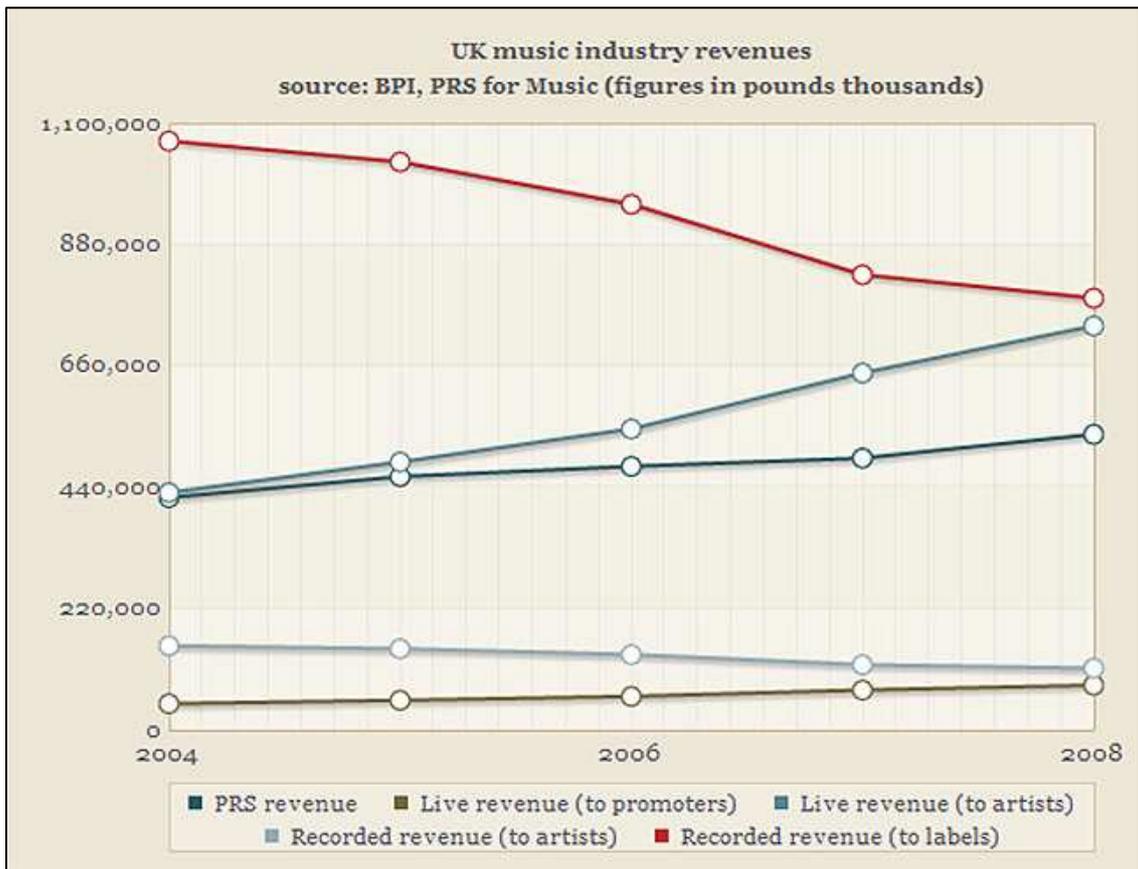


## Do music artists fare better in a world with illegal file-sharing?

This is the graph the record industry doesn't want you to see.



It shows the fate of the three main pillars of music industry revenue - recorded music, live music, and PRS revenues (royalties collected on behalf of artists when their music is played in public) over the last 5 years.

We've broken each category into two sub-categories so that, for any chunk of revenue - recorded music sales, for instance - you can see the percentage that goes to the artist, and the percentage that goes elsewhere. (In the case of recorded music, the lion's share of revenue goes to the record label; in the case of live, the promoter takes a cut etc.)

Hopefully, this analysis - and there's more on the nuts and bolts of our method below - sheds some factual light on the claims and counter-claims that are paranoically sweeping across the music industry establishment, not least that [put forward by the singer Lily Allen](#) in this paper recently - [and the BPI](#) - that artists are losing out as a result of the fall in sales of recorded of music.

The most immediate revelation, of course, is that at some point next year revenues from gigs payable to artists will for the first time overtake revenues accrued by labels from sales of recorded music.

Why live revenues have grown so stridently is beyond the scope of this article, but our data - compiled from a [PRS for Music report](#) and the [BPI](#) - make two things clear: one, that the growth in live revenue shows no signs of slowing and two, that live is by far and away the most lucrative section of industry revenue for artists themselves, because they retain such a big percentage of the money from ticket sales.

(It's often claimed that live revenues are only/mostly benefitting so-called 'heritage acts'. Unfortunately, the data doesn't shed any light on this because live revenues are not broken down by type of act, gig size or ticket price.)

## **Fusion Charts**

An even more striking thing, perhaps, emerges in this second graph, namely that revenues accrued by artists themselves have in fact risen over the past 5 years, despite the fall in record sales. (All the blue bars in the chart above represent revenues that go directly to artists. As you can see, the 'blue total' has risen noticeably.) This is mostly because of live revenues, but also because of the growing amount collected by the PRS on behalf of artists, which accounts for a much bigger chunk of industry revenues than most people realise.

(PRS revenues in fact break down into 4 categories - Broadcast and Online, Public Performance, Mechanical, International. You can explore this in more detail in [this spreadsheet](#), which contains all our data.)

It's interesting too that, overall, industry revenues have grown in the period - though admittedly not by much - which arguably adds strength to the notion that, when the BPI releases its annual report claiming how much 'the music industry' has suffered from the growth in illegal file-sharing, what it perhaps should be saying is how much the record labels have suffered.

For other people in the industry, not least artists, the future arguably holds more promise.

A couple of notes about our methods: the data, as pointed out, comes from the PRS and the BPI. We are grateful to the PRS in particular for helping us with a model to work out what percentage of a particular chunk of industry revenue was likely to be returned to artists. In the case of recorded music, we used an average 90/10 per cent split between labels/artists. In the case of live we used a 90/10 split between artists/promoters.

We hit one major snag. The PRS report gives a figure for annual live music revenues but it does not indicate what percentage of that goes to venues. (Before doing the split for live music revenues between artist and promoter, you first need to take out the percentage that goes to the venue.) We asked several big concert promoters and venue managers - [AEG Europe](#), [Carling Academy](#), and the PRS itself - what percentage of gig revenue one could reasonably assume, on average, went to the venue, and none would make an estimate. The closest we came to an answer was a remark from a senior industry source said 'only a small percentage of live goes to venues'. That's the best we had to work with.

We've therefore done the above calculations on the assumption that 10 per cent of live revenues go to the venue, but in [these two graphs](#), we show how the situation would change if that figure rose to 20 per cent.

We would welcome any feedback on a more accurate figure to use for the venue's share of live revenues, and any more general feedback on our methods.