Chapter 6

The contribution that music within the arts sector makes to the economic health of the UK and how business models are adapting to generate further income

6.1 Introduction

In Chapter 4 conclusive data was included which demonstrated that the classical music genre was expanding its business methods online. This chapter analyses and critically assesses a raft of data from Government and funding bodies to the arts for two purposes: first to provide a context from which funding opportunities for classical music organisations can be assessed; and second to evaluate the financial contribution of arts organisations as a factor in the UK economy with a view to explaining how classical music plays its part in that contribution. Much of the research in this section is generic in that it covers both the arts and all areas of the music business. Specific material on classical music is incorporated within the statistics quoted but is not separated out in all cases (because individual data on classical music is not available). Despite this, the picture that emerges is a positive one for the overall music business because it indicates an industry strong on management and one that follows developments in the sector, subsequently adapting its business methods to incorporate them.

My research will consider first the financial value that the arts make to the UK economy, and will then scrutinise the costs associated with the classical music sector, culminating in an overview of the contribution that music makes to the creative industries. My conclusions indicate that the creative industries are taken seriously by Government because they make a financial contribution to the UK economy. Because there is less specified material on the amount that classical music generates within the arts sector, the result is a near invisibility of the genre. This, therefore, makes it more difficult to attract funds from government and business sponsorship for classical music businesses.

6.2 Contextualising music within the UK cultural landscape

Arts Professional magazine suggests a positive outlook for jobs in the cultural sector. The organisation quotes from the Department of Work and Pensions (DWP) that '*between 5,000 and 10,000 new jobs will be created across the UK in the cultural and creative industries through collaboration between the DCMS [Department of Culture, Media and Sport] and DWP [Department of Work and Pensions].*[455] This is potentially hopeful because music, as part of the cultural and creative industries (CCI), is included in this figure of new jobs. The same reference also mentions UK Music offering 200 festival jobs to young unemployed people, another encouraging sign, albeit on a small scale.[456]

A further encouraging sign in the health of the CCI category is indicated in Figure 1 below. The data is taken from the DCMS's Annual Report for 2009 and shows the department's budget for specific areas of its responsibilities. It is not the full chart (sport for example is excluded; the full version is on page 64 of the report)[457] but it does highlight the amount allocated to the arts in 2009-10 (£412,813) and the projected figure for 2010-11. The latter receives a small increase (to £429,545). It is worth noting that in 2005-06, the figure was lower than in the preceding year which is then rectified by a series of rises in the following years. Online projects are also included in this chart adding a further amount to figures for arts projects. I should add that projections from the new coalition government have yet to be published, so there is no indication of them in this paper.

£ thousands	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
DCMS	1,431,189	1,530,657	1,584,732	1,625,140	1,679,419	1,713,768
Museums and galleries	506,321	572,514	588,335	617,783	646,321	658,975
Of which	2,743	3,976	6,771			

[455] 'Government to fund culture jobs', *Arts Professional Magazine*, issue 194, Cambridge, Arts Professional Ltd, 18 May 2009, p.1, Appendix 76
[456] 'Government to fund culture jobs', *Arts Professional Magazine*, issue 194, Cambridge, Arts Professional Ltd, 18 May 2009, p.1, Appendix 77
[457] http://www.culture.gov.uk/images/publications/AnnualReport2009Managing_Resources.pdf

Culture Online						
Arts	393,995	387,818	403,748	410,451	412,813	429,545
Gambling and National Lottery	7,299	13,359	2,010	970	1,213	1,305
Total	1,438	1,544,o16	1,586,742	1,680,632	1,733,073	

Figure 1

The last (Labour) Government increased spending on the arts by 64% in its first ten years since coming to power in 1997,[458] with music contributing nearly £5 billion to the economy. The sector's economic strength is furthered with £1.3 billion being earned in export earnings. However concern was raised by Peter Hewitt, former Chief Executive of the Arts Council (in his Smith Institute Arts Lecture of July 2006)[459], that the increases in funding are small, as the table below indicates. The result is that a reliance on private giving and corporate income will become that more urgent. In fact Hewitt's quoted figure of £5 billion has decreased within two years to £3.6 billion, according to PRS for Music's 'Economic Insight' report.[460] Notwithstanding the lower figure, it is still evident from these Government figures that the creative industries do still make a noticeable contribution to the economy of the UK.

Employment data in the sector also confirms this. Figures from the Sector Skills Council assert that 542,470 people currently work in the creative and cultural industries as their main job, in over 62,000 businesses. This sector has enjoyed growth in the UK over the last ten years, and this is predicted to continue; by 2014, these numbers are predicted to increase by a further 200,000 people.[461] There are no

[458] http://www.newstatesman.com/200607170062
[459] Ibid.
[460] http://www.prsformusic.com/creators/news/research/Documents/Will%20Page%20and%20Chris%20Carey%20(2009)%20Adding%20Up%20The%20Music%20Industry%20for%202008.pdf
[461] http://www.guidance-research.org/future-trends/arts/info

published revised figures yet as to how the downturn of the UK economy might make some revision of these predictions necessary. I am aware that classical music jobs are not specified here. However, the genre of music is part of the creative and cultural industries and therefore as such it is relevant to include this information as background.

Also of interest to the music profession are those who work as freelancers, the self-employed, short-contract workers and volunteers. Many workers have 'portfolio' careers, defined as managing two or more jobs simultaneously. This could apply, for example, to an orchestral musician who teaches outside his or her contracted orchestral hours of playing, who, in some cases, performs with more than one orchestra. The report suggests that the figure for those in this situation is just under 27,500 people, of which two thirds are self-employed.[462] This equates to 5% within the CCI who are holding two jobs, a number which is likely to increase with the recession. The same report also makes a further valuable point; it identifies that of the 101,570 freelancers working in the creative and cultural industries, 18% work in music. And music and advertising have the highest number of large businesses (defined as employing more than 250 people).[463] The indication that music achieves nearly a fifth in the amount of freelancers employed in the CCI suggests the sector has a financial impact and influence on the economy.

6.3 An overview of costs associated with the classical music sector

The operating costs within the classical music arena are considerable and there is merit in presenting a detailed overview of these before analysing the financial contribution classical music makes both directly and indirectly to the UK economy. The next few pages specify examples of a variety of costs that a professional musician working in classical music would incur; these include professional musicians, orchestral managers, concert promoters and concert venues. These fixed costs add weight to the notion that some form of public subsidy is required in order to make specialist art forms as financially viable as possible for the benefit of the general

[462] Ibid.
[463] Ibid.

public. This information can then be assessed in relation to the operating costs of the classical music sector.

6.3.1 Instrumental costs

The amount of instruments that are used in a classical concert and their combinations is wide and varied. For example, a ticket for a concert with the distinguished conductor Valery Gergiev conducting the London Symphony Orchestra at the Barbican in London costs between £7 and £32;[464] or for a recital by the international violinist Viktoria Mullova and cellist Pieter Wispelwey and forte pianist Kristian Bezuidenhout, a ticket would cost between £15 to £30[465]; however once the full costs are examined (as the next few paragraphs will indicate), the value of the ticket price can be seen as good value for money.

First there is the cost of the performer's instrument. This is the most important investment the performer makes for his/her career. To buy an instrument of a professional standard is expensive. Below is a guide to the range of prices and makes that professional musicians will pay for their instrument, based on 2008 and 2009 listings from the references I used. All the instrument manufacturers mentioned are examples that any professional musician would use. From strings to woodwind, from brass to percussion, the range available is enormous and the upkeep of each instrument can also be costly. This includes re-stringing and re-hairing bows, and the making or buying of reeds as well as insurance.

The most well-known violin makes are Stradivarius and Guarneri and these will cost far more than an average car or motor bike, and in some cases even more than the cost of a house. Modern professional-standard violins can cost £1000 for a Chinese make, to an established contemporary maker such as Nigel Crinson which retails at approximately £8,000. The same breadth of price range is seen in all stringed instruments.[466]

[464] http://www.barbican.org.uk/music/event-detail.asp?ID=8648
[465] http://www.wigmore-hall.org.uk/whats-on/productions/viktoria-mullova-violin-25215
[466] Email from Keith Crowe, Retail Manager String, 25th June 2008, Appendix 78

In the woodwind section, the price range for oboes, clarinets, flutes and bassoons can range from £3,000 to £15,000. A top of the range flute such as a Miyazawa can reach £4,300;[467] a pair of clarinets can cost between £2,500-£3,400 for a Buffet; and an oboe by the same maker retails at £999.[468]A Fox bassoon will have a price range of between £3,500 and £17,000.[469]

Brass instruments have a financial outlay of similar amounts to their woodwind counterparts. For example a Bach 'Stradivarius' trumpet costs between £1,500-£2,000;[470]a Bach trombone between £1,500 to £3,000 and a Besson french horn in the region of £1,000.[471]

Within the Percussion section costs include for a set of Premier Timps (four of them) £10,000[472] and for a set used by a players requiring up to 12 different types of instruments the value increases to between £20,000 and £30,000.[473]

Finally, examples of Concert grand pianos include the Bluthner make: £76, 800 for a 9' 2'' instrument to £31,470 for a 5'1" model.[474] Similar ranges can be found with other makes such as Steinway, Bosendorfer, and Bechstein.

In summary, this snapshot of costs for professional standard instruments demonstrates the expense required of the performer, part of which is passed on by the concert promoter to the consumer through the ticket price. The outlay from the performer means they expect a decent wage in order to be able to recoup the financial outlay of the instrument in the first place. It is interesting to note that the combined value of all the instruments on a concert stage. For a typical Brahms-size symphony

[467] Email from David Johnston, Managing Director, Musicale, 29th May 2008, Appendix 79
[468] http://www.brittensmusic.co.uk
[469] http://www.myatt.co.uk/shop/home.php?cat=1278
[470] Ibid. http://www.brittensmusic.co.uk
[471] Ibid. www.myatt.co.uk
[472] Ibid. David Johnston, Appendix 79
[473] Email from Dewi Ellis Jones, professional percussionist, 30th June 2008, Appendix 80
[474] Email from Rodney Smith, Manager Bluthner Piano Centre, 6th June 2008, Appendix 81

orchestra of 50 strings; and 12 each of winds, percussion and harp and conductor will result in 81 performers on stage. In this scenario, the value can start at £¼ million and become higher if more expensive instruments are used. This doesn't take into account the salaries for the conductor, soloist and rank and file orchestral players. This figure also does not include the cost and time of the musician's training.

6.3.2 Concert venues

The hiring of a performance venue is another significant operating expense. The size of hall will depend on whether the event requires a full orchestra, a chamber group, a vocal or instrumental soloist with the orchestra or whether the event is a solo recital. The cost is also different if an external promoter is hiring a hall on behalf of an artist, or if the hall itself is putting on the promotion. In the latter scenario, the hall books, and is responsible for, paying the performer; here the hire charge for the concert hall would not be applicable, but there may be a commission on tickets sold. Whereas if the concert hall is hired by the performer himself/herself, then the hire-out cost is a factor. What are easily forgotten are all the ancillary services that are essential for the staging of a concert. These include security, box office, stewarding, programme sellers, bar staff and house management. Each venue has to include a contribution to these areas in their hire charges. Below are examples of orchestral and chamber halls both in London and in the UK.

6.3.3 Venues in and outside London

One of the most important concert venues in the UK for classical music concerts, the Barbican Centre in London, will hire out its concert hall for £7,090 (capacity 1,949) for financial year 2009-2010; rising to £7295 for 2010-2011 (vat needs to be added for each figure). Appendix 82 gives full details. Included in the costs are a range of services as well as staff: house and overhead concert lighting, stage furniture and dressing rooms, piano tuning, air conditioning/central heating, Box Office, stage manager and staff, stewards, technicians, programme sellers and security staff. It also includes an entry into the Barbican Centre's monthly guide and website.

A smaller hall such as Cadogan Hall in London (with a capacity of 855) has two hire fee options: £3,450 where the hirer takes 100% Box Office takings, and a reduced hire fee of £2,150 where the venue's Box Office takes 11% on every ticket sold. VAT is added to the ticket price. Extra costs include £295 for a promotional insert into the hall's brochure and £130 for standard marketing (such as inclusion in a newsprint panel). Appendix 83 gives relevant hiring details for Cadogan Hall.

London's Wigmore Hall (with a capacity of 537) charges £1,250 with vat (details of complete costs can be found in Appendix 84). This includes a number of services similar to those already mentioned (including rehearsal time, ushers, and programme sellers, inclusion in the Wigmore Hall monthly diary and on its website). There is a reduced hire fee of £1000 for younger performers under 30 who are not registered for vat. Other facilities are on offer for a charge such as the hiring of a room for a post concert reception, pre-concert talk, and extra rehearsal time. 20% commission is charged on programmes sold and 15% on tickets sold (less for performers under 300).

Major concert halls around the UK cost less than these examples, and sometimes a commission is included in their hire fees. This is the case for the Glasgow Royal Concert Hall (with a capacity 2,300) which has a hire charge of £5,750 plus 10% ticket commission and for the smaller City Halls (cap. 1036) £2,350 plus 10% ticket commission. The commission includes the use of Box office staff, security, lighting and so on.[475]

Symphony Hall, Birmingham, another major venue outside London, can accommodate 2262, and has a market rate for concert hire of £7,500 which includes the extra services mentioned with the other halls. What the promoter also has to take into account is credit card commissions for each transaction. This can be between around 1% and 3% of the cost for each purchase made. And in general the Box Office and Performing Rights (where applicable) take a commission of £1.50 per ticket.[476]

[475] http://www.glasgowconcerthalls.com/docs/legal/GCETermsConditions2009.pdf

[476] Email from Chris Baldock, General Manager Symphony Hall, Birmingham, 17th July 2008 and 12th August 2008, Appendix 85

Another area to consider is performers' fees. Internationally renowned conductors can name their price; and for those less well known the fee can start at £3,000. Fees for soloists are similar to that of the conductor's. They can begin at £2,500 and again climb very high for a distinguished name. In general a promoter is looking at a soloist's fee of between £1,000 and £15,000. For non-UK based performers, hotel and travel are a further expense.[477] If an orchestra has travelled from another city to perform in a local concert venue, for example the CBSO performing at the South Bank Centre in London, then there are clearly going to be additional costs. Stephen Maddock from the CBSO cites 2008 figures in such circumstances: coach travel is £1,500 from Birmingham to London and back, meal allowances and extra payment for the players for a late night return to their home city cost approximately £1,500 and £1,000 respectively (depending on where the orchestra is coming from and the number of players).[478]As a balance, BBCSO pay £30,000 to a rank and file violinist[479] and LPO £41,500.[480] These figures give a snap-shot of costs involved in the classical music sector from around the country.

The catalogue of both a classical musicians' and performing venues' everyday expenditure illustrates an industry with significant overheads. The object of my resumé is to demonstrate classical music is a high cost business and requires effective business skills in order to operate successfully on a financial level.

6.4 The contribution of performance as part of the live music sector

Live music is an essential part of the music business. The January 2010 publication '*Live Music: An Analysis of the Sector*' by the DCMS states that *'between 31st March 2007 (the first collection of licensing statistics following implementation of the Licensing Act in November 2005) and 31st March 2009, the overall number of live music licences or certificates increased by 10%, from 86,100 to 94,400. This increase comprised an 11% increase in*

[477] Telephone conversation with Patrick Garvey Artist Manager, 13th August 2008 (http://www.patrickgarvey.com)

[478] Email from Stephen Maddock, Chief Executive City of Birmingham Symphony Orchestra, 8th February 2010, Appendix 86

[479] Email from Paul Hughes, General Manager, BBC SO, 7th July 2008, Appendix 87

[480] Email from David Greenslade, Finance & IT Manager LPO, 8th February 2010, Appendix 88

premises' licences with provision for live music from 75,200 to 83,600.'[481] This is a good indicator of the strength of this sector because premises that wish to hold live music events must request a public licence, and therefore the higher the amount of licences granted, the highest number of venues promoting events. The same document refines the results further and shows the change in people attending live concerts by music genre:

Proportion of adults attending different types of live music, 1994/95-2008/09

Arts Council for England, TGI data

Year	Sample	Jazz %	Pop/Rock %	Classical music %
1994/95	26,259	6.4	22.1	12
1995/96	25,132	6.2	22.3	12.1
1996/97	25,386	5.9	22.7	11.9
1997/98	25,560	5.7	21.5	11.8
1998/99	24,497	5.8	21.6	11.4
1999/00	26,155	6	22.2	11.6
2000/01	25,493	6	21.6	11.9
2001/02	24,659	6.4	22.5	12.2
2002/03	24,984	6.4	23.9	12.7
2003/04	23,874	6.8	24.6	12.6
2004/05	24,343	7.3	25.2	13.5
2005/06	26,481	9.4	27.9	15.9
2006/07	24,442	9.4	29.1	15.5
2007/08	24,492	11.5	35.5	17.7
2008/09	24,836	11.6	37.5	17.3

Figure 2

[481] http://www.culture.gov.uk/reference_library/publications/6603.aspx

The amount of adults attending live events in the classical music sector has risen consistently between 1994/95 and 2007/08. As Figure 2 illustrates, there was a small reduction in 2008/09. But the sector attracts onwards of a 1/5th of adults in this area of the business, well ahead of jazz but, inevitably, well behind the pop genre. Also encouraging are figures published by the Performing Right Society (PRS) that public performance royalties collected in the UK on behalf of composers, songwriters and music publishers reached £71.5 million (up from £70.5 million in 2008). This is out of a total income for PRS for Music of £282 million (up to 30th June 2009).[482] This demonstrates the healthy contribution that live music makes to the music business and, as Figure 2 clearly indicates, the classical music field is a vital contributor.

6.5 Recording

A further relevant area to consider is the costs associated with making a recording. Despite the growth in buying music online and downloading straight onto a personal music player (examined in Chapter 4), CDs are still being made and artists are still wishing to make their recordings available on a physical format. A classical recording has to take into account the appropriate acoustic for the repertoire being recorded. For example, a drier acoustic might be required for contemporary music and a softer and mellower acoustic for music of the 19th century. An independent recording company such as the Classical Recording Company charges a minimum daily rate of £550 with vat for providing recording equipment on location, set up, all the editing and the finished master (from which CDs would be made). Extras include £80 for each hard drive (on to which the music is actually recorded) and travel expenses. There are other packages if the customer wants just a master CD edited and CDs produced at £65 per hour, or £1,200 for a single CD project. Or for £2,200, the company offers the session and master tape, £3,500 from session to 500 CDs (which equates to £7 per CD), £4,000 from session to 1,000 CDs (equating to £4 per CD).[483] To make the CD look attractive to the consumer, the booklet is then pieced together to accompany the

[482] http://www.prsformusic.com/aboutus/press/latestpressreleases/Pages/PRSforMusicsixmonthsto30June2009.aspx

[483] http://www.classicalrecording.co.uk/html/rates_card.htm

recording with the musicians' biographies, words (if there is choral music on the CD), design of the front cover and printing. A minimum run is 500 CDs.[484] The manufacturing process can be avoided by making the recording available only as a digital download which consumers can purchase online and then transfer direct to their iPod and MP3 player. The consumer can also burn the recording direct into a blank CD but the quality will be less good than if done professionally.

An example of an independent recording engineer's costs is given by Daniel Halford. He charges a daily rate of between £500 and £600. For 2 days recording (consisting of two-three 3 hour sessions followed up by two and a half days of editing and mixing) Halford would charge £1,500. This includes all the equipment but not specific equipment hire, travel and accommodation.[485]

[484] Ibid.

[485] Telephone conversation with Daniel Halford, independent recording engineer, 17th October 2009

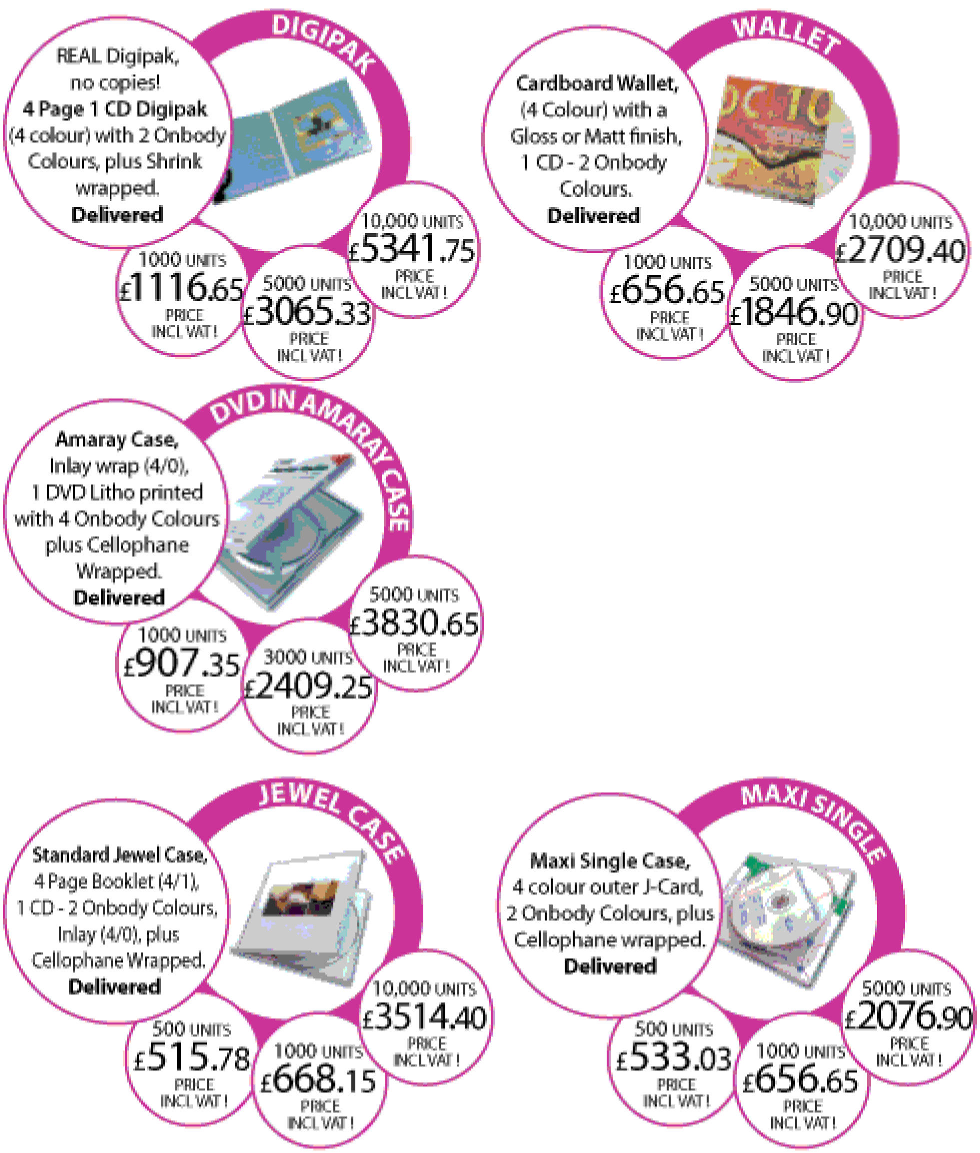

Figure 3

Figure 3 gives a selection of booklet and CD production prices from Music Ventures indicating the range of services on offer. Costs often include PQ coding (the process whereby cue points for each track including pauses at the beginning and end of each track are engraved) in order for the CD player to be able to read the music.[486]

6.5.1 Recording venues

The venue for the recording can be the most difficult to decide upon because of the requirement for the most appropriate acoustics which are best suited to the repertoire

[486] http://www.musicventures.com/price_examples.php

being recorded. A large-scale professional studio which might have more than one studio, each different-sized, and including all the facilities required for a professional recording (soundproofing, good quality recording equipment, security and kitchen) could range from between £2-3,000 as a daily rate to half that for a smaller studio. Additional costs such as for recording engineers would be priced at a daily rate. If a choir wants to hire a church for its acoustic, then once a venue is found which is quiet (away from a busy road, shopping centre or flight path), the costs will be considerably less. Appendix 89, by way of example, includes an invoice for a recording of a chamber choir for 2 days; the total hire fee was £150.

My detailed examination of the outlay pertinent to putting on a live concert and making a recording demonstrates that classical music is a business like any other in the retail sector and should be regarded as such. However altruistic an art form may be, there must be an underlying business aspect in order for it to survive financially. This is why it is important that the economic contribution that music makes to the arts sector should be assessed, as well as its contribution to the UK economy.

6.6 The financial worth of culture and music to the UK economy

A report in July 2007 stated that culture was worth £8 billion a year to the balance of trade.[487] And further figures from PRS for Music, cited on page 180, stated that the music industry contributed £3.63 billion to the UK economy in 2008, a significant amount bearing in mind that this is a rise of 4.7% from the 2007 figure (£3.46 billion).[488] The sources of income for classical music include not only specific commercial activity but also income derived from public money through grants. The latter area is considered later in the chapter.

[487] Clarke, K. (2007), 'See how they run', *Classical Music Magazine*, London, Rhinegold Publishing Ltd., 21st July, 2007 p.19

[488] http://www.prsformusic.com/aboutus/press/latestpressreleases/Pages/UKMusicIndustryrevenues.aspx

The amount of private investment given to the culture sector, which reflects the importance that business attaches to this segment of industry, is worth investigating. In the survey of market trends in the report Culture in the UK, published by Arts & Business (A&B) in 2009, the findings included the fact that business investment was down by 14% (not taking inflation into account), from £146,000 to £125,000 respectively.[489]

Figure 4 (below) shows the most recent information available of giving in the culture sector 2008/09 (published in January 2010).[490] It shows that private investment in music has risen by 3% although opera has lost 12% (the latter due to large one-off donations in 2007/2008 period which were not expected to continue).[491] Encouragingly overall attendance over all art forms has increased by 12%, despite the UK recession. This is a positive fact for the music business and classical music is a beneficiary achieving a 3% rise year-on-year.

Private investment by artform

Artform	Total (£/millions)	% change (above inflation)	Actual year-on-year change (£)	% of private investment
Arts centre	18.1	23	3,696,265	3
Arts services	25.1	-16	-3,901,686	4
Community arts	12.4	-23	-3,266,818	2
Crafts	0.4	-21	-107,741	0
Dance	21.8	-10	-1,831,053	3
Festival	23.8	-2	155,607*	4
Film & video	12.3	-7	-662,816	2
Heritage	225.2	6	17,997,605	34
Library/archives**	6.5	-23	-1,755,576	1
Literature/poetry	3.3	-26	-1,037,038	1
Museums	80.8	-37	-43,523,604	12
Music	37.9	3	2,019,181	6
Opera	27	-12	-2,979,419	4
Other combined arts	38.7	22	7,775,687	6
Other single artform	5.7	-55	-6,558,657	1
Theatre/drama	45.9	-16	-7,701,063	7
Visual arts/galleries	68.6	15	10,213,748	10
Total	**653.5**	**-7**	**-31,467,379**	**100**

Figure 4

489 http://www.aandb.org.uk/Media%20library/Files/Research/market_trends_summer09.pdf, p.44
490 http://www.aandb.org.uk/Media%20library/Files/Research/pics0809/pics0809_fullreport.pdf
491 Ibid. page 38

6.7 Business activity in the classical music broadcasting field

Nowhere is the contrast between commercial and non-commercial activity more clearly defined than in the broadcasting field. As Chapter 5 on Broadcasting indicated, BBC Radio 3 spends £25 million per year on paying for the classical musicians and administrative support of their six 'live' performance groups (BBC Symphony and BBC Philharmonic Orchestras, BBC National Orchestra of Wales, BBC Scottish and BBC Concert Orchestras and BBC Singers).[492] The money that enables these organisations to function is public money because it comes from the licence fee. Conversely, outside the BBC the purely commercially funded organisations have no government funds to draw on. In the classical field, Classic FM is the only other broadcaster specifically focused on classical music. It is a prime example because it receives no public money and as with other businesses, relies on advertising and commercial deals to fund its activities (and staff). Consequently the station has a different business model to that of Radio 3.

6.7.1 Examples of Classic FM joint venture deals

One indicator of Classic FM's business conduct is through its wide range of advertising. The station broadcasts promotional deals as other (non-classical commercial music) do, as a matter of course. An example worth noting was a campaign released in 2006; a 6 month £900,000 promotional deal was signed with Medicom to push Sky Digital channels during Classic FM's breakfast show. The most listened to breakfast show in London with a former radio 1 DJ as its host, the deal allowed for Simon Bates to choose his pick of the Sky programmes being transmitted on Sky each day at 11.15am. This type of deal also shows that if large, global companies such as Sky are prepared to move into classical music territory then this genre of music is now seen as almost mainstream and therefore a part of the business world worth investing in.[493]

[492] http://www.bbc.co.uk/annualreport/exec/performance/radio/radio3.shtml

[493] http://www.brandrepublic.com/MediaWeek/News

Another case in point is the ability to entice listeners into becoming more involved with the company and as an incentive to be eligible to win a prize. In January 2010 mobile phone company TalkTalk ran a joint campaign with Classic FM to encourage listeners to listen to the radio station's 'Hall of Fame' programme, and in the process have an opportunity to win a Roberts digital radio.[494] In this instance there are two companies working commercially with Classic FM, TalkTalk and Roberts Radio.

A further promotional area concerning Classic FM which is of value to my research is the business' Box Office feature, which is an innovative and highly successful promotional tool. When the station was newly established, arts venues and performers were encouraged to send in details of their forthcoming concerts and. A selection was then read out by each presenter. This did have a tangible result on ticket sales, so much so that the station now charges for the air space. This has become a lucrative opportunity for the station. Clients can now choose between a range of three price options (included in Appendix 90): £4,000, £7,200 and £12,600. Each of the price options allows the company a specific number of acknowledgements (called 'spots') per week for their particular campaign. The organisation is given a minimum of 40 seconds to demonstrate the essence of the opera series, concert, recording or relevant art form they are promoting. These illustrations offer a comment on one classical music company operating in clearly-defined business terms, proving in the process how successful it can be.

6.7.2 Further examples of collaborations between businesses and arts organisations

Because of Government cut-backs in the Arts, the 1990s witnessed many arts organisations forge links with businesses in order to survive financially. This period was a turbulent one in the arts world, and mirrored what was also occurring in the Broadcasting field. The successive Conservative Governments led by Mrs. (now Lady) Thatcher, beginning from 1979, wanted to introduce free market principles of competition in the media industry; one consequence of this was the arrival of Channel 4. The Conservative Government viewed negatively organisations reliant on public

[494] http://www.talktalk.co.uk/music/competitions/classic-fm.html

funds, including the BBC as one which was wholly dependent on Government money. Taking the BBC as an example during this period, the Conservative Government viewed this organisation, to use Sylvia Harvey's words (2002): *with considerable hostility…this hostility stemmed partly from the belief the that the BBC was improperly protected from the chill winds of the market through the device of the compulsory licence fee, and partly from the belief that it was run by cultural elitists.'*[495] The BBC is restricted from working with outside companies because of the confines of its charter, so the Government's statement of the corporation was unfair. But current practice has now extended to cultural groups working with businesses outside their field. One example is included in the 2009 short list for the annual A&B awards.[496] A partnership between Takeda Pharmaceutical Company and the London Symphony Orchestra demonstrates the collaboration of two global organisations with strong brands. The partnership, which raises the profile of both brands, took music to wider audiences by sponsoring 192 of its concerts around the world. A further initiative included the 'Musicians on Call' initiative that took music to the housebound or those in hospitals; again this was a global project and appropriate for a business involved in health care.[497] In the 2009 Awards (there are 7 in total), the shortlist within the BP A&B Sustained Partnership Award includes Classic FM and the Royal Liverpool Philharmonic as one nominee, and the City of Birmingham Symphony Orchestra and Catering company Mitchells & Butlers as another.[498] These are clear examples of major classical music companies working in tandem with important businesses outside their fields.

6.8 Combining brands

The combining of brands between two companies in the classical music field is evident in the deal announced in 2009 between Classic FM and High Street retailer Marks & Spencer. The clothing and food retail chain has now stocked CDs for the first

[495] Harvey, S. (2002), 'Making Media Policy', from The Media : An Introduction, Edinburgh 2002, Pearson Education Limited, p.222

[496] http://www.aandb.org.uk/News/2009/Jul_Sep/09jul_31staandbawards.aspx

[497] http://www.aandb.org.uk/News/2009/nov/31stawards_international.aspx

[498] http://www.aandb.org.uk/Media%20library/Files/Media%202009/09jul_31awardsshortlist.pdf

time, and significantly it is classical music that is being offered for purchase rather than pop. A third brand, record company Universal, is providing the repertoire.[499] There are 12 titles in the initial batch retailing at an affordable price of £8. The synergy is evident between the companies, all three are in the life-style and entertainment business with retail price at the mid to low range. This makes it not only easily affordable but will engage those purchasers wishing to sample a CD without too much financial outlay. And interestingly, classical music is following a pop music initiative in a similar project between the Heart radio stations (also owned by Classic FM's owner Global Radio) and Universal Records.[500]

A further instance is found between the Royal Opera House and the Sun newspaper. In September 2008 readers of the Sun were able to apply for tickets for the opening night of Royal Opera House's season.[501] The 2009/10 season repeated the promotion with two nights, one to watch *Carmen.*[502] Scottish Opera has followed suit and in offering readers of The Sun newspaper £9.50 tickets for the opening night of its production of *La Bohéme*.[503] In this particular case, the accessibility of the genre through a tabloid newspaper to reach a non-traditional audience is made achievable the newspaper's readership.

An additional illustration is from the retailer HMV. In 2008, joined by Universal and Classic FM, the three organisations launched the series *Full Works*. This was a range of repertoire to build a library of the most well-known classical pieces.[504] The success over the first year has led to the series capturing a 10% average share of the classical market, selling over 250,000 albums.[505] The incentive for the buyer is trust. The trio are long-established and trusted brands, the campaign's product priced cheaply (at £5.99)

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[499] Cardew, B (2009) 'Not just any deal… Classic FM links up with retailer', *Music Week magazine*, 11th July 2009 p.8, Appendix 91
[500] Ibid.
[501] http://www.musolife.com/roh-offers-don-giovanni-tickets-to-sun-readers.html
[502] http://www.thesun.co.uk/sol/homepage/features/2686904/The-Sun-brings-classics-to-a-new-audience.html
[503] Nickalls, S. (2010), 'Scottish Opera looks to the *Sun* for new audiences', *Classical Music Magazine,* London, 30th January 2010, p.9, Appendix 92
[504] Sommerich, P. (2009), 'Canonic approach combats CD slump', *Classical Music Magazine*, London, Rhinegold Publishing, 11th April 2009, p.11, Appendix 93
[505] Ibid.

with performances by a range of acknowledged classical musicians. For the businesses involved, HMV provides a national outlet to sell re-branded back catalogue from the record company; Classic FM offers a major media partner which can provide national coverage over the airwaves as well through its affiliated magazine, *Classic FM Magazine.* Universal furnishes the repertoire.

In fact HMV is also expanding its traditional role as a retailer and thereby pushing its business interests further. In July 2009 the company produced and marketed a band in return for sharing sales revenues. The unsigned band, The Boxer Rebellion, was able to sell tickets for its live performances through HMV and the store will use its national High Street presence to market the recordings and gigs.[506] This is part of a broader strategy for the retailer to diversify its brand. Its acquisition of the Mama group in 2009 saw the company move further into the live music scene.[507] These are examples of the music industry taking advantage of opportunities in the market place and acting upon them.

6.9 Music tie-ins with mobile phone companies

One area of the business world which has participated in the music genre is the mobile phone industry. As mobile phone companies have produced more sophisticated phones, so they have been able to broaden their business reach. For example, the record company Warner Music signed a deal with the mobile phone operator Vodafone to promote the pop singer Madonna's album, 'Hard Candy.' Track previews and exclusive downloads from the new album were offered to subscribers if taken up by the consumer before the release date of 28th April. The promotion included seven tracks from the album to be released for download to Vodafone customers for a full week before the release date, at the rate of one a day.[508] Other music events which have major input from mobile phone operators include 02 [509]and Virgin Mobile sponsoring the V Festival (an annual pop music festival in August).[510]

[506] http://www.the-mag.me.uk/Music/News/Item/The-Boxer-Rebellion-And-HMV-20090721/
[507] http://www.retail-week.com/city/ma/hmv-to-buy-mama-in-46m-deal/5009147.article
[508] http://www.brandrepublic.com/News/793777/Warner-Vodafone-tie-Madonna-promotion/
[509] http://www.music-festivals.co.uk/wireless-festival-tickets-o2-wireless-festival-2008-news-1000123.html
[510] http://www.vfestival.com/

The extent of music and business promotions was further realised during the summer of 2008 through the most advanced use of music with mobile phone technology. Mobile phone company Nokia launched its 'Comes with music' handset. In essence the consumer '*buys a handset and that handset comes along with access to millions of tracks. The consumer can, during a one-year time period, download those tracks and, at the end of the year, those tracks are that consumer's to keep.'* Liz Schimel, Head of Global Music, Nokia, goes on to state that major record labels Sony BMG (now Entertainment) and Universal had already signed a deal to allow the mobile operator to access their catalogues for their new phones.[511]

The instances cited above illustrate that music in general is a significant player in the business world, and that it is primarily 'pop' and not classical music organisations which are benefiting from this development. Developments in this area of mobile phone technology allowing direct access to music are discussed later in the chapter and classical music does play a part.

<u>6.10 Number of businesses in the creative industries</u>

Year	Advertising	Architecture	Art & Antiques	Designer Fashion	Video, Film & Photography	Music and the Visual & Performing Arts
1997	10,400	3,400	1,500	1,400	4,800	32,600
1998	10,300	3,300	1,600	1,300	5,500	32,500
1999	10,000	3,400	1,700	1,300	6,000	32,200
2000	10,000	3,300	1,800	1,300	6.500	32,500
2001	10,100	3,100	1,800	1,300	6,800	32,600
2002	10,100	3,000	1,800	1,300	7,400	32,300
2003	10,100	3,500	1,800	1,300	7,900	31,500

[511] Fitzgerald, G. (2008), *Five Eight Magazine*, May 2008 edition, London 2008, Frukt Music Intelligence, p.12

2004	9,800	4,100	1,700	1,400	8,000	30,100
2005	9,900	4,700	1,700	1,400	8,600	29,000
2006	10,100	5,300	1,700	1,500	8,900	28,300
2007	10,600	5,700	1,600	1,500	9,300	27,700
2008	13,200	8,500	1,600	2,800	11,000	31,200
Year	Publishing	Software, Computer Games & Electronic Publishing			Radio & TV	Total
1997	7,000	49,500			2,300	112,900
1998	6,800	52,600			2,300	116,200
1999	6,800	55,700			2,700	119,800
2000	6,700	56,700			3,000	121,800
2001	6,700	56,100			3,400	121,900
2002	6,700	55,800			3,600	122,000
2003	6,700	53,700			4,000	120,500
2004	6,500	49,100			4,200	114,900
2005	6,700	51,200			4,400	117,500
2006	6,700	53,500			4,700	127,000
2007	7,000	56,800			5,000	125,300
2008	8,200	75,000			6,000	157,400

Figure 5

Figure 5 illustrates the number of businesses in the creative industries up to 2008 (most recent published figures).[512] It is interesting to see that the figure within Music and the Visual & Performing Arts has declined steadily until 2007 when it has a significant rise (although the report does comment that more businesses were registered due to a change in coverage of the figures from the Inter-Departmental Business Register).[513] Whilst this is optimistic for the potential future growth of music enterprises, the genre of music organisations is not sub-divided (so it is not possible to

[512] http://www.culture.gov.uk/reference_library/publications/5727.aspx
[513] Ibid.

see how classical music has fared). The National Guidance Research Forum (NGRF) published data which stated that music contributes £6 billion to the UK economy, just below 1% of the UK's total GDP.[514] While again music is not sub-divided into type, however this figure is a significant amount of money. It suggests that the music business is successful in financial terms and is one to be recognized economically. As an employer the sector incorporates 17,680 businesses employing 95,010 people.[515] The figure in 2006 was 120,700 businesses operating in the CCI, a healthy rise for the sector. [516]

6.11 Sources of funding

The organisation Arts & Business (A&B) operates within two business fields as its name implies, the arts and the wider business world. A&B's role is to facilitate business involvement with arts companies. It matches projects created by arts organisations around the UK. Page 193 cites recent figures from the organisation on private investment in culture. Looking back to its formal survey of 2006/07'[517] demonstrates how difficult is the environment within which the classical music business has had to operate in, especially during the current recession. In the Executive Summary, the report stated that '*the top three recipients of business investment combined, namely museums, visual arts organisations and theatres, account for close to 40% of the total business investment in the sector*.'[518] Similarly the music genre loses out when it comes to the proportion of funds from trusts and foundations; in this area, although the amount donated increased by 7% in 2007/2008 (to £141 million), that figure is 21% of the overall amount of private investment from trusts and foundations; and crucially 19% of that 21% is channelled into the museum sector.[519] It is useful to demonstrate the ability of a music organisation being matched to a business venture through the auspices of A&B. One example was a programme set up in 2008 between Mitchells & Butlers and the City of Birmingham Symphony Orchestra (CBSO). Over

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[514] http://www.guidance-research.org/future-trends/arts/arts/info/drivers/music
[515] Ibid.
[516]http://webarchive.nationalarchives.gov.uk/+/http://www.culture.gov.uk/NR/rdonlyres/4DE B8FB-A95F-49B6-9900-3BE475622851/0/CreativeIndustriesEconomicEstimates2007.pdf
[517] http://www.artsandbusiness.org.uk/Media%20library/Files/Research/The%20Survey.pdf
[518] Ibid.
[519] Ibid.

six years, the CBSO's partnership with Mitchells & Butlers has developed to supporting first an annual mainstream concert, and second providing funding for a community concert series as well as endowing a musician's chair in the orchestra. The success of this partnership is seen in the figure of over 3,500 people benefitting from these performances in 2008. The report goes on to state that the scheme is so successful that it is now oversubscribed with local venues and community groups wanting to host a concert.[520]

The Mitchells & Butler and CBSO partnership is one practicable example of the types of projects that help classical music organisations stay afloat, especially with a downturn in the UK economy that has been underway since 2007. Successive governments, and especially since the first Thatcher Conservative Government of 1989, have not matched what classical music organisations require to survive financially, so these companies have had to look for, attract and then keep income from individuals as well as public grants.

Individual giving in the UK reached £262.4 million with £113.7million from trusts and foundations. Once one adds in £153.4 million from large companies, the total becomes £530 million.[521] However A&B's figures for 2009 show a rise to £363.1 million and trusts and foundations donating £134.5 million. Business investment though is only up to £157.3 million from three years ago.[522] And as this chart indicates, all these figures are lower than the 2007 figure.[523] The end result is the cultural sectorhard to retain business investment and relying more on individual giving and grants

[520] http://www.artsandbusiness.org.uk/Case-studies/2009/oct_dec/m_mitchellsbutlers_cbso.aspx
[521] http://www.culture.gov.uk/images/publications/MusicBusinessSurvey.pdf
[522]
http://www.aandb.org.uk/Media%20library/Files/Research/pics0809/artsandbusiness_pics0809_headlinefigures_jan10.pdf
[523] Ibid.

6.12 Patronage

The classical music scene has to rely on major music festivals to reach large audiences. As the last chapter indicated, the BBC Proms sets a precedent in this area. The BBC has published statistics concerning the 2009 Promenade concerts (based at the Royal Albert Hall). Alluded to in Chapter 5, they are impressive. The reach of the concert series is impressive: 87% average attendance in the 2009 season, with 32% increase in under-16s attending. Important for future growth of the classical music business, 37,000 bought tickets for the first time (an increase of 11% on 2008).[524] The BBC Proms is one example of music patronage in the UK. It has a high profile and is supported by not only having all the performances broadcast on Radio 3, but also includes selected broadcasts transmitted on BBC television (on both BBC 2 and the digital channel, BBC 4). Chapter 5 illustrated the lower amount of classical music programming broadcast on television when compared to radio. However the BBC Proms counters this by being the most regular presence on television for classical music. All Proms concerts are broadcast live on BBC Radio 3, streamed live online via BBC iPlayer and available on-demand for seven days.

[524] http://www.bbc.co.uk/pressoffice/pressreleases/stories/2009/09_september/11/proms.shtml

BBC Two and BBC Four broadcast a selection of Proms, and five concerts feature a new innovation via red button: "Maestro Cam", offering an expert's insight into the art of conducting.[525] Other programmes related to the Proms were also broadcast such as BBC Two following drum 'n' bass player Goldie (the runner-up in BBC Two's Maestro series broadcast in 2008 and cited in Chapter 5 page 142). Televised highlights of the Proms In The Park events were also shown on BBC One, and BBC Two broadcast live the Last Night Of The Proms.[526]

The Proms broadcasts demonstrate the most consistent schedule available for classical music on UK television. No other festival has been able to offer a long and varied series of classical music concerts in the UK. The BBC is performing the role of patron in being able to finance the venture in the first place for broadcast.

Another specific classical music event that the BBC is also able to put on in its role as a patron is its annual Barbican January weekend (cited in Chapter 3, page 69). Also indicated in that chapter was that these cultural weekends that the BBC Symphony Orchestra spearheads offer a fascinating array of lectures, exhibitions, films, broadcasts and performances of the life and major works of a contemporary composer. Other BBC orchestras and choirs also perform as do students from the Barbican's neighbour, the Guildhall School of Music and Drama. As a paradigm, the Weekend composer portraits of 2009 are one, showcasing the music of Karl Stockhausen, Tristan Murall and Iannis Xenakis. The brochure makes clear the comprehensiveness of these events (see Appendix 94); nevertheless a project of this scale is expensive and this is only possible because the orchestra is funded through the BBC licence fee. The use of public money also enables the ticket prices to be affordable. For the weekend of events held in 2008 on the composer Unsuk Chin, the Barbican Hall tickets ranged from £8 to £24 (for the top price). Other associated events were as low as £3 or free.[527] The all-embracing BBCSO weekends and the Proms

[525] http://www.bbc.co.uk/pressoffice/pressreleases/stories/2009/04_april/08/proms.shtml
[526] Ibid.
[527] http://www.bbc.co.uk/orchestras/events/300

concerts are two illustrations of the BBC acting as a patron, a position that the organisation is able to fulfill because it has the money (from the licence fee) to be able to present major projects of artistic merit. The costs are prohibitive to the extent that they would not be financially viable in a purely commercial environment. History has demonstrated that the art of patronage has been evident throughout British cultural life, traditionally the preserve of the Church and Royalty and the nobility. More recently it has been the role of Trusts. It is beneficial to proffer brief examples of patronage to show how essential the BBC is in terms of supporting classical music.

There are many examples of patronage offered by Royalty. I cite two, both of which are specific to the UK; one is historical and the other contemporary. The first concerns the composer Handel. Handel was fortunate enough to have a number of patrons during his working life, the most influential being the Elector of Hanover who subsequently became King George I (of England).[528] He later received royal patronage from both Queen Caroline and Queen Anne.[529] Patronage offered freedom for the composer to experiment as well as receiving a guaranteed income, for a specific period. A second example of Royal patronage is the position of official Harpist to the Prince of Wales. Funded by Prince Charles, a young harpist from Wales is awarded the position for two years, with an option for a one year extension if the initial period has proved successful. The role is to perform at official royal functions and to be an ambassador for both the instrument and royal family in schools. [530] This affords the musicians the chance to expand their curriculum vitae with performances and gives them a crucial step up on their career ladder.

In a similar vein, Trusts are an additional category, which through the largesse of those with access to sufficient funds, can provide the financial means for the benefit of musicians. A case in point of which I have direct experience of is The Keyboard Charitable Trust. Launched in 1991 (and with a notable group of Trustees, including

[528] Sadie S (editor) (1980), Handel, The New Grove Dictionary of Music and Musicians, London 2008, MacMillan Publishing Limited, p.86
[529] Ibid., p.78
[530]http://www.princeofwales.gov.uk/mediacentre/pressreleases/claire_jones_to_become_new_official_harpist_to_hrh_the_princ_2118212610.html

Claudio Abbado, Alfred Brendel, Sir Clive Gillinson), the Keyboard Charitable Trust arranges concerts for talented young keyboard players in international locations By developing both new performing opportunities and new audiences, the Trust is ensuring that some of the most promising keyboard players of their generation are given a helping hand in their performing careers.[531]

The classical music business relies on many examples of these forms of patronage to survive, especially so for a niche area of the sector. Yet the figure is small. Only £134.5 million was donated by trusts and foundations in 2009 as indicated in page 202. Aside from the BBC, the other organisation which offers grants is Arts Council England (ACE). Under their category Grants for the arts, ACE gave out £67 million for 2008/09.[532] This source of funding is for all arts forms and classical music as only one part of this area would have to compete with other arts categories.

6.13 Range of public funds for classical music projects

It will be useful at this point to make a summary of grants that public bodies give to music organisations. This group includes ACE and A&B, and also DCMS and local authorities.

6.13.1 Department of Culture, Media and Sport

The role of the DCMS in providing financial assistance to arts organisations is significant, as is the breadth of its remit. The DCMS is responsible for arts, sport, the national lottery, museums and galleries, and broadcasting. The Government funds which the department allocates are channelled to relevant recipient organisations through the ACE. The responsibility of the DCMS is to manage the systems in which the money given by the Treasury is distributed. The distributors include the Arts Council regional offices, the heritage lottery fund, the community fund, the new opportunities fund and National Endowment for Science, Technology and the Arts (NESTA).

531 http://www.keyboardtrust.com
532 http://www.artscouncil.org.uk/media/uploads/downloads/annualreview2009.pdf, p.10

6.13.2 Arts Council England

Another of the most significant funding bodies in the UK for the arts is the Arts Council. ACE has 10 offices, one in London and the other nine around the UK: Cambridge, Nottingham, Newcastle, Manchester, Brighton, Exeter, Birmingham, Dewsbury and London). Between 2008 and 2011 £1.6 billion will be invested in projects through the Council's administration.[533] The Arts Council receives its income from the Government through Grant Aid, and also from the National Lottery. Between 2008 to 2011, the organisation will allocate £1.3 billion to regularly funded companies many of which are classical music orientated. These include Opera North, Sadler's Wells, Royal Liverpool Philharmonic Orchestra and the Southbank Centre.[534] An additional source is funding from Lottery income. This is used for the Grants for the arts programme referred to on page 205. Would-be recipients (who have to be fund individual artists or small arts organisations) apply via an application form which is then considered against published eligibility criteria. Classical musicians and groups who fulfill these criteria can access between £1000 and £200,000 for activities (up to a maximum of three years).[535]

6.13.3 Youth Music

It is interesting also to note that the Lottery also endows money for Capital projects such as building new or refurbishing old arts buildings as well as Youth Music and Awards for All. The former allocated £10 million in 2008/09 to schemes that allowed for participation of children and young people in music making activities.[536] It is worth a brief look at one beneficiary, the Society for the Promotion of New Music (now renamed Sound and Music). Sound and Music receives a guaranteed grant for three years, from £642,820 in 2008/09 rising to £1,294,125 in 2010/11.[537] This is a not inconsiderable sum to allocate to a specialist area of the music business.

533 http://www.artscouncil.org.uk/media/uploads/downloads/annualreview2009.pdf
534 Ibid., p. 10
535 Ibid., p. 145
536 Ibid., p.143
537 http://www.artscouncil.org.uk/rfo/sound-and-music/

6.13.4 Awards for All

The other area that the Arts Council channels money into is their Awards for All scheme. The main tenet of Awards for All is to help improve local communities and the lives of people most in need. It is aimed at voluntary and community groups, schools and health organisations, parish and town councils. The grant-giving body has four regions: England, Wales, Northern Ireland and Scotland. The amount of money each area gives out to recipients is similar: between £300 and £10,000 for applicants based in England, between £500 and £10,000 for the Northern Ireland and Scottish regions, and between £500 and £5000 for Wales.[538]

For the amateur musician this scheme can be very helpful. Examples are set out below, most of which are applicable to a classical music organisation or performer:

- equipment hire or purchase
- feasibility studies for building projects that will cost £25,000 or less
- information technology equipment
- land, building, refurbishment, landscaping or property projects (including playgrounds and temporary buildings) costing £25,000 or less
- materials for use in your project
- publicity materials for use in your project
- sessional workers
- training
- transport costs
- updating equipment for health and safety reasons
- venue hire
- volunteer expenses
- VAT that you cannot recover[539]

For completeness, it is worth mentioning that the Arts Council also has a role to provide arts for the 2012 London Olympics. Entitled the Cultural Olympiad, the organisation has set aside £112.5 million to help fund this initiative.[540] Some of this

[538] http://www.awardsforall.org.uk/index.html
[539] http://www.awardsforall.org.uk/england/whatwefund.html
[540] http://www.artscouncil.org.uk/publication_archive/annual-review-2009/

money will potentially be allocated to classical music organisations and projects, but these will be events specifically planned for the Olympics and therefore are not especially relevant to this discussion.

6.14 Regional Arts Council funding

There is also merit in looking in some detail at what the other Arts Council offices offer for the classical musicians and businesses in the other parts of the UK. These are the Scottish Arts Council, Arts Council of Northern Ireland and Arts Council of Wales. The breadth of the services in all these Arts councils is wide; therefore an examination of one will be sufficient to give a general overview.

The Welsh Assembly provides the Arts Council of Wales (ACW) with money to fund the arts in Wales. The organisation is also responsible for distributing Lottery money for the arts in Wales, allocated by DCMS.[541] The available grants can be divided into those for individuals and those for organisations. For the latter there are grants for the following: Small grants from minimum of £250 up to £5,000 for supporting organisations planning and running small-scale projects, pilot projects or projects that have significant levels of funding from other sources. Mainline grants of between £5,001 and £30,000 are available for organisations that have an established track record in arts development and project management. For large-scale touring projects and for venues that have an identified role in more than one ACW strategy, applications can be considered up to a total value of £100,000.

There are also two Training grants: Providing Training provisions worth between £1,000 and £30,000, and those wishing to undertake training worth between £250 and £5,000. These grants aim to support provision of artistic, creative, technical, business, marketing and managerial training in the arts in Wales. The organisation also aims to support organisations wishing to undertake or purchase training within Wales, the rest of the UK or abroad. There is additionally an award category entitled the Beacon Company Awards, which has a maximum value of up to £140,000. This fund

[541] http://www.artswales.org.uk

facilitates companies and organisations that consistently create work of high quality and achieve levels of excellence to develop. The funding is allocated for innovative and developmental purposes, supporting proposals that strengthen the organisation nationally or internationally and consolidate their reputation as a leader in their field. Examples can include the commissioning of new work, international touring, research and fact-finding, reaching new audiences, enabling risk taking in programming, and providing opportunity for emerging artists.

Grants for Individuals are equally substantial:
First Project Grants of between £250 and £5,000 allows individuals to explore project ideas or to build their creative, artistic and professional capability over time. If your project includes an element of production, you must have a partner organisation which will present your work in Wales. Applicants will need to demonstrate their ability to manage public funds effectively.

Second, Production Grants of between £5,001 and £20,000 which supports artists in the creation of new artistic product in collaboration with a new partner organisation which will present their work in Wales. One proviso is that the work must be innovative and artistically challenging.

In addition there are also two Creative Wales Awards: one worth between £5,001 and £12,000 and the other ranging from £20,000 to £25,000. These funds enable artists to develop their creative practice. This might include the creation of a new, experimental and innovative work that takes forward the art form and artistic practice. It allows artists to take time away from their usual commitments in order to concentrate on developing their work. Artists should demonstrate a consistent level of achievement and contribution within their area of professional practice in Wales.

Training is also included in this sector. This type of grant worth between £250 and £2000 aims to support individuals wishing to undertake or purchase training within Wales, the UK or abroad. It also aims to support the provision of all artistic, creative, technical, business and marketing training in the arts in Wales. You may only have one of these grants in a year.

Finally there is money available for Interest-free Loans. Loans of up to £2,000, interest-free (typical APR 0%) and repayable over three years, are available to professional artists from any art form discipline who have been in practice for at least two years. Applicants must be permanently resident in Wales and applications may be submitted at any time. Arts Council of Wales also has access to other funding which classical music performers and managers can apply for.

A successful organisation or classical musician in Wales that is potentially able to receive a fee to carry out the project, training costs, touring, marketing and translation costs and up to £2000 towards capital items (as well as musical instruments if applying for training) are available. The opportunity is clearly there to be taken for the artist.

My overview of ACE and a focus on one of the Arts Council's regional bodies and AWC illustrate the variety of opportunities there are for classical music organisations. The range of bodies also suggests that arts bodies do not have sufficient funds to survive on their own and require help from outside institutions.

6.15 Other available resources

6.15.1 Local Authorities funding

A further financial resource for the classical music sector is found in schemes funded by local authorities. As with the Arts Council regional bodies, the awards on offer differ from area to area. To give an idea, I have focused on the Kent based local authority, Tonbridge and Malling Borough Council.

Applause Rural Touring works with communities in Kent and East Sussex to provide professional performers and arts events that can be staged in local venues.[542] The West

[542] http://www.tmbc.gov.uk/cgi-bin/buildpage.pl?mysql=620

Kent Partnership works with other local authorities in the region (Maidstone Borough Council, and Sevenoaks District Council to name two) in order to facilitate the promotion of arts activity in line with local strategies across West Kent.[543] This is, though, the extent of arts funding in this particular area. Grants to performing musicians or venues outside those nominated in the Applause scheme are not considered.

6.15.2 The British Council

The British Council is an effective contributor to music initiatives. The organisation has offices in Ireland, Scotland, Wales and England. Globally there are 208 offices in 109 countries.[544] Within those offices, the Council does have a role for classical music projects in the UK in that its remit is specifically to promote British culture outside the UK. Their areas of operation cover most art forms (music, drama, dance, visual arts, design, architecture, fashion, film, literature, new media, museums management and the creative economy). The idea is to link artists and cultural institutions from around the world, in order to build cultural relationships with the UK.[545]

The British Council works with organisations, both internationally and in the UK, to make arts projects and events happen. Its support can range from managing a whole event, to brokering funding agreements with overseas partners, or contributing towards the costs of a drama or dance performance overseas. The particular work or proposed projects must match the British Council's strategic priorities and must fit in with its plans for the country or region concerned.[546] An example is a work by Sir John Tavener for orchestra and chorus, based on the 99 names for God according to Islamic tradition, which was performed for audiences in the UK and Turkey.[547] Grants on offer for artists range from £100 to £2000.[548] The organisation works closely with the Arts Councils, and the Department of Culture, Media and Sport (as stated above these

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[543] http://www.tmbc.gov.uk/cgi-bin/buildpage.pl?mysql=517
[544] http://www.britishcouncil.org/business-why-work-with-us.htm
[545] http://www.britishcouncil.org/arts-about-us-what.htm
[546] http://www.britishcouncil.org/arts-performing-arts-funding.htm
[547] Ibid.
[548] http://www.britishcouncil.org/arts-grants-to-artists.htm

two institutions are highly important for those operating in the Classical music business) along with the UK Film Council and UK Trade & Investment.

6.15.3 The Royal Philharmonic Society

Other avenues for classical music organisations to seek out grants include the Royal Philharmonic Society (RPS). This Society sources its funds from bequests, grants from other organisations (such as the PRS Foundation) and subscriptions. There is no Government money given to the RPS. The Society is one of the two oldest music societies in the world with the aim '*to promote the performance, in the most perfect manner possible of the best and most approved instrumental music*', which it did principally by giving regular public orchestral concerts in London.[549] When the Society was formed, there were no permanent orchestras in London, nor any organised series of chamber music concerts.[550] The RPS is an important resource in particular for performers, composers and young musicians. As an administrator it allocates money from organisations such as The Eric Thompson Trust for Organists, the Emily Anderson Prize (a bequest from a former editor and translator of letters of Mozart and Beethoven) gives £2500 to a violinist up to the age of 21; the Susan Chilcott Scholarship (established in memory of the opera singer) which funds singers over the age of 21 to study at a recognized conservatoire or teacher, the Sir John Barbirolli Memorial Foundation (set up in memory of the conductor) and offers financial assistance for music students to purchase better instruments; and finally the Julius Isserlis Scholarship which gives out a £30,000 scholarship to an instrumentalist aged between 15 and 25 to study abroad for two years.[551]

A highly significant initiative was launched in 2000 between the RPS and the BBC. The partnership involved the BBC commissioning a body of new works to be performed by outstanding young musicians. Every year a group of composers is commissioned to write pieces for artists participating in the BBC Radio 3 New Generation series. Each of the new works is premiered at a public performance,

[549] http://www.royalphilharmonicsociety.org.uk/?page=about/
[550] Ibid.
[551] http://www.royalphilharmonicsociety.org.uk/?page=composers/encore/index.html

broadcast, and subsequently recorded in the studio. There is also a Composer Residency scheme and a programme called 'Encore' in which a selection of works is given a grant by the PRS Foundation to be performed around the UK after their premiere.[552]

The details of the funding opportunities that the RPS allocated are worth listing because it is one of the most important organisations in the classical music business which can offer financial assistance. Further opportunities can also be seen in Sound and Music and the PRS Foundation. Formerly the British Music Information Centre, Sound and Music proffered schemes such as New Music Plus and New Voices. The former (in conjunction with the PRS Foundation) saw a pilot project providing an opportunity for 8 talented new music producers to create work with 8 prominent venues and cultural organisations in London; the latter provided a sustainable model of support for leading young composers otherwise unrepresented by publishers or record companies. This initiative is aimed at giving emerging talent a higher profile in the music profession as well as the general public.[553]

6.15.4 PRS Foundation

The UK's only independent funder of new music across all genres, the Foundation supports a huge range of new music activity. This has a broader remit than just than classical music, but for composers, there is the Bliss Trust and the PRSF Composer Bursaries which are aimed at composers seeking funds to assist their professional development. The PRS funds festivals already established to a limit of £3000 (for first time applicants, with more for established festivals) focusing on new music and as wide an audience as possible. Other funds include Live Connections (for one-off live performances of electronic music) and New Works (which supports new repertoire for from non-profit organisations). Money is available for Performance Groups which play a wide range of music by British artists and Organisations also receive help, the latter as much as £3000 (for first time buyers and again more if already established).[554]

[552] http://www.royalphilharmonicsociety.org.uk/?page=composers/encore/index.html
[553] http://www.soundandmusic.org/learning/development/newmusicplus
[554] http://www.prsfoundation.co.uk/funding/

These societies and groups of music organisations are crucial to the classical music sector. Their benefit is essential to the sector because of the limited amount of funds available for the field as a whole. They target specific areas (contemporary and new works, electronic music and young artists) which reinforces their relevance for classical music.

6.16 Trusts and Foundations

Finally there are Trusts and Foundations which are crucial for funding the classical music sector. One of the most prominent is the Esmée Fairbairn Foundation which provides grants to Arts and heritage projects. In the Foundation's list of funded projects for 2009, Aldeburgh Music, Cambridge Music Festival, the Orchestra of the Age of Enlightenment are three out of a whole raft of community projects.[555] Similarly the Paul Hamlyn Foundation has an Open Grants Scheme which supports the development and implementation of new ideas to increase the experience of the arts by people of all ages. [556]Another relevant organisation is the Clore Duffield Foundation. Of most use to classical musicians is the Clore Performing Arts Awards which fund performing arts education initiatives aimed at children and young people (up to 18 years of age) across the UK. The Awards are worth a total of £1 million to the sector over a five-year period from 2005 to 2009. Their main Grants Programme matches lottery funding for capital redevelopments and also learning space initiatives, all feasible to a classical music organisation.

The conclusions one can draw from this data is that the higher the reliance on private funds to deliver its remit, the more vulnerable an organisation is to economic change. That being the case, the added value work (educational, outreach or access programmes) is most at risk, as the reduced income would force these organisations to cut back in these areas in order to continue with their principal activity. This would therefore appear to leave the BBC, Government subsidy through the Arts Council and Local Authorities as areas more reliable for funding (subject to the Treasury allocating

[555] http://www.esmeefairbairn.org.uk/grants2009/main.html
[556] http://www.phf.org.uk/landing.asp?id=2

sufficient funds to ACE and deciding how much the BBC is allowed to charge users for its the licence fee). For local authorities, their revenue is determined by a grant allocated by the Government, and also sourced from residents in their geographical area. But the reality is that no organisation has guaranteed funding and areas of entertainment are often the first sector of the economy to suffer reduced income in uncertain financial times. With the Coalition Government announcing cuts of £19 million to ACE,[557] classical music industry needs as wide a range of avenues to access funds as is feasible. I have attempted to give an overview of the possibilities above.

My research from A&B illustrated in Figure 4 on page 193 stated that private investment in music had risen by 3% and although opera was down by 12%, overall attendance for all art forms had increased by 12%. These results show a small sign of encouragement. For the classical music businesses the data above indicates a continuation of the current visibility and access to funds for the classical music sector. As the Arts & Business document 'State of the marketplace' states: '*Over the past thirty years business investment in the cultural sector has increased dramatically in size and impact...during this period, the traditional market place of arts sponsorship has evolved beyond recognition. With sophisticated standards, fierce competition and high expectations, the task of generating sponsorship has become a professional vocation.*'[558] This is particularly relevant for the classical music sector as the data included in this chapter has demonstrated. It has underlined the fact that because classical music is an expensive business model, those operating within the differing segments have had to adapt their business models accordingly. The core commodity is the selling of music, whether the organisation in question is a solo performer, orchestra, recording company, publisher, composer or performing venue.

6.17 Recording Industry

The changes in trade especially using the internet as a business tool were catalogued in detail in Chapter 4. However, relevant to this chapter are examples of record companies placing their catalogues online for downloading, and how that business

[557] http://www.ft.com/cms/s/0/597173f0-7af7-11df-8935-00144feabdc0.html
[558] http://artsandbusiness.org.uk/Media%20library/Files/Research/The%20Marketplace.pdf

model has become music business practice. Worthy of mention in particular are two, Naxos and EMI. They are relevant here because it shows how one area of the music business moved with the changes in its working environment. As cited in Chapter 4 (page 105), the budget label Naxos launched in 2004 the Naxos Music Library whereby subscribers could listen to a range of classical music. The music was not available for downloading and could only be used by educational institutions and professional musicians. Notwithstanding that, the Naxos Music Library now has over 40, 000 CDs with 7000 composers represented. These recordings cover discs from other recording companies (as well as the Naxos catalogue) that use Naxos as a distributor for their CDs such as Marco Polo and Dacapo).[559]

Another relevant business model to look at briefly is one from record company EMI and its subsidiary Virgin Classics. In September 2007 EMI and Virgin Classics formed an online Music Club; the aim of the Music Club is to encourage members to buy online. Purchasers are encouraged by being offered free tracks and loyalty points, as many supermarkets or retailers such as Boots the Chemist or Cafe Nero coffee chain have done for some time.[560] Pushing the boundaries further, Universal Music France launched a credit card in October 2009 in conjunction with the French bank Société Générale. Although the card is currently aimed at promoting the Rolling Stones catalogue on Universal (all remastered), there must remain the possibility in the future for classical material to be included. It is a business model worth pursuing.[561]

6.18 Additional business initiatives

Companies are therefore widening their points of access for their product. Looking at the specific time period of this research, since 1989, the most evident development of traditional business models within the classical music business has been pop-style marketing campaigns and since 2006 the adapting of internet trade models to the classical sector. Furthermore, venues are encouraging a sense of ownership of their

[559] http://www.naxosmusiclibrary.com/quick_tour.asp
[560] http://www.emigroup.com/Press/2007/press76.htm
[561] http://4.bp.blogspot.com/_2AZJuo5NAHA/SvATNmITFmI/AAAAAAAAGgE/pZGY--aZt6U/s1600-h/rolling+stones+société+générale.JPG

premises, not dis-similar to the loyalty card scheme. The Royal Festival Hall, for example, received support from 1,500 contributing to the capital campaign for its restoration in 2007. Supporters paid a minimum of £300 to have a seat named after them in the newly refurbished auditorium.[562] Whilst this type of campaign may not be receiving funds from those only interested in the classical music genre, the venture is a prototype for the future. Providing supporters with a sense of ownership of a venue will encourage those consumers to purchase tickets for events at that venue.

Conducting business online is further enhanced by the use of twitter. Reuters comment that '*active Twitter users buy 77 percent more digital downloads on average than non-users...based on their music-purchasing history, active Twitter users are simply worth more to record labels and music retailers than those who are not using Twitter."*[563] The quote from NPD entertainment analyst Russ Crupnick, is encouraging for the music trade. It encourages music purchasing as Crupnick goes on to state: '*Used properly Twitter has the power to entertain – and to motivate music fans to purchase more new albums, downloads, merchandise, and concert tickets.'*[564]

The use of mobile phones as a tool for selling music was formally put into motion in September 2006 when PRS for Music finalised a royalty agreement between Apple and mobile phone companies (including 02, T-Mobile and Vodaphone). Artists whose music was available for download would now receive a royalty on every track downloaded on to a purchaser's mobile phone. [565]

6.18.1 360 degree model

A clear example of a business model adapting to a different system of business is with firms offering an holistic approach to their artists. This is defined as the artist being signed to one company which becomes the overall umbrella for all areas of the artist's work; this includes fixing concerts, recording the artist, licensing the music and

[562] http://www.southbankcentre.co.uk/nameaseat
[563] http://ca.reuters.com/article/technologyNews/idCATRE55N0M020090624
[564] Ibid.
[565] http://www.dmwmedia.com/news/2006/09/29/british-music-industry-digital-music-retailers-set-royalty-rates

arranging distribution. This differs from the past which involved managers setting up separate deals on behalf of their artists for performances, recordings and publishing. Spearheaded by the pop business, the most high profile is Madonna who has signed to the business Live Nation. It is what the Observer defined as '*a one-stop shop encompassing recordings, gigs, merchandise, websites and other rights.*'[566] What this shift in artist control indicated is that Live Nation managed to lure artists (one of the most high profile and successful name in the music business, Madonna, had recorded with Warner Record Company for 25 years) to join them and follow their business model. What Live Nation's website clearly shows is the breadth of its business.[567] The new arrangement consisted of booking live music concerts, controlling performance venues (including major pop halls Brixton Academy and Wembley Arena), marketing merchandise of its artists, and making records and videos. For the classical music market, 2008 was auspicious because in May of that year Universal Classics formed Universal Music Classical Management & Productions. The role of this company is to offer an all-round management service for musicians including concerts, recordings and merchandise.[568]

Similarly, Sony Music has diversified its business model by taking a 49% stake in the DEAG, a German based entertainment company which has a range of artists across all genres.[569] The company's classical division took a 75.1% stake in classical music entrepreneur Raymond Gubbay's organisation, the UK promoter of big classical and dance spectaculars. This joint venture takes the record company into a broader area, diversifying its core business model. In effect this means that one company will not only record a particular artist, but arrange concerts and tours, and handle the merchandise which it can sell at the concerts (clothing for example as well as the recordings themselves).[570]

566 Smith D. (2008), 'Meet the upstart new company that is prs.co.uk changing the face of music', *Observer newspaper*, 13th July 2008, p.28
567 http://www.livenation.com
568 http://www.umcmp.com/
569 http://www.deag.de/
570 Sommerich, P. (2009), 'Sony looks beyond CDs with major stake in DEAG', *Classical Music Magazine*, London, Rhinegold Publishing Limited, 18th July 2009, p 9

These examples of diversification appear to be bringing financial results. The BPI reported that revenue from sources other than unit sales of music increased by 7% in 2008, and accounted for £195 million or 18% of the record companies' domestic income (most recent figures).[571] This model includes licensing recordings to third parties and multiple rights income from touring and merchandising. In the classical music field, artists of the calibre of Tasmin Little and Barbara Hendricks are managing their websites and recordings (rather than be part of a record company roster). Chapter 4 demonstrated the work of these two artists (see Chapter 4, page 98).

6.19 Rights income

Revenue streams from rights holders have also seen further changes to their way of operating in the music business. One is PRS for Music's reduction in the way it allocates broadcast revenue to BBC radio stations. PRS for Music announced in October 2008 that the rate per minute for music played on Radio 3 would be lowered, over a three year period, by 47% (from £17.61 to £9.28), a sizeable reduction.[572] The reasoning was to spread the income obtainable to all PRS members and the organisation has seen this system as one way of doing that. Never the less this has had a negative effect on the classical music sector

The area in the music industry of paying rights to those who make their living for the music business is worth consideration because since 2006 there has been discussion at Government levels and at European Union levels about a change to systems of operation. Based on the 1988 Copyright, Designs and Patents Act, anyone who plays copyright music in public needs permission from the copyright holder. Many opt for a PRS for Music Licence. The organisation represents composers and song writers, distributing royalties on their behalf. The areas that are covered (when it comes to music being performed in the public domain) is varied, and include office, reception area, on factory floor, security stations, telephone systems and gyms.[573] Its function is

[571] http://www.bpi.co.uk/press-area/news-amp3b-press-release/article/innovation-boosts-record-label-income-as-licensing-and-rights-deals-generate-c2a3195m-in-2008-7c-bpi-press-release.aspx

[572] Abrahams, D. (2008), 'PRS decision to slash remuneration for classical composers', *ISM Music Journal*, London, 1st October 2008, ISM Publications, p.2

[573] http://www.prsformusic.com/aboutus/pages/default.aspx

to save businesses time in negotiating with millions of music owners around the world every time they want to play a piece of music.

6.19.1 BMG Rights management

Bertelsmann has followed a similar route in expanding in what it offers its members. The company launched in October 2008 BMG Rights Management business which provided its song-writers and performers with marketing, licensing, collection and accounting. Large companies that have a portfolio of artists and skills within that staffing structure are able to draw on relevant and experienced personnel to facilitate the broader client service.[574] Joining forces with asset management company KKR announced three months earlier helped provide the new venture with expertise.[575]

6.19.2 Changes in UK copyright

The other licence required in this area of the music industry is a Public Performance Licence (PPL). This satisfies the legal requirements for playing, or broadcasting recorded music and music videos in public.[576] Copyright in the UK is currently set at the life-time for composers and song-writers plus another 70 years after their death. For a performer, copyright expires 50 years after a recording is issued. In 2008 the European Union proposed a change to all member states including the UK. This was to extend copyright for performers from 50 to 95 years.[577] As the EU report states: '*if the present term of 50 years is kept, some 7.000 performers, in the UK alone, will lose all of their airplay royalties over the next ten years. We are not talking about featured artists like Sir Cliff Richard or the Beatles here. This is about the thousands of anonymous session musicians* [these are musicians hired for one recording only who receive a single payment when the recording is made] *who contributed to sound recordings in the late fifties and sixties. They will no longer get airplay royalties from their recordings, even though these royalties often contribute to their pension. They will lose protection just when online retailing promises*

[574] http://www.bmgrights.com/Services/Default.aspx
[575] http://www.dmwmedia.com/tags/bmg-rights-management
[576] http://www.ppluk.com
[577] http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/08/508&format=HTML&aged=0&language=EN&guiLanguage=en

a new source of revenue.'[578] This indicates that this area is a revenue stream for classical musicians. If the proposed changes become law, this will be advantageous to all musicians.

6.20 Apple as a driving force for music

The changes in rights management, both at UK Government and EU levels, show an area of the business witnessing significant influence in its traditional *modus operandi.* In a similar vein there are changes occurring in the mobile phone sector. 2008 was a significant point when phone companies employed their best endeavours to break into the market that the Apple company's iTunes had cornered as the figures below indicate. The chief product which has combined a phone with the ability to both download and listen to music is the iPhone. In the last quarter of 2009 alone, Apple sold 8.7 million iPhones[579] and 10.2 million iPods.[580] These two are the key drivers for the music business as a whole and developments in this field. Other mobile phone manufacturers were then put in the position of having to match the functions available on the iPhone in order to be seen to be competing on a level playing field. Functions were added such as a touch screen, a capacity of 16 GB, a Qwerty keyboard and perhaps most important in the music market, access to the music store iTunes.

6.20.1 Nokia

In October 2008, the rival company Nokia released their new model which was aimed at enticing consumers to use their model of phone for music. With 350 million XpressMusic handsets worldwide offering unlimited music downloads for a fixed period with all four major record labels signed up as well as independent companies (Beggars Group, Ministry of Sound, PIAS and Pinnacle), the new model posed a serious challenge to Apple.[581] Furthermore the music can be kept on one personal computer and the phone itself, a great attraction. Available on both the N95 8GB and

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[578] Ibid.

[579] http://www.appleinsider.com/articles/10/02/02/despite_sales_growth_apples_iphone_loses_market_share_report.htmland 10.2 million ipods.

[580] http://www.apple.com/pr/library/2009/10/19results.html

[581] http://www.blog.wired.com/gadgets/2008/10/now-that-the-la/

the 5310 XpressMusic handsets (retailing at £129.95), the models released during 2009 included a 16 GB memory and a touch-screen (similar to the iPhone).[582]

6.20.2 Sony Ericsson

Another competitor is Sony Ericsson who launched their PlayNow Plus phone which offered unlimited access to catalogues of EMI, Warner, Sony Music Entertainment & Universal and some Independent companies. There is a monthly £10 subscription for up to 18 months contract. Features included 1,000 pre-loaded songs and the ability to keep 300 of the purchaser's most played songs in a format free of Digital Rights Management (DRM-free) at the end of the first year's subscription.[583]

6.20.3 T Mobile G1

Yet a third competitor is the Google Company's Smart phone called the T Mobile G1. As with the Apple iPhone, this mobile handset has a touch-screen and a Qwerty keyboard, and as it is powered by Google, there is One-touch access to all Google services: including Gmail & YouTube. US consumers were the first to be able to download up to 6 million tracks and this facility was extended to the UK during 2009.[584]

6.21 Market penetration

This detail on the progression in sophistication in music technology via the mobile phone market is an additional pointer to the accessibility of music as a whole to the consumer. In particular, businesses are reacting to retailing over the web and developing a business model to their advantage. A broader reach of music is positive for all music genres because it encourages a new area of sales revenue. The BPI has published the share of the mobile phone market concerned with download sales throughout 2008. The bar chart shows average penetration of the market of between

[582] Ibid.
[583] Green, C. and Crutchley, R. (2009), 'The Digital Environment', *BPI Statistical Handbook*, London 2009, p.13
[584] http://www.ft.com/cms/s/0/2a33392c-a162-11dd-82fd-000077b07658.html

8% (lowest) to a high of 11.2% in November.[585] Digitally, the classical market is growing. The BPI 2009 handbook records a 57% growth in 2008 for the sector comparing favourably with a 65% increase for the whole market.[586] Further business methods of using the internet including new processes of accessing music through companies are analysed in Chapter 4 (see page 119).

6.22 Government employment initiative

The previous Labour Government also furthered access and visibility of classical music in other ways. In February 2008, The Secretary of State for the DCMS published a strategy for the creative industries. Called *Creative Britain: New Talents for the New Economy*, this document offered 26 commitments to expand job growth both in the UK and internationally. One strategy included the establishing of 5,000 apprenticeships across the creative industries by 2013; some of the organisations are major classical music organisations, including BBC, Universal Music Group (and therefore including its three classical labels: Decca, Deutsche Grammophon and Philips), the Royal Opera House, The Royal Liverpool Philharmonic Orchestra and the Sage Centre, Gateshead.[587] The Creative and Skills Council specifies Creative Apprenticeships in all areas of the music business: Live Events and Promotion, Music Business (recording industry), Technical Theatre (rigging, lighting and sound), as well as Costume and Wardrobe, Cultural and Heritage Venue Operations and Community Arts Management.[588] These are useful tools to encourage growth in all cultural sectors and classical music will benefit as seen by some of the major institutions outlined above.

5.23 Conclusion

The financial and statistical data discussed in this chapter have illustrated that although there is financial support from a whole series of areas (such as Government, private giving, trusts and foundations), the reliance on both adapting business models and on philanthropy will become increasingly important factors for the future of

[585] Green, C. and Crutchley, R. (2009), 'The Digital Environment', *BPI Statistical Handbook*, London 2009, p.13
[586] Ibid., p.41
[587] http://www.culture.gov.uk/images/publications/CreativeBritain-introduction.pdf
[588] http://www.ccskills.org.uk/LinkClick.aspx?fileticket=7MS2SeXnxMM%3d&tabid=81, p.14

classical music organisations. Margaret Hodge, former Minister of State for Culture and Sport, stated in a speech in 2008 that charitable giving is under 0.75% of GDP in UK (low when compared to the USA for example which has nearly 1.7% of GDP).[589] With 46% of those working in the music business classified as self-employed, their reliance on grants, donations and private giving is that more urgent.[590]

As indicated above, and examined in Chapter 4, there has been a significant impact on trade in the classical music industry through developments in internet technology. Its focus is product delivery from the traditional format of a CD to digital downloading and the effect of new channels of distribution which have had a bearing on rights issues. In the National Audit Office's Creative and Cultural Skills report, published in December 2009, its authors comment on identifying strengths in the following areas: strategic planning; Labour Market Intelligence; partnership working and the development of sector specific solutions.[591] The classical music sector has engaged itself in all these areas as this chapter has demonstrated, from looking at the business strategically and growing its business brand, to broadening its marketing strategies (seen in Chapter 3), and from working with other organisations (examples cited above) it has kept its market share steady, particularly crucial since 2007 because of the UK recession.

In 2004 a coalition of arts organisations collaborated on enquiring how the cultural sector can be made more sustainable. The businesses evolved to show the significance the Arts world was as an important part of the business community in the UK. The coalition incorporated Arts Council England, Esmée Fairburn, AEA Consulting, English National Opera (ENO), the Barbican Centre and the Clore Leadership Programme, all organisations which also contributes to the Classical music business either through donating funds (such as ACE, The Clore Leadership programme and the Esmée Fairburn Trust) or through putting on Classical music events (Barbican

589 http://www.culture.gov.uk/reference_library/minister_speeches/2000.aspx
590 http://www.creative-choices.co.uk/knowledge/creative-blueprint/ (music sector)
591 http://www.ukces.org.uk//upload/pdf/009038-005%20Creative%20and%20cultural%20Skills%20Final.pdf, p.5

Centre and ENO). As this chapter has shown, the creative industries in the UK are a growth area.

Further evidence of the creative and cultural industries being the UK's fastest growing sector is found in a report on www.guidance-research.org. This document states that employment is projected to rise by 15% in the creative and cultural sector between 2004-2014.[592] Within the Creative & Cultural Skills footprint, a total of 542,470 people work across 62,145 businesses in advertising, cultural heritage, design, music and the arts. An estimated 200,000 jobs are predicted by 2014.[593] I am aware that projections for those working in the classical music sector are not specified.

These figures are supported by a report published in February 2009 by NESTA predicts that '*by 2013, there may be as many as 180,000 creative businesses in the sector, compared to the current number of 148,000. In the same year, the sector is expected to contribute as much as £85 billion to UK value added, up from £57 billion.*'[594] The report also states that digital technologies will be the engine for the development of new business models: '*this is illustrated by the digital distribution model which has been exemplified by the success of 'iTunes'*.'[595] This area in particular has already been identified in my research.

The Association of British Orchestras (ABO) also gives further hope for optimism for the classical music sector; its survey published in February 2009 found that two thirds of the public regarded orchestras as an important part of British cultural life with 53% commenting that it was important for the arts to be supported in a recession.[596] Additionally the former Secretary of State for DCMS, Andy Burnham, encapsulated the overall importance of the creative industries when he stated in October 2008: '*In the UK, creative industries make a major contribution to the economy, employing over two million people and contributing £60 billion a year. And while the last decade has seen the UK's*

[592]http:// www.guidance-research.org/future-trends/arts/info
[593] Ibid.
[594] http://www.nesta.org.uk/assets/features/uk_creative_industry_to_drive_significant_growth_i
[595] http://www.nesta.org.uk/uk-creative-industry-to-drive-significant-growth-in-uk-economy
[596] http:.//www.abo.org.uk/News/ABO-Polling-Results

creative industries grow at twice the rate of the wider economy, there are real pressures both from international competitors and wider economic conditions'[597]

In Section 1.3 of the National Audits Office's Creative and Cultural skills report, it states that the sector employs about 680,000 people across 74,640 employers (excluding self employed businesses). The Gross Value Added per employee is £36,570. Whilst Design is the largest industry within the footprint employing 28% of the employees within the sector, the performing arts follow (at 18%) and music (at 17%). Within the sector, approximately 41% of the workforce is self employed and 87% of businesses employ less than ten staff.[598] If music is providing nearly 5th of employment in the sector, attendance at live events up by 14% and private investment in the classical sector showing a small increase from 2008 (of 3%, see page 192), then this suggests a picture of some stability and small growth in the music field. The classical music genre is diversifying in order to continue to operate in a recession. The Brussels-based consultancy KEA published in July 2009 its conclusions to an investigation into the influence of culture on creativity.[599] Its summary includes the following: *'Culture-based creativity is an essential feature of a post-industrial economy. A firm needs more than an efficient manufacturing process, cost-control and a good technological base to remain competitive. It also requires a strong brand, motivated staff and a management that respects creativity and understands its process. It also needs the development of products and services that meet citizens' expectations or that create these expectations...cultural production (such as music, publishing and movies) makes new technology more relevant to consumers, enables the development of new markets and contributes to digital literacy.'*[600] This is a relevant quote to summarise what the classical music business is currently engaged in doing.

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[597] http://www.culture.gov.uk/reference_library/media_releases
[598] http://www.ukces.org.uk//upload/pdf/009038-005%20Creative%20and%20cultural%20Skills%20Final.pdf p.11
[599] http://www.keanet.eu/execsum_creativity_english%20.pdf
[600] Ibid. p.4