

ECONOMIC EAR

If only music were like bread

In the fourth of our series of articles on the business of classical music, Antony Feeny looks at all the activities other than live performance that go to make up the classical music ecosystem

When was the last time you bought a loaf of bread and gave more than a passing thought to what was required to ensure that it ended up on that very shelf at just the moment you walked into the supermarket? As long as the bread appears when you want it, why bother about the shelf-fillers, lorry drivers, factory workers, chemical manufacturers, product specifiers, grain testers, farmers, seed suppliers, land transactors – and all the myriad other people, skills and investment that we take for granted?

It's the same with classical music, of course, for a majority of the population. When they

trot off to the concert hall or opera house to listen to yet another world-class performance, a great many probably have only a fleeting knowledge of what is required to arrive at that point: not just the rehearsals, travel, concert hall, ticketing systems and other on-the-spot services, but more particularly the years-long and intensive labour of music teachers, conservatoires, instrument makers and tuners, agents, royalty managers, music publishers, examination boards, and so on. These are all critical parts of the musical ecosystem, that community of people and organisations interacting in dependent ways to keep the business and art of music functioning.

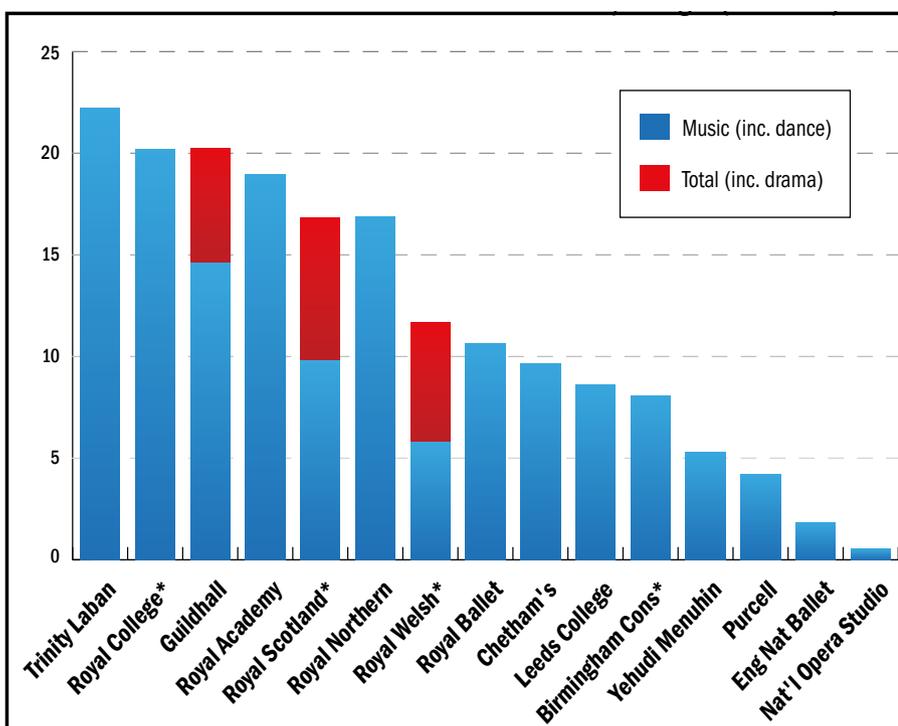
But music is not bread, of course, even if many of us consider music almost as essential to our way of life. It's not just that bread is literally a matter of life and death, but in our market economy the bread industry has to make a profit to endure. And there's the financial rub. Unfortunately, if classical music had to make a profit, most of us would be out of a job and that ecosystem would collapse.

In previous articles I have focused mainly on live classical music performing organisations – the bread on the supermarket shelf, if you like. From an economic point of view many of the other activities in the ecosystem form part of a chain that culminates in these live performances, so if you add up the income or costs of all the performances you should be including most of the cost of the agents and publishers, for example, because they recover most of their fees from the performance income in the same way as the farmer ultimately receives his/her income from the bread-buyer.

But that is by no means true of all the activities in the musical ecosystem. Some are additions and some are 'leakages'. These are the activities that do not end up in a live performance, in particular the immediate activities of recordings and non-live broadcasting. But there is also musical education where either the 'payback' comes years or decades in the future, or where there is 'leakage' from the immediate musical ecosystem because the people receiving the education (perhaps even a majority) go on to become investment bankers or truck drivers rather than professional musicians.

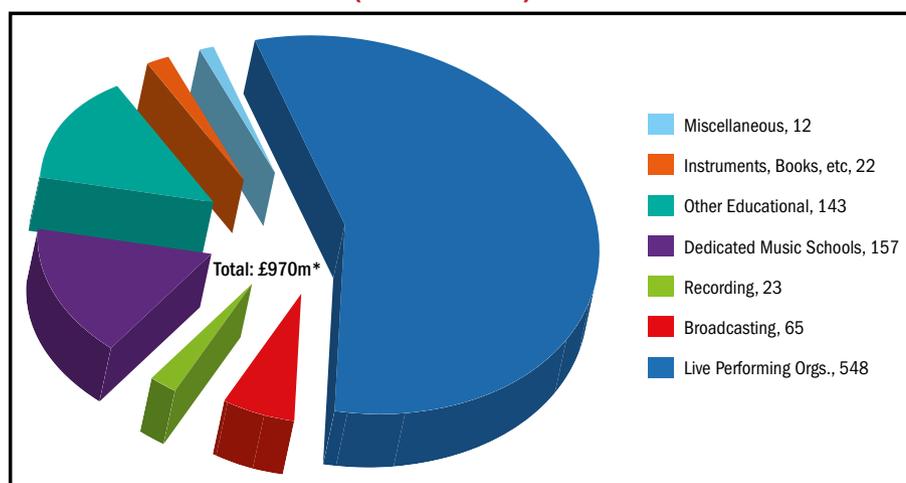
Classical music broadcasting is more straightforward in the UK because there are effectively only two organisations involved:

CHART 1: 2013 TURNOVER FOR DEDICATED UK MUSIC SCHOOLS (£ MILLIONS)



*Adjusted and/or estimated, since these conservatoires/colleges carry out a range of activities and income by activity is not split in public documents

CHART 2: 2013 ESTIMATED INCOME FOR ALL UK CLASSICAL MUSIC ORGANISATIONS (£ MILLIONS)



▲ *Sharp-eyed readers will note that the total figure has increased slightly since my previous articles. The explanation can be found in the online assumptions

the BBC and Classic FM. In my reference year of 2013, the turnover of Radio 3 including support costs but excluding its orchestras (included under live music) was £54.3m. Classic FM's figures are not public since it forms part of the private company This Is Global, but since it's a much smaller operation and produces little of its own content, its turnover might be only a fifth of this. There is now also internet-based 'broadcasting', in particular YouTube and its equivalents and audio streaming such as Spotify, but unfortunately neither of these (yet?) generates much income for classical music.

Most of us would like to think that there was a time when classical music recordings were economically important. If so, they certainly are not now. They continue to pour out of the recording 'factories', and if you pick up a random copy of another classical music recording magazine it still reviews well over a hundred recordings each month with many more listed at the end. It's a fair bet that the overwhelming majority of these are produced for marketing rather than money-making purposes, and the macro statistics bear this out: according to the BPI (British Phonographic Industry) Yearbook in 2013 the total UK recorded music market was worth £730.5m including physical (50%), online (39%), mobile and streaming (11%). The classical music segment was 3.2% of this total, or £23.4m, and the top ten included three recordings by André Rieu and two by Ludovico Einaudi, who are not exactly hard-core classical – oh, and one by Luciano Pavarotti.

More significant in financial terms for classical music is music education, but this is difficult to quantify. The easiest area to understand is the dedicated conservatoires and music schools ranging from Trinity Laban and the Royals to the specialist instrumental, ballet and opera schools. Putting a definitive number on some of these is awkward since some institutions include other activities, such as drama, but Chart 1 shows a broad estimate of the financial situation for all their music activities (whether classical or otherwise) based on their annual reports. In 2013 the music-related component may have accounted for a total of around £157m, ranging from Trinity Laban at £22m to the National Opera Studio at £0.5m.

Quantification of the additional tertiary, of secondary, and of other musical education activities becomes increasingly difficult. For example, if Music Education Hubs were to act as very rough proxy for relevant classical music education at primary and secondary institutions and one assumed that 30% related to classical music, this would add another £56m. A similar broad-brush approach would give a figure of around £23m for university and other tertiary classical music education. And the biggest of all would be private music tuition, to which I have very tentatively allocated a figure of £40m based on assumptions about teachers, hours and rates. Add exam boards to this and you end up with a classical music educational sector worth more than £100m per year. See the *CM* website (box, right) for more detail on these calculations, which I em-

phasise are very broad, and incidentally not as economically 'pure' as work such as the recent UK Music report *Measuring Music 2015*.

And now I've left myself very little space to talk about the remaining areas that are so difficult to quantify. There are museums like Handel House, Horniman and Finchcock's, which might generate £1m a year. There are makers and tuners of instruments, and publishers of music books and magazines, which might add more than £20m.

And then there are a large number of miscellaneous support organisations varying enormously in nature, type and size. Some are well known, like the Performing Right Society Foundation, the Royal Philharmonic Society, or Orchestras Live. Others like London Music Masters or the Countess of Munster Musical Trust have a lower profile. Some of these may overlap with the other categories if, for example, they help to fund performance or education – bearing in mind that my calculations have as much as possible tried to eliminate organisations along the chain that supply the final performance or other item, which in this instance would also include the Musicians' Union, the Association of British Orchestras, the British Academy of Songwriters, Composers and Authors (Basca), and so forth. And then what about all those 29 Gilbert & Sullivan societies registered with the Charity Commission, located from Bournemouth to Harrogate, with a combined turnover in 2013 of £480,000? Chart 2 brings all these together in a single graphic, along with a summary of the other figures. *CM*

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A NOTE ON METHODOLOGY

The discussion and figures used here draw on a range of assumptions. The overall methodology can still be found on the Classical Music website at www.classicalmusicmagazine.org/economic-ear-methodology, with some further summary details of the particular assumptions and sources relating to non-performing organisations at www.classicalmusicmagazine.org/economic-ear-sources