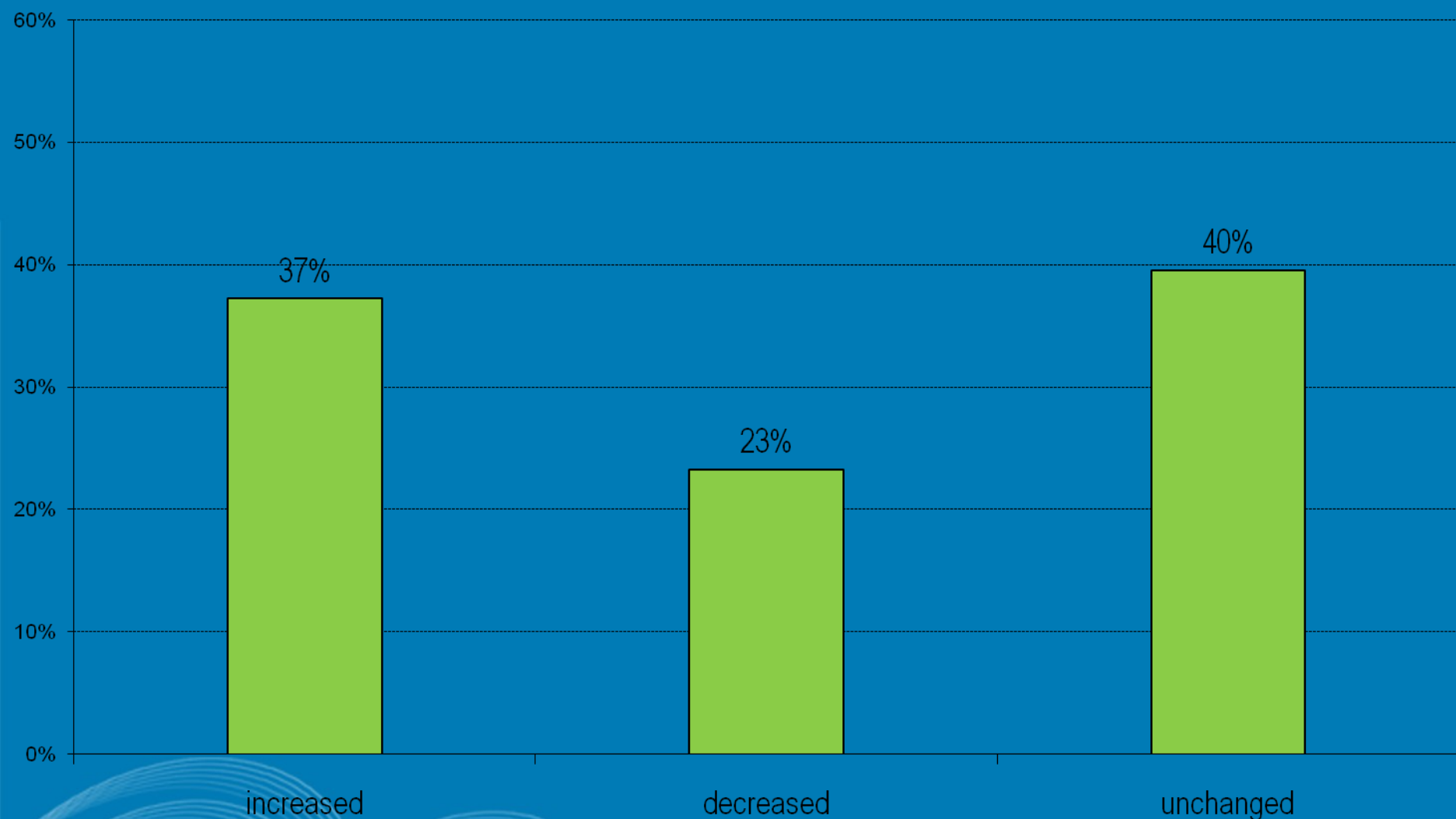


COPYRIGHT ROYALTIES 2000-2006

(includes; TEOSTO, NCB / Music Publisher & Gramex)

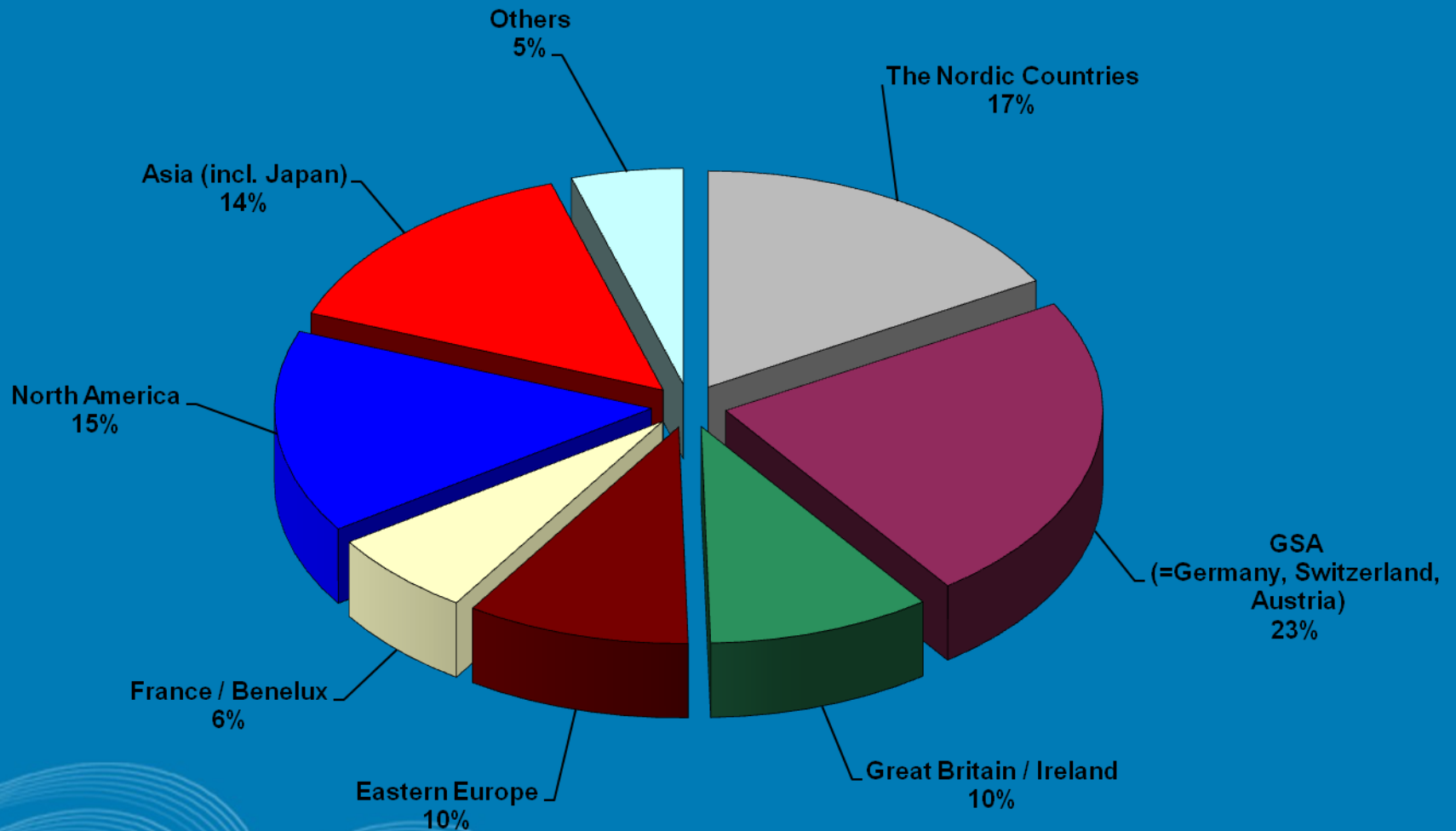


GROSS INCOME FROM MUSIC EXPORTS IN 2006 COMPARED TO 2005, BY COMPANY

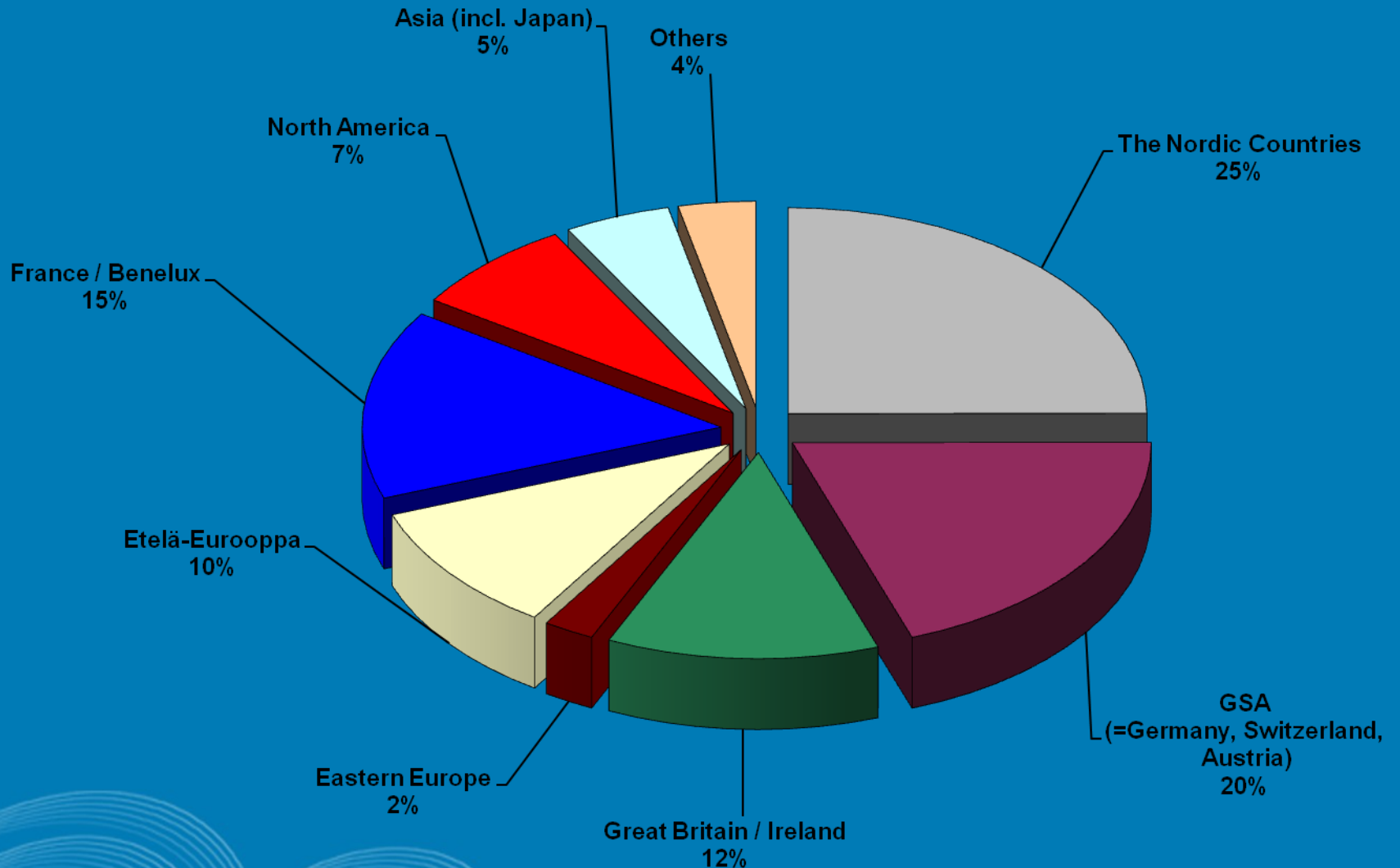


EXPORT MARKETS

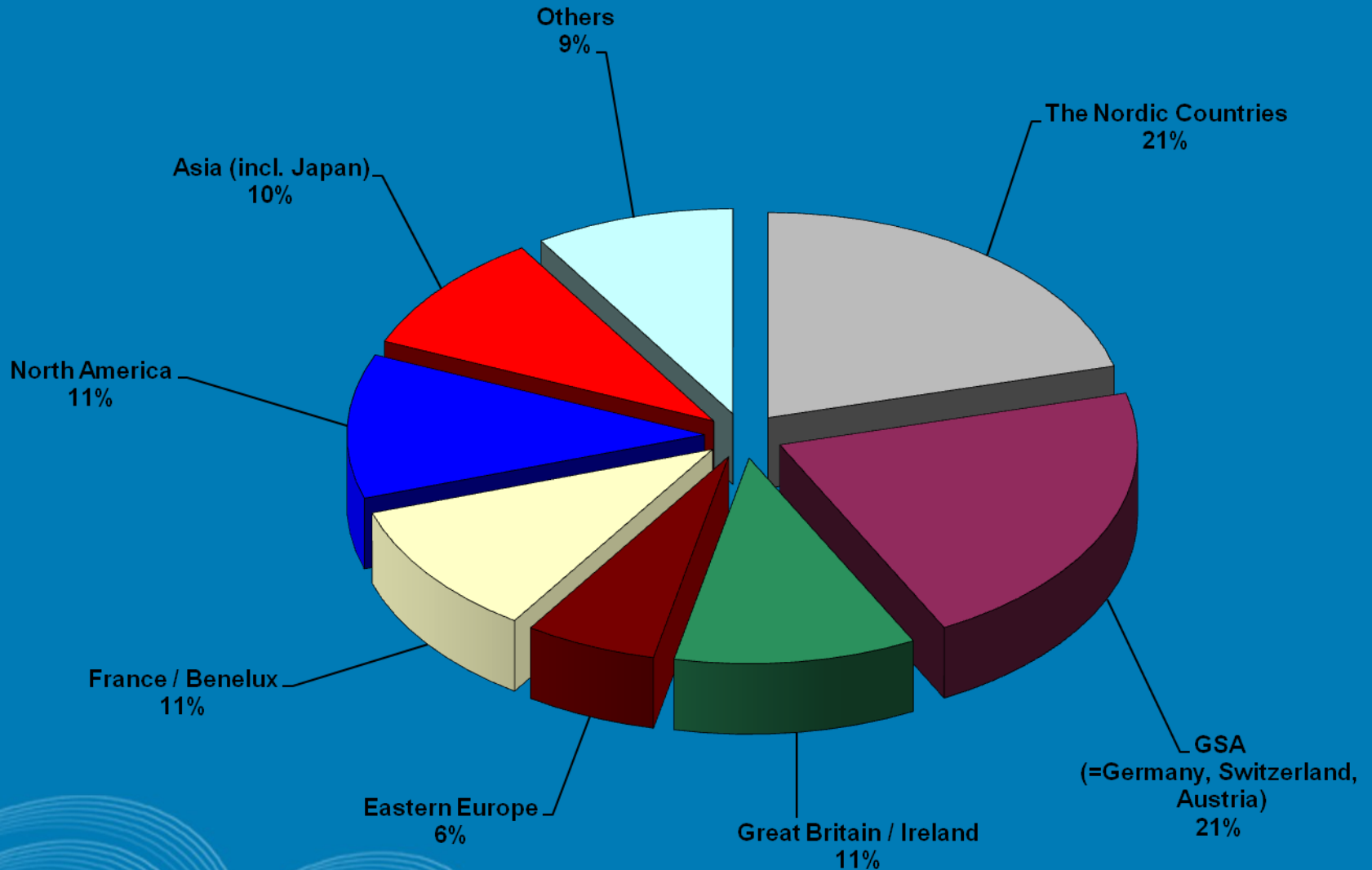
- Goods and Services in 2006



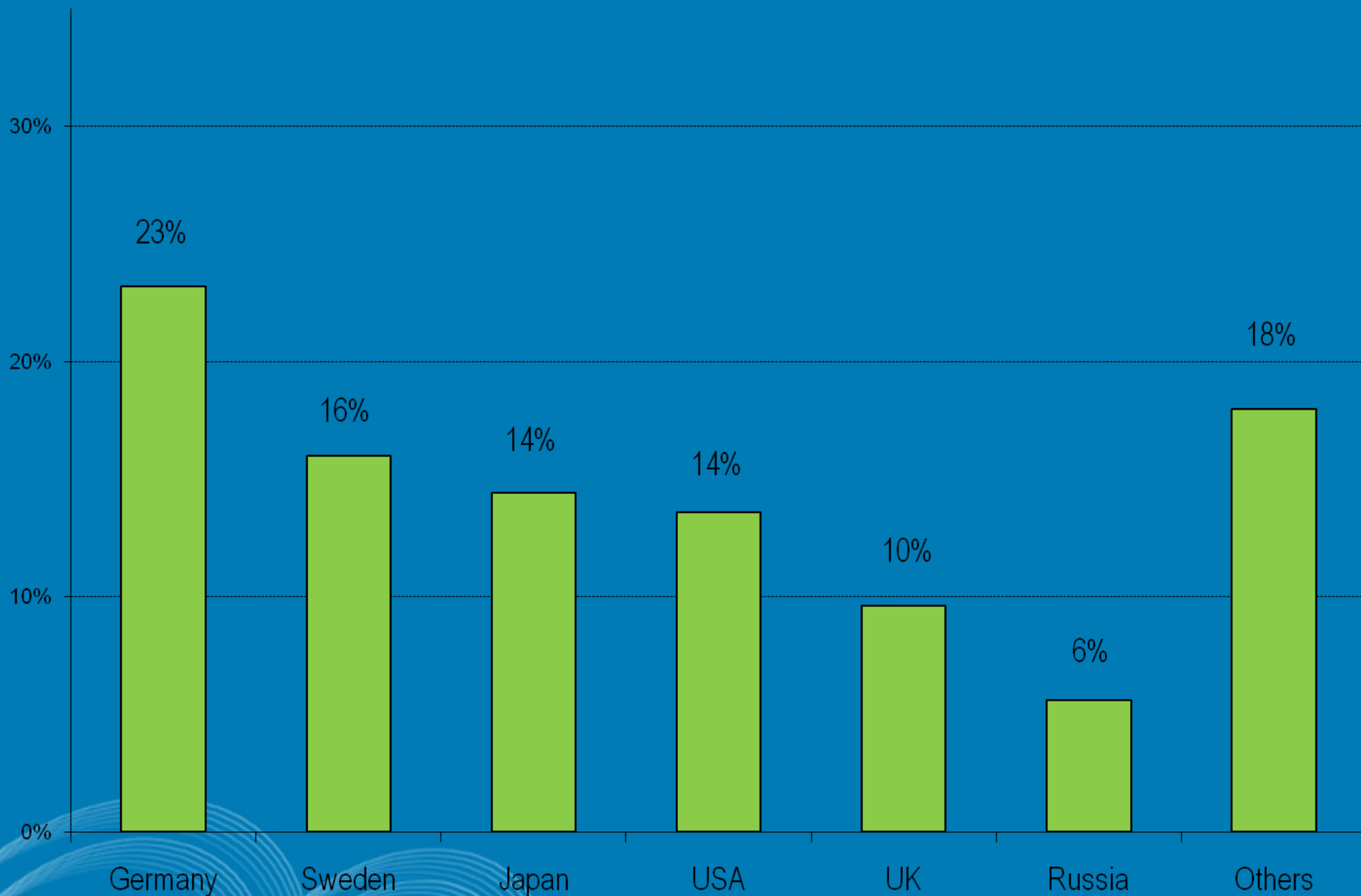
EXPORT MARKETS - Copyright Royalties in 2006



EXPORT MARKETS 2006 ALTOGETHER

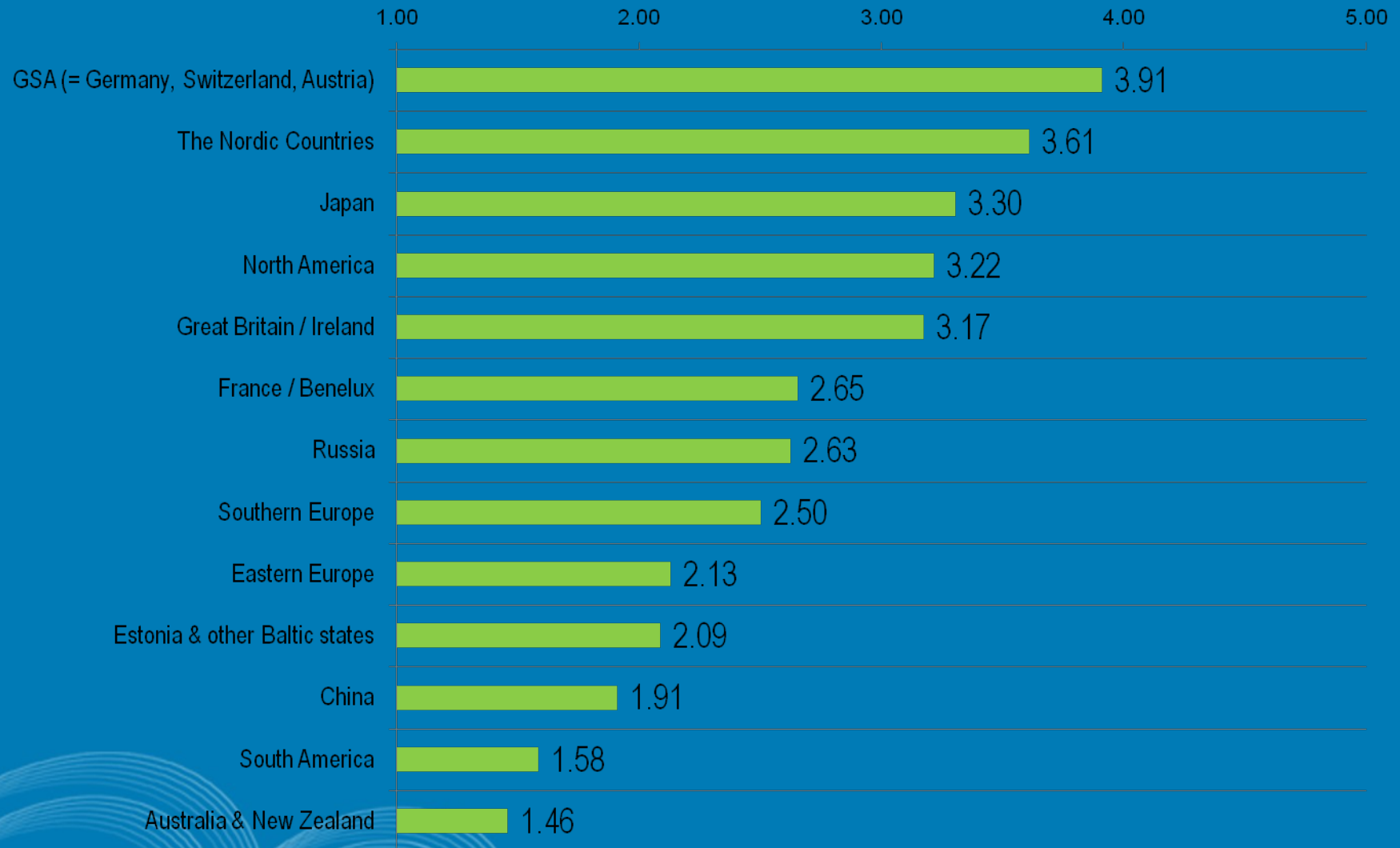


MOST IMPORTANT EXPORT COUNTRIES IN 2006 ACCORDING TO COMPANIES

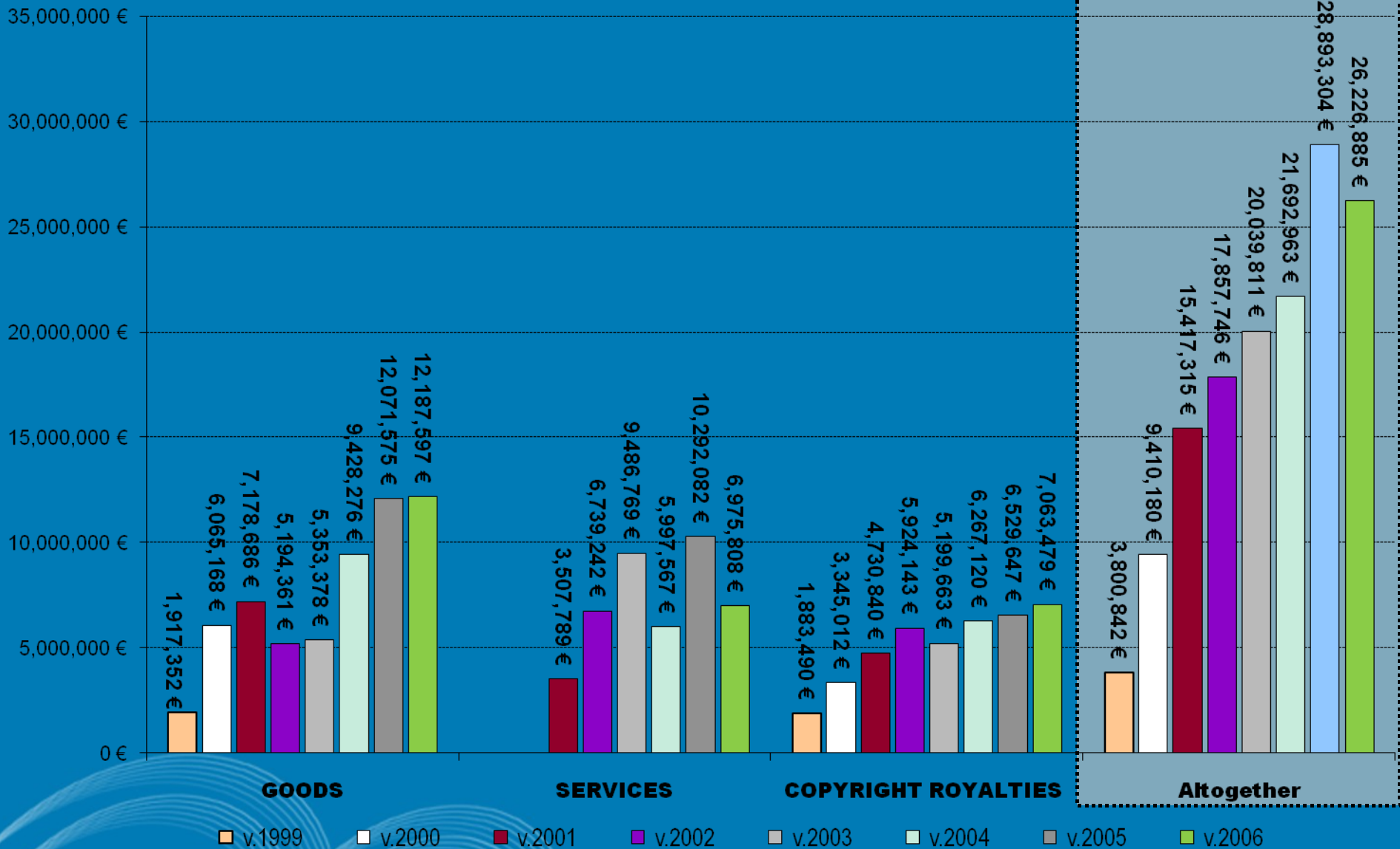


THE IMPORTANCE OF MUSIC EXPORT AREAS ACCORDING TO COMPANIES

(1=not important... 5=very important)

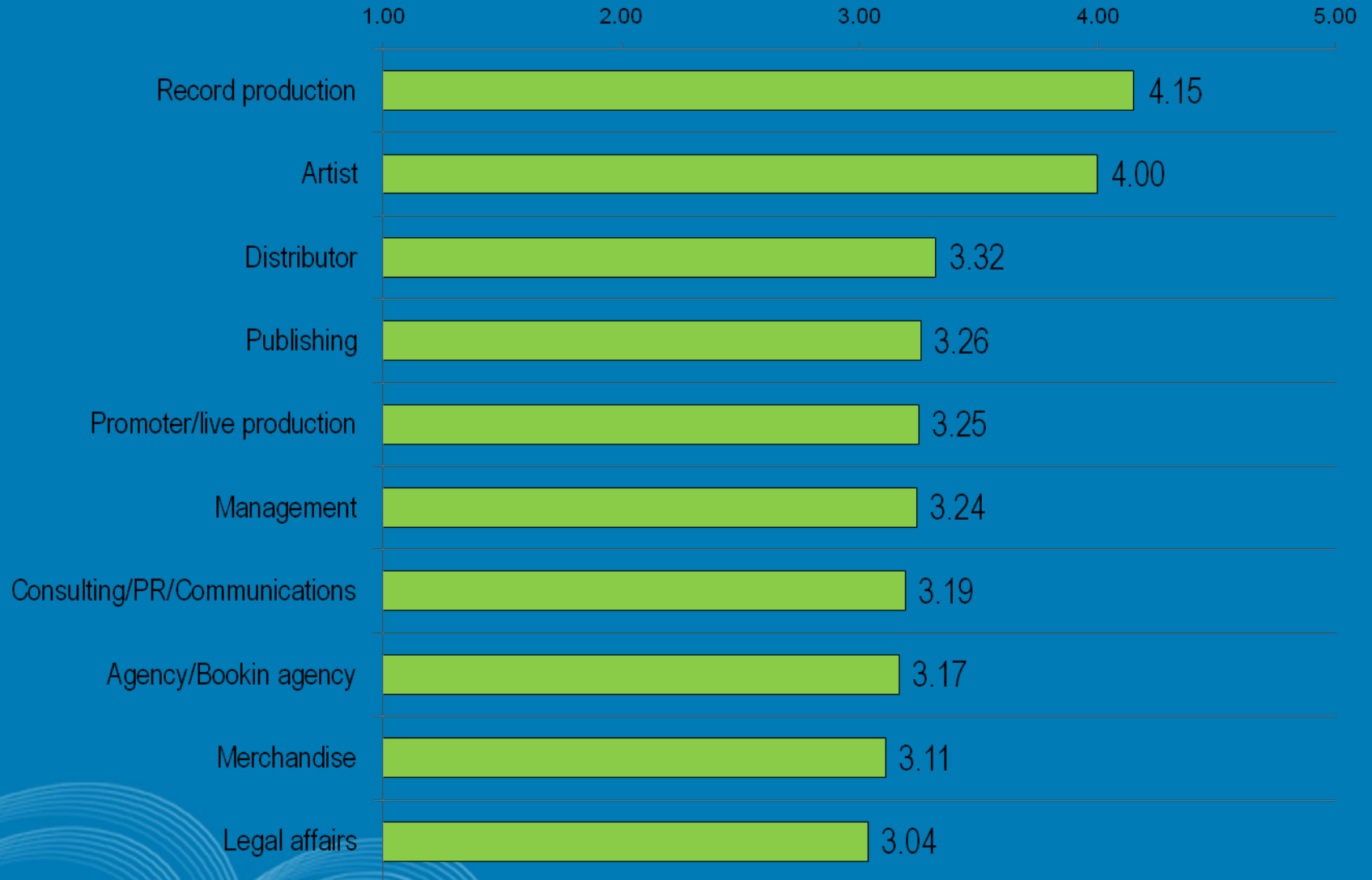


TOTAL MARKET VALUE 1999-2006

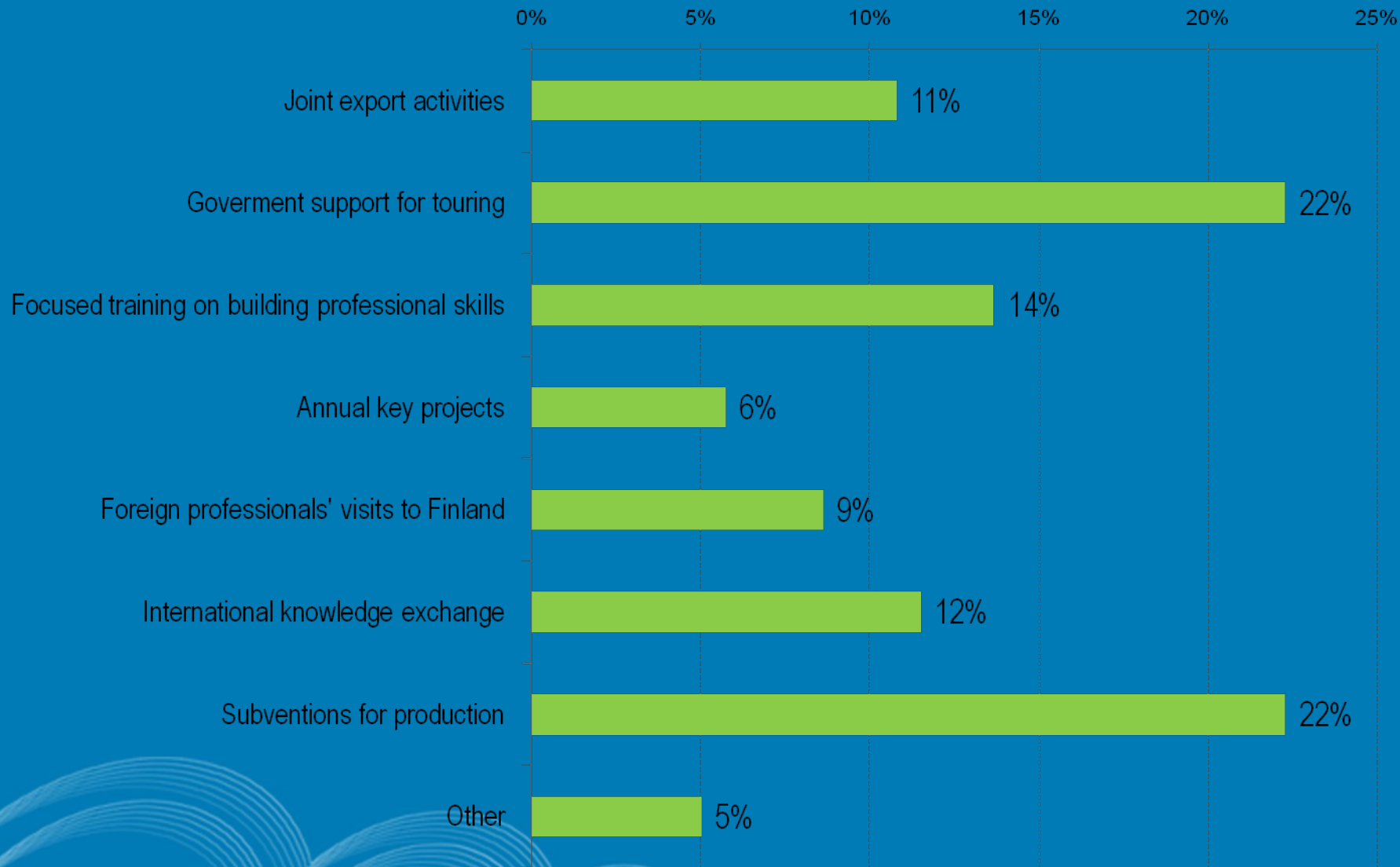


THE IMPORTANCE OF DIFFERENT SECTORS IN MUSIC INDUSTRIE ACCORDING TO COMPANIES

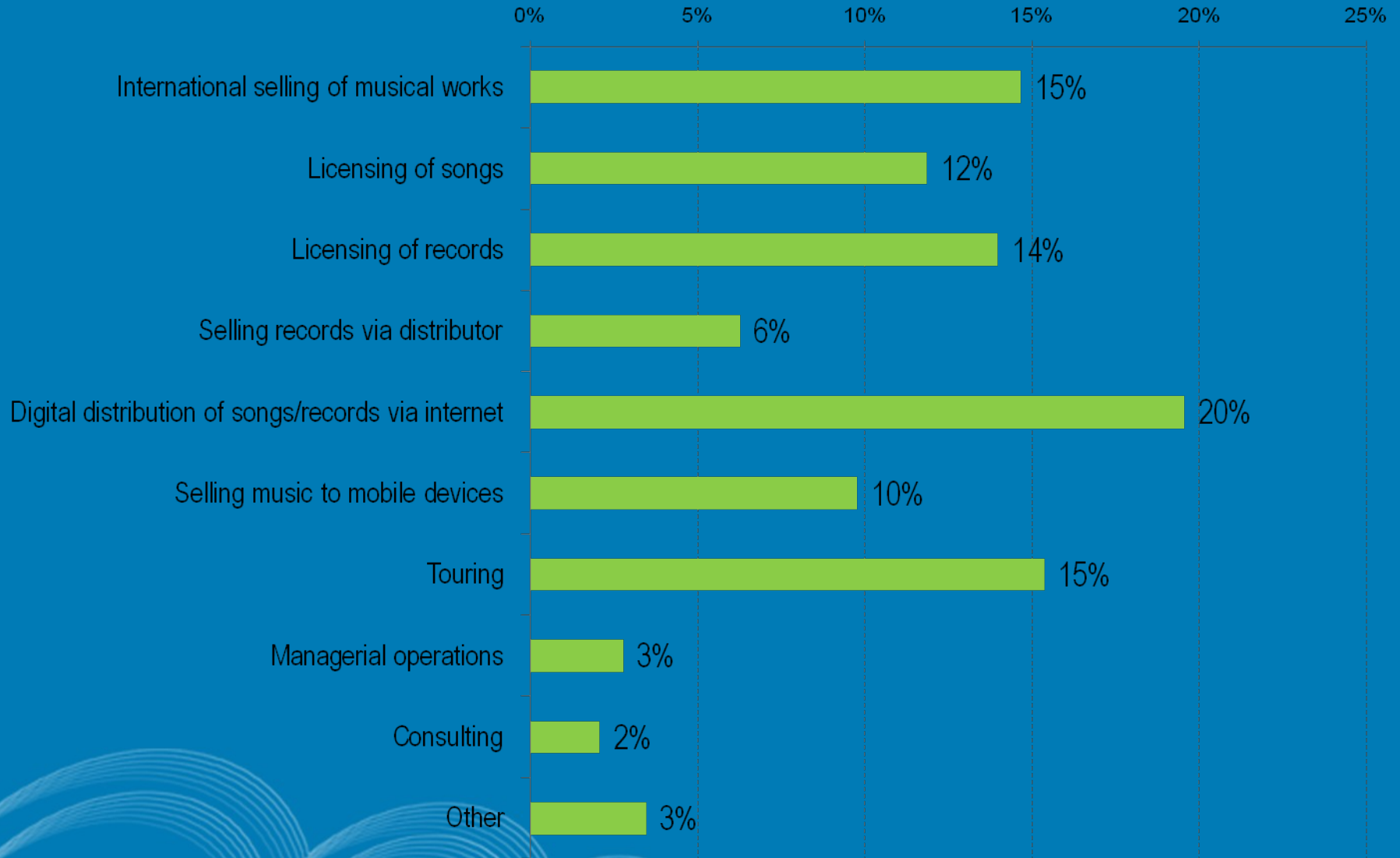
(1=not important... 5=very important)



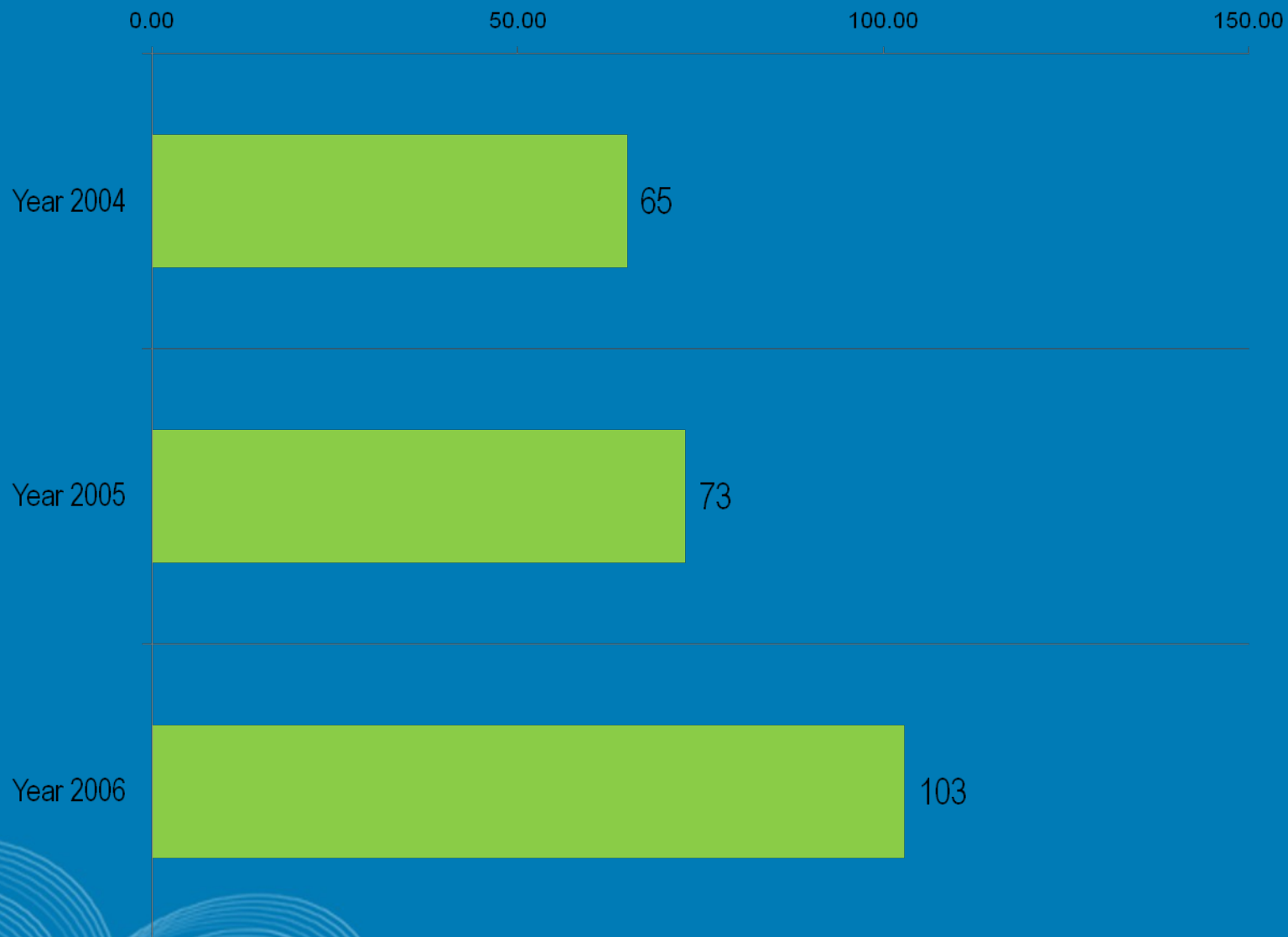
THE MOST IMPORTANT AREAS WHERE RECOURSES SHOULD BE TARGETET



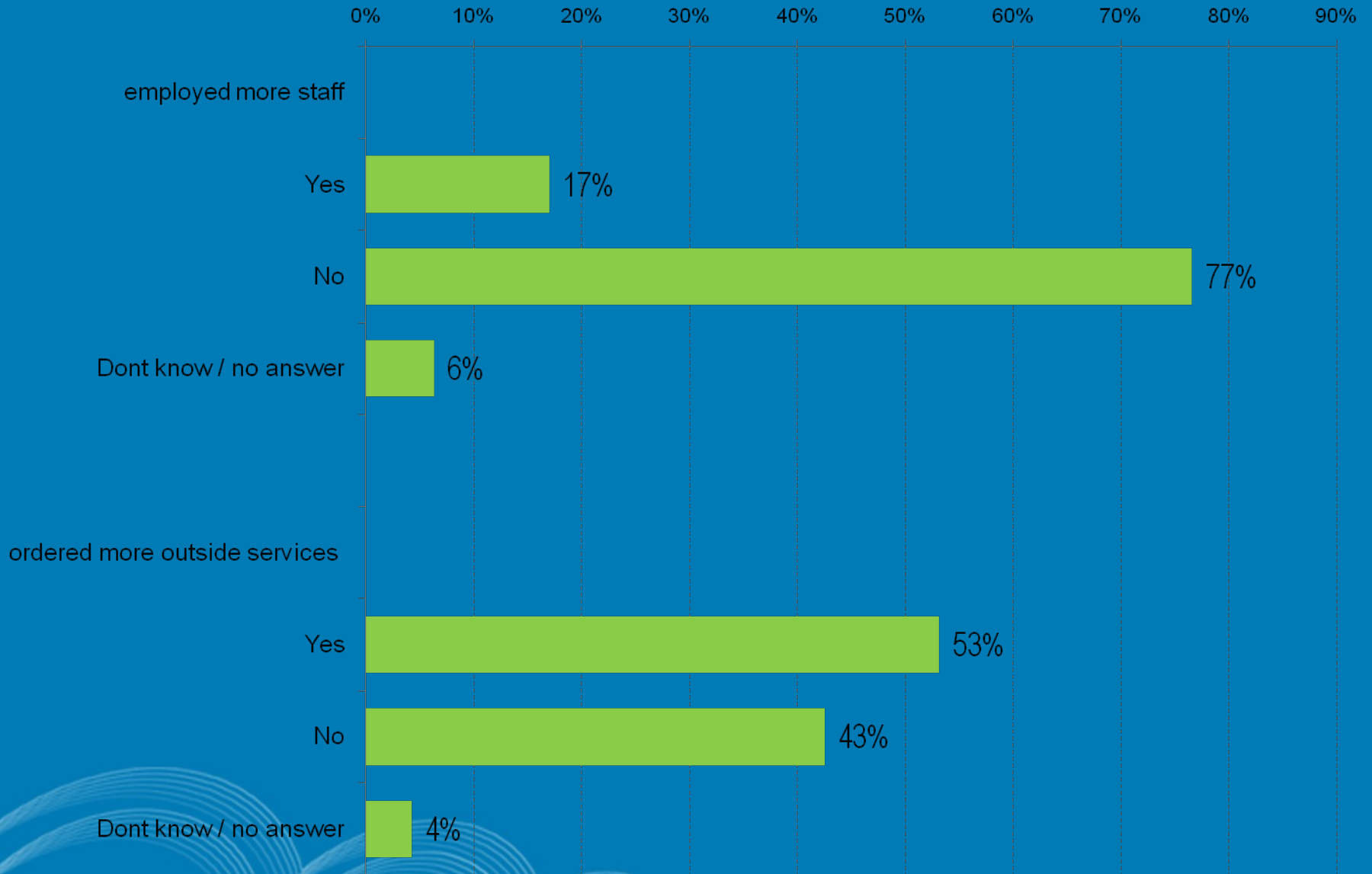
WHICH ACTIONS ARE BELIEVED TO BE THE MOST PROFITABLE IN THE FUTURE



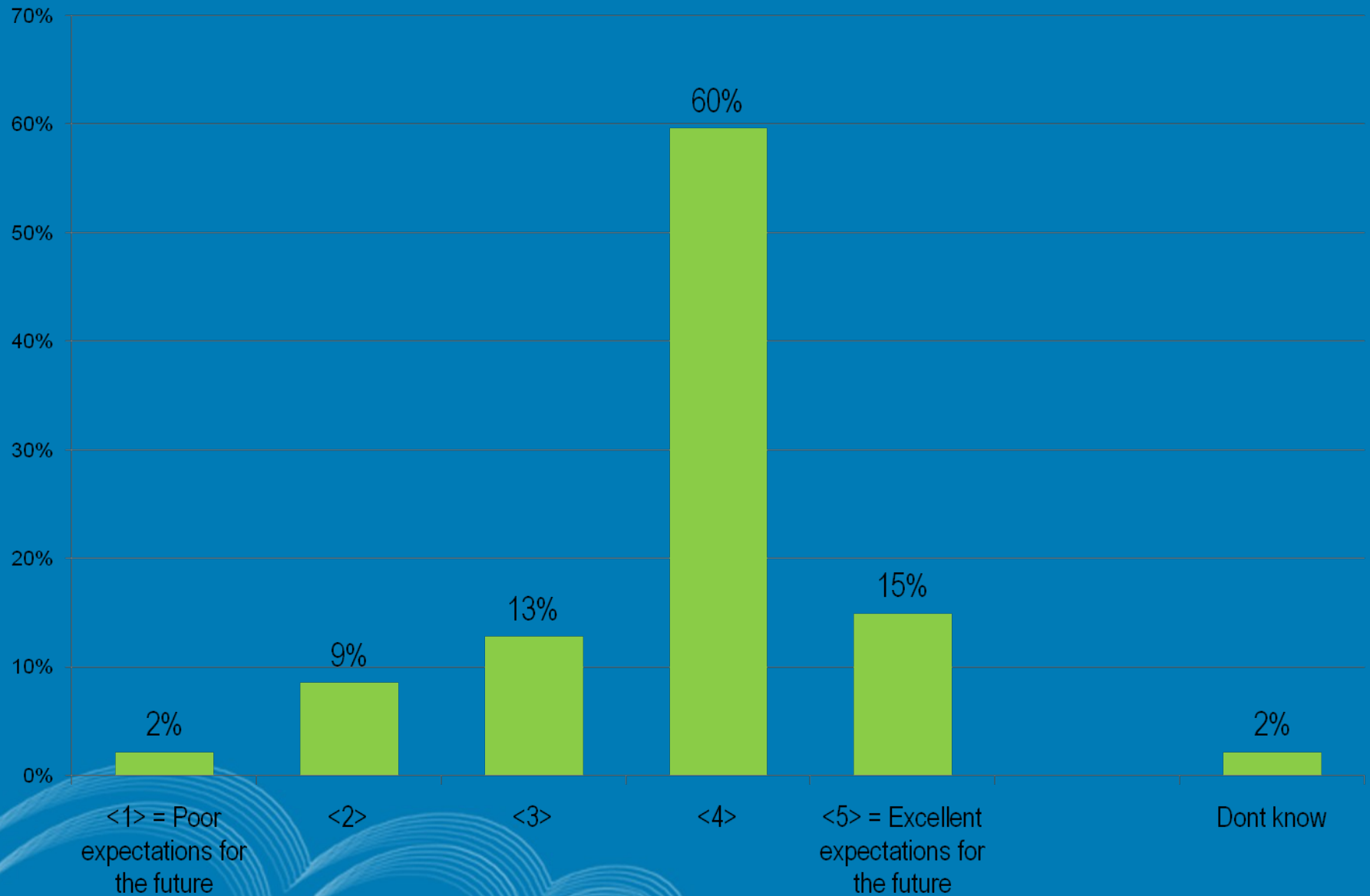
THE NUMBER OF LICENSE DEALS



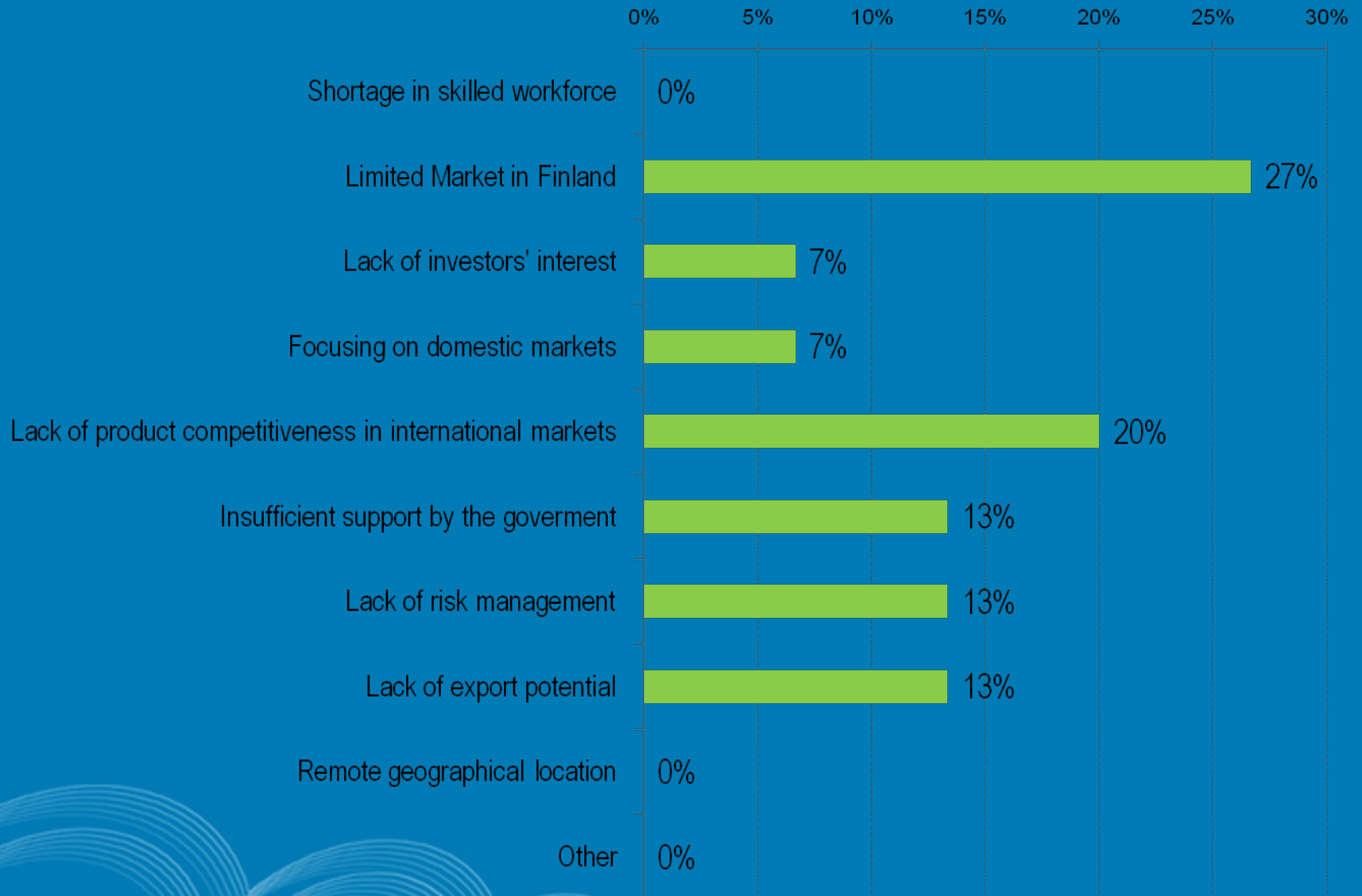
THE IMPACT ON EMPLOYMENT



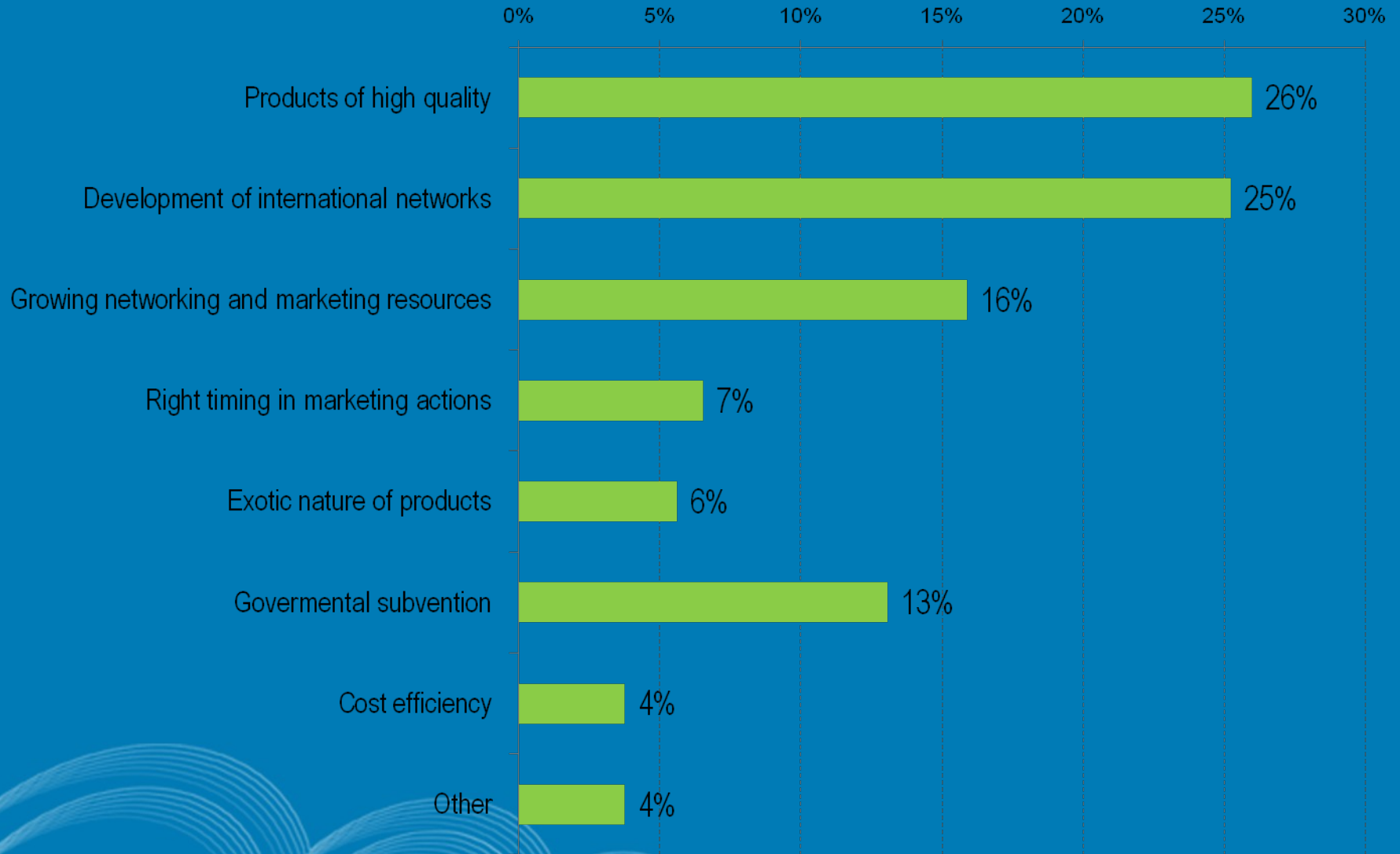
FUTURE EXPECTATIONS ACCORDING TO COMPANIES



IF FUTURE EXPECTATIONS ARE POOR – MOST IMPORTANT REASONS



IF FUTURE EXPECTATIONS ARE GOOD- MOST IMPORTANT REASONS



THE IMPORTANCE OF MUSIC EXPORT IN THE FUTURE

