

# Music Studio Market Assessment

Department of Digital, Culture, Media and Sport

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## Executive Summary

The Department for Digital, Culture, Media & Sport (DCMS) appointed Sound Diplomacy to undertake a market assessment of the Recording Studios, Production Rooms and Rehearsal Studios in England, herein referred to as the 'Studio Market'. The scope was private studios that were professionally-run, although the role and impact of home studios was addressed throughout, and included both open and closed facilities. The aim was to provide DCMS with a detailed understanding of the studio market and the challenges and opportunities currently being faced. The research team used a mixed-methodology of mapping, surveying, stakeholder engagement and analysis of the key findings.

### Studio Market Mapping

**Disclaimer:** The mapping was conducted between January 2021 and March 2021 when England was in a third national lockdown. Whilst the mapping was accurate at the time of capture, there is expected to be some discrepancies as the effects of COVID-19 continue.

- 2,482 studios were mapped - 1,858 open and 624 closed. Of these, 9.8% (243) are part of a business where the studio operation is not their primary function (e.g. a live music venue with a recording studio).
- The current studio market is concentrated in London and the South East with 44.9% (834) of all open studios. When extended to the South of England, the composition rises to 63.5% (1178).
- Recording services dominate the market having been offered by 78% (1,452) of all open studios, in comparison to production services (56% / 1,043) and rehearsal (42% / 782).<sup>1</sup>
- Ancillary services are offered by 85% (1563) of all open studios, with education and training being the most common (18% / 340).

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<sup>1</sup> Please note, these percentages are approximations and reflect the total number of studios offering each service, hence the figures will not collectively total 100%.

- 6.5% of all open studios (120) also serve as a live music venue, the majority of which are venues foremost (64% / 77). Rehearsal is the most common studio service offered alongside live music venues (86% / 103).

## Key Findings

### Studio Supply and Client Demand

- The evidence shows that there is enough supply of music studios, barriers to entry are low and there are no signs of monopoly/oligopoly or any other market dominance. The market is responding to changes, such as technological innovation, and to new competition.
- Democratised access to music production technologies have given rise to an increasing number of home studio users, at all levels of professionalism. Personal use including skills development and commercial means like project work are both evident, which can reduce demand and dependency on traditional studios. However, these spaces can also be used in tandem (57.1% of surveyed home studio users also use commercial studios).
- The challenge now is for traditional studios to seek standards and sufficient added value to distinguish themselves from the alternatives. For instance, via specific production and creative processes, the reputation of studio professionals in terms of technical and creative skills, and by offering artistic development services.
- The studio market is principally invested in the music industry, but some studios have chosen to expand their business models into the audiovisual sector (e.g. films, TV, radio).

### Integration in the Music Ecosystem

- The growth in digital music distribution and democratisation of music production technologies have contributed to the disintermediation<sup>2</sup> of record labels, music publishers and other traditional 'vertical services' from the recording industry value chain.
- Record labels' budgets and involvement in producing recorded music and in artist and repertoire (A&R) activities have declined with the advent of digital

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<sup>2</sup> This can colloquially be referred to as "cutting out the middleman".

music distribution. Coupled with the growing number of self-producing/releasing artists who may in themselves struggle to make a living (partly attributed to low streaming royalties), there is now an overall reduction in budgets and in turn demand for studio services according to focus group participants.

- The evidence shows a disintegration between the studio market and wider music ecosystem. There is a low level of interaction between studios and other music stakeholders, poor perception from clients towards studio networks and a lack of contracted professional services (78% of surveyed clients have no support from other music professionals such as a record label or manager).
- Surveyed studio clients perceived live music venues as the most influential stakeholders in their success as artists/musicians, whilst studio professionals had an overall lesser importance (rated 3.8 and 3.4 out of 5 respectively). The evidence shows both creative and professional links between studios and live music venues and specifically via rehearsal, but there remain concerns about access and availability of live music infrastructure.

#### Studio Business Characteristics

- Studios are dependent on traditional core services such as recording, mixing, production and studio rental. These are consistent with the main activities for each studio type and make up the greatest proportion of revenues prior and since the onset of the pandemic.
- Studios have diversified their business models due to new dynamics and challenges in the sector. For COVID-19 it was about sustaining operations, but many now see it as a means to increase revenue streams and promote resilience in case of any future threats. New services such as education and training, and technological innovations such as remote working, were key examples.
- Some studios are vertically integrated and offer “360° music industry service hubs”<sup>3</sup> where artists can record, distribute and promote their music all in the

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<sup>3</sup> 360° music industry service (MIS) hubs are studios that offer artist-oriented music industry service in addition to traditional recording services. This can include: publishing services, rights management, consulting and coaching, songwriting and label services.

same place. Consulting and coaching is the most common (19% of surveyed studios) and is supported by growth in education and training including educational partnerships, music examinations and online programmes. Both are key differentiating factors from home studios.

- There is a perception that studio service rates have declined and/or stagnated compared to 20 years ago. This was attributed to democratisation and the progressive entry of new competitors where barriers to entry are less. This has prevented studios from raising their rates (according to their costs).
- The evidence shows that the studio market was financially sustainable prior to COVID-19, with an average annual gross income of £109.7K. Rehearsal studios were the most profitable (£132.4K annual gross income) given the number of rooms available and the versatility of clients and services, according to focus group participants.

#### Governance, Regulations and Funding

- Amongst surveyed studios, the effects of COVID-19 are most visible in the reduction of studio service rates (on average 3%), annual gross income (73% had greater than 25% loss of income) and workforce sizes including furlough (55% suffered some reduction). However, most believed they would recover within the next year (31%) or 1 to 2 years (29%).
- Rehearsal spaces have been the most vulnerable during COVID-19 as there is no viable alternative to a physical service. The need for a fixed space, larger workforce (on average 7 people) and a greater proportion of operating costs for space rental (47%) when compared to other studio types, exacerbates this situation.<sup>4</sup>
- Studios have become highly dependent on government funding since the onset of COVID-19, which has been key to their survival (68% of surveyed studios applied/received support). This is in direct contrast to pre-pandemic levels (67% had not applied/received support).
- A small proportion of surveyed studios are part of an association or network (on average 33.5%). Overall, the benefits provided by trade associations and similar bodies in terms of support and advocacy for the sector are widely understood and appreciated. However, there remains a desire for better coordination among studio types (rehearsal, etc.), those with different

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<sup>4</sup> For example, production rooms have 23% of costs dedicated to space rental and on average 2 employees.

operating models (traditional commercial, community/grassroots, etc.) and the wider sector as a whole, as evidenced by the survey and focus groups.

- Real estate pressures undermine the sustainability of studios and the music ecosystem more broadly. Rent and business rates make up the greatest proportion of operating costs (34% for surveyed studios) and have witnessed exponential increases due to urban regeneration and the 2017 business rates revaluation, according to focus group participants. This is creating significant financial burdens and is seen as the primary cause for studio closures.
- The costs and continued uncertainty surrounding Brexit is expected to have a detrimental impact on the studio market. Participants mentioned losses of clients, studio staff (by relocating to the EU) and business development opportunities (touring arms, songwriting camps, etc.) as key concerns. Whilst there is a desire for government action, in its absence, expansion and/or relocation to the EU was considered a viable option for some studios.

## Summary

Overall, there is evidence of a changing, albeit presently functioning, studio market in England. Despite significant geographical concentrations, the studio market is present and accessible across most areas of England and does collectively provide a unique and diverse range of services. Whilst this remains concentrated towards the music industry, there is capacity and willingness to explore other services, sectors and clients. There remain clear challenges to traditional studios in terms of levels of supply, the prevalence and role of digital technologies, Brexit and real estate pressures among other factors. These have and will continue to be exacerbated by the effects of the COVID-19 pandemic.

The following report will provide a more detailed analysis of these and other findings, demonstrating the impacts for not only the studio market but also the wider music industry. These findings are intended to inform future intentions and provide evidence for possible interventions.



# 1. Introduction

## 1.1 About the Project

Sound Diplomacy was appointed by the Department for Digital, Culture, Media & Sport (DCMS) to undertake a market assessment of the Recording Studios, Production Rooms and Rehearsal Studios in England, herein referred to as the 'Studio Market'. The research assessed both open and closed studios.

The UK music industry continued to grow in 2019, contributing £5.8 billion to the UK economy, sustaining upwards of 197,000 jobs and producing a total export revenue of £2.9 billion in 2019 alone.<sup>5</sup> The studio market is a vital component of this and of the music sector talent pipeline, but there are concerns that the pipeline may be under threat in England specifically, due to a decline and/or structural changes in the local studio market. Hence, the aim of this project was to provide DCMS with a detailed understanding of England's studio market and the challenges and opportunities currently being faced, including geographical distribution, market composition, whether there has been a decline and reasons for this, and the impacts on community and industry. The findings will be used to inform future intentions and provide evidence for possible interventions.

This project was undertaken between December 2020 and May 2021 during the COVID-19 pandemic and specifically England's third national lockdown. Hence, whilst the research was accurate at the time of the project, the studio market is expected to undergo further changes as it continues to be impacted by COVID-19 in the short, medium and long-term. Nevertheless, this project was designed to assess the market prior to COVID-19 and provide an overview of the current situation, both of which can help support the studio market in its recovery.

Please note that each figure includes a detailed description for accessibility purposes. The findings detailed in each description may also occur in the main text as part of the analysis.

The work was completed through the following process:

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<sup>5</sup> UK Music (2020)

1. **Desk Research:** A brief review of different local, regional and national literature and policies relevant to England’s studio market.
2. **Mapping:** Compiling a database of all open and, where possible, any closed recording studios, production rooms and rehearsal studios in England. A total of 2,482 assets were recorded and later mapped - 1,858 open, 624 closed.
3. **Survey:** An online survey targeted at owners, operators and users of studios in England. It received 307 responses.
4. **Stakeholder Engagement:** Online roundtables with 22 participants in March 2021.
5. **Analysis of Key Findings:** Informed by the above phases of research, an overview and analysis of the key findings.
6. **Conclusions:** A summary of the key findings and potential measures to support the studio market.

## 1.2 Research Scope

### 1.2.1 Spatial Scope

The sole focus of this research was England. This was segmented into 9 Regions and 314 Local Authority Districts (LADs), which were sourced from the Office for National Statistics (ONS).<sup>6</sup> The 9 regions are: South East, London, South West, East of England, East Midlands, West Midlands, Yorkshire and The Humber, North West and North East. A full list of LADs can be found in Appendix 1. This geographic segmentation formed the basis for the methodology and report analysis.

### 1.2.2 Studio Market Types

The sole focus for this research was private studios that are professionally run and which sell or offer their services to the general public (i.e. commercial or community premises). The research did not include private home studios, however questions concerning their role and impact on the traditional studio market were included in the survey and stakeholder engagement and have been included in the analysis (see section 3, Key Findings).

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<sup>6</sup> ONS (2020)

For the purpose of this study, the research team created a detailed, technical-based typology with definitions for each studio type (recording, production and rehearsal) in order to differentiate their functions and accurately classify them. Studios were classified as one or a combination of these types (i.e. a multi-service studio), which was particularly important for production rooms as they are often part of a recording studio. Wherever possible, the research team also indicated if the studio was potentially not part of the primary business model and instead performed a secondary role. For example, a nightclub with a recording studio.

Throughout this report, reference is made to studio 'type' (recording, rehearsal, production or combined) or studio 'service' (recording, rehearsal or production), the latter being when a service rather than a physical studio is the focus of analysis.

### Recording Studio

A professionally run, privately owned facility which is available for hire by musicians and performers. It is specialised for sound recording, mixing and audio production of instrumental or vocal musical performances, spoken words, and other sounds. Recording studios generally consist of three separate spaces: the studio itself, where the sound for the recording is created (often referred to as the "live room"); the control room, where the sound from the studio is recorded and manipulated; and the machine room, where noisier equipment that may interfere with the recording process is kept.<sup>7</sup> Recording studios can include a separate vocal room (or vocal booth) which is used for lead vocal singing.<sup>8</sup>

### Production Room

A professionally run, privately owned facility which is available for hire by musicians and performers. It employs a team of music producers, editors and sound engineers and it includes equipment dedicated to music production.<sup>9</sup> In many cases production rooms are part of a recording studio, however there are separate facilities that do

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<sup>7</sup> Music Producers Guild (2013)

<sup>8</sup> Recording Connection (2020)

<sup>9</sup> The Lab Studios (n.d.)

not include a “live room” or a “vocal room” and focus solely on the stages of music production that are taking place after the recording (editing, mixing and mastering).

### Rehearsal Studio

A professionally run, privately owned facility, available for hire by musicians and performers which is also a dedicated acoustic environment. More specifically, it is designed to keep sound inside, it usually has a PA system (loudspeakers, amplifiers, microphones and relevant equipment) and occasionally musical instruments.<sup>10</sup> The technical difference with the other two categories is that rehearsal studios do not usually include any other type of equipment (e.g. to professionally record or produce music).

## 1.3 Methodology and Sources

### 1.3.1 Mapping

Between January 2021 and March 2021, the research team compiled a database of all open recording studios, production rooms and rehearsal studios in England. The research team also recorded any closed studios wherever they became apparent. These spaces are expected to have closed within the last 0-15 years. An interactive Google Map with all open studios is available at: <https://bit.ly/3tFvayZ>. An interactive Google Map with all closed studios is available at: <https://bit.ly/3s4K5T2>.

The database was produced using private sources procured through partner engagement (see acknowledgements) as well as publicly available sources on the web. This included creative directories, business registries and trade associations membership lists, as well as Google Maps and Facebook. The data was cross-referenced with the survey results.

The database entries included the following information:

- Name
- Location (address, LAD and region)

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<sup>10</sup> Sound Connections (2012)

- Website
- Studio type: recording, production and/or rehearsal
- Whether it was the primary or secondary function of the business
- Whether it has a live music venue
- Whether it has any of the following ancillary services: food and drink, education and training, accommodation, co-working space, voiceover, PA / equipment hire, radio / podcasts, merchandising (e.g. shirts) and photo / video production / editing<sup>11</sup>

### 1.3.2 Survey

The research team developed an online survey targeted at all recording studios, production rooms and rehearsal studios in England, as well as the users of such studios (e.g. musicians and producers). The former is referred to as the 'Studio Market' and the latter referred to as 'Clients' within the survey analysis.

The 'DCMS Studio Market Survey' was hosted on Alchemer<sup>12</sup> and was open for 5 weeks, from the 9th February 2021 to the 17th March 2021. The survey was approximately 15-20 minutes long, depending on the participants' role (studio or client). No incentive was provided to the participants.

A total of 307 partial and complete responses were collected. Of those, 159 were included in the analysis, after removing test observations, observations where no answers were provided for any of the questions beyond the first module<sup>13</sup> and respondents whose role was neither owning a studio nor being a client of studios in England.<sup>14</sup> The responses included in the analysis consisted of 125 studios (17 rehearsal studios, 60 recording studios, 11 production rooms and 37 studios with

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<sup>11</sup> These were considered to be the main ancillary services within the studio market based on partner engagement and the research teams' own expertise. The same list was provided in the survey.

<sup>12</sup> Alchemer (2021)

<sup>13</sup> For studio market respondents, this refers to the module 'Studios: Company Information' and for the studio clients it refers to the module 'Clients: General Characteristics'.

<sup>14</sup> Excluding 4 test observations, 96 observations where no answers were provided for any of the questions beyond the first module (72 from studio market and 24 from studio clients) and 48 respondents whose role was neither owning a studio nor being a client of studios in England.

combined types) and 34 studio clients. A more detailed summary of this, as well as question information, can be found in Appendix 2.

The survey did not meet the threshold for statistical representation and therefore the analysis should be considered with caution. The research team advises that the results are not used as a means to generalise the overall studio market, but as an indication of a proportion of studios and studio clients in England. Nevertheless, the findings are a close approximation of the current landscape, since the geographical distribution of studios that responded to the survey is proportionally similar to the distribution of open studios identified in the mapping: 28% in London, 16% in South East, 11% in East of England, 10% in North West, 8% in South West, 8% in Yorkshire and Humber, 8% in West Midlands, 7% in East Midlands and 3% in North East. The insights from the stakeholder engagement together with the survey results, also ensure a more robust description of the studio market.

### 1.3.3 Stakeholder Engagement

Due to the COVID-19 pandemic and the restrictions on travel and social distancing, all stakeholder engagement was conducted online. This phase of research was targeted at studio owners and/or operators (the supply side). Participants were strategically chosen to ensure representation of all studio types, as well as different sizes, professional levels and industry sectors (e.g. commercial and community-based). The research team also excluded individuals whose studio was a secondary business function, in order to identify the most acute issues and opportunities facing the studio market.

In March 2021, five 90-minute roundtables were conducted over Zoom. These were divided into geographical segments determined by their location and the number of entries in the database. Consequently, regions with a smaller number of assets were combined. The research team conducted one additional roundtable with national organisations that either represent the studio market across England but do not own studios themselves, or are studio operators with studios across multiple regions.

The roundtables were divided by the following regions or combination of regions:

1. London

2. South West, South East and East of England
3. East Midlands and West Midlands
4. North East and North West
5. Yorkshire and Humber
6. National Organisations / Representatives

Participants will be referred to as 'focus group participants' in Section 3, Key Findings.

## 2. Studio Market Asset Mapping

**Disclaimer:** The mapping was conducted between January 2021 and March 2021 when England was in a third national lockdown. Whilst the mapping was accurate at the time of capture, there is expected to be some discrepancies as the effects of COVID-19 continue.

The following mapping analysis shows the geographical spread of recording studios, production rooms and rehearsal studios in England, using the data from the studio market database. The section highlights the number and types of studios, identifies areas with concentrations or sparse data and attempts to explain any uneven geographical spread. It also examines how the different studio types relate to each other and the wider music ecosystem. The findings are developed in Section 3 'Key Findings', where relevant. Please note that throughout the mapping analysis, counts refer to each Local Authority District and not urban areas.

Due to the limited and imprecise data available on closed studios (e.g. not all closed studios feature in current listings or a date of closure cannot be pinpointed), the mapping analysis focuses on open studios to ensure an accurate snapshot of the studio market. However, section 2.1 'Overview of Studio Market' first assesses the composition and distribution of open and closed studios.

The research team identified 2,555 recording studios, production rooms and/or rehearsal studios in England, of which 2,482 were mapped and analysed in this report. The remaining 73 were excluded from the mapping due to invalid or incomplete addresses, but have been included in the database. Of those mapped, a

total of 243 studios were identified as being part of a business where the studio operation is not their primary function (a live music venue with a recording studio, a music educational facility with rehearsal space, etc.).

## 2.1 Overview of Studio Market

### Open vs. Closed Studios

The research team mapped 1,858 open and 624 closed studios<sup>15</sup> in England. From Figure 1, it is clear that across all regions the number of open studios outweighs the number of closed studios, but to varying degrees. The strongest is the South East, where for approximately every 6 open there is 1 closed (6:1). Closed studios are spread throughout this region, however it is worth noting that Brighton and Hove concentrates the most of each (46 open, 7 closed) which suggests that there is sustained supply and demand in the local area. The same logic can apply to Milton Keynes (9 open, 3 closed) and Reading (9 open, 4 closed) as the areas with the next highest recorded closures in the South East. These results can be explained by the fact that these LADs are classified as urban<sup>16</sup> with a relatively high population density - Brighton and Hove being the largest LAD with city status in the region - which may infer a higher level of demand for studios and therefore a relationship between closures and potential openings. At the same time, there may be local factors such as rent and business rate increases, that are more often considered a challenge for major towns and cities due to regeneration processes and higher land values (see section 3.4.3), which are causing a greater turnover of studios when operations become financially challenging.

In comparison, in the North East and Yorkshire and The Humber there are approximately 2 open studios to 1 closed (2:1). Nevertheless, it follows a similar pattern to the South East with a positive correlation between 'urban' areas that have the most open and closed studios, such as Newcastle upon Tyne (23 open, 8 closed), Bradford (16 open, 8 closed), Leeds (26 open, 16 closed) and Sheffield (22 open, 12 closed). At the same time, these regions had a smaller number of open

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<sup>15</sup> As detailed in section 1.3, these studios are expected to have closed within the last 0-15 years.

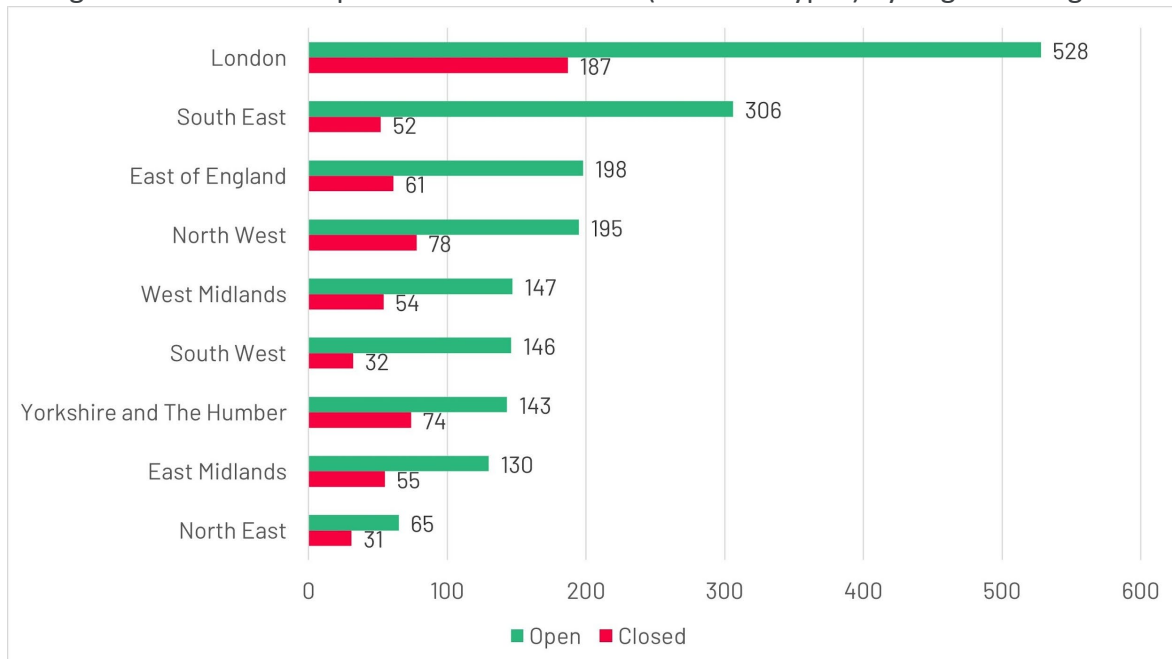
<sup>16</sup> Based on the 2011 Rural-Urban Classification for Local Authority Districts in England. Source: Government Statistical Service (2017)



studios to begin with, in addition to a greater proportion of LADs that are classified as rural with relatively smaller population densities, which may explain the smaller margin between the number of open and closed studios.

For all remaining regions, with the exception of the South West (4:1), there are approximately 3 open studios to 1 closed (3:1). Regional differences can also be explained by the fact that some 'closed' studios have chosen to relocate and/or establish new studios in other regions. This can be associated with land pressures such as rising rent, which was noted by some focus group participants as being a key factor for relocations from London (see section 3.4.3). In summary, whilst the data shows that the studio market has a continued presence in all areas of England, occurrences and closures vary geographically.

Figure 1. Number of Open and Closed Studios (all studio types) by Region in England



Source: Mapping, DCMS, 2021

#### Figure Description

- London is the region with the highest number of both open (528) and closed (187) studios (all studio types) and the North East is the region with the lowest number of both open (65) and closed studios (31).

- The 3 regions with the highest total number of studios are located in the South of England (London, South East and East of England).
- The North West is the Northern region with the highest number of both open (195) and closed (78) studios.
- Yorkshire and The Humber (143 open, 74 closed) and the North East (65 open, 31 closed) have almost double the amount of open studios compared to closed, whilst in all other regions the number is threefold with the exception of the South West and South East.
- The South East has six times as many open studios (306) compared to closed studios (52).

The geographical distribution of open and closed studios is presented in Figures 2 and 3. As expected, the majority of these studios are concentrated in urban areas whilst rural areas are more sparse, although not completely lacking.<sup>17</sup> Focus group participants made a similar observation and considered the sparsity in rural areas a direct outcome of lower population densities and therefore less demand, albeit locally, for studios. However, one participant in the East of England also drew attention to the fact that rural areas are more likely to have 'informal and alternative spaces' such as barns and village halls that could accommodate rehearsal, in addition to home studios.

Figures 2 and 3 once again illustrate the noticeable concentration in London and the South East compared to the rest of England (see composition in Figure 4 below). The other key difference is that southern regions have a more even distribution of studios (cities, towns, rural areas, etc.) compared to the north, which is largely characterised by city-based clusters. For example, the North West and Yorkshire and The Humber form the largest and most geographically concentrated cluster outside London and the South East. As expected, this is influenced by the major cities across the two regions. Looking at open studios in the North West, Manchester (33) and Liverpool (31) concentrate 32.6% of all open studios in the region. Similarly, Leeds (26) and Sheffield (22) concentrate 33.6% of all the open studios in Yorkshire and the Humber. However, this may not only be an outcome of higher population

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<sup>17</sup> Based on the 2011 Rural-Urban Classification for Local Authority Districts in England. Source: Government Statistical Service (2017)

densities and greater levels of demand. According to research by Nesta in 2016, these cities were also considered 'high growth creative clusters' and together form the only significant creative industries agglomeration outside the South of England.<sup>18</sup>

Figure 1 showed that London has the highest number of open and closed studios (528 and 187 respectively), with all London boroughs having at least 1 open studio and Redbridge, Havering and Harrow recording no closed studios. Despite this, studios are not evenly distributed across the region. Figure 3 shows that the majority are located North of the River Thames and in Inner London boroughs,<sup>19</sup> such as in Camden (42 open, 12 closed), Hackney (37 open, 17 closed) and Westminster (33 open, 10 closed). The exception to this trend is Haringey, located in Outer London, with 55 open and 21 closed studios which is the highest for the region.<sup>20</sup> In general, the Outer London boroughs have a significantly lower number of studios. This is somewhat expected given the fact that commercial land uses are more prominent and intensive in Inner London boroughs,<sup>21</sup> including a greater number of specialist industries in the UK, as well as the large workday population (non-resident employees, clients, tourists) commuting in from outer boroughs and beyond.<sup>22</sup>

Figure 2. Distribution of Open and Closed Studios (all studio types) in England

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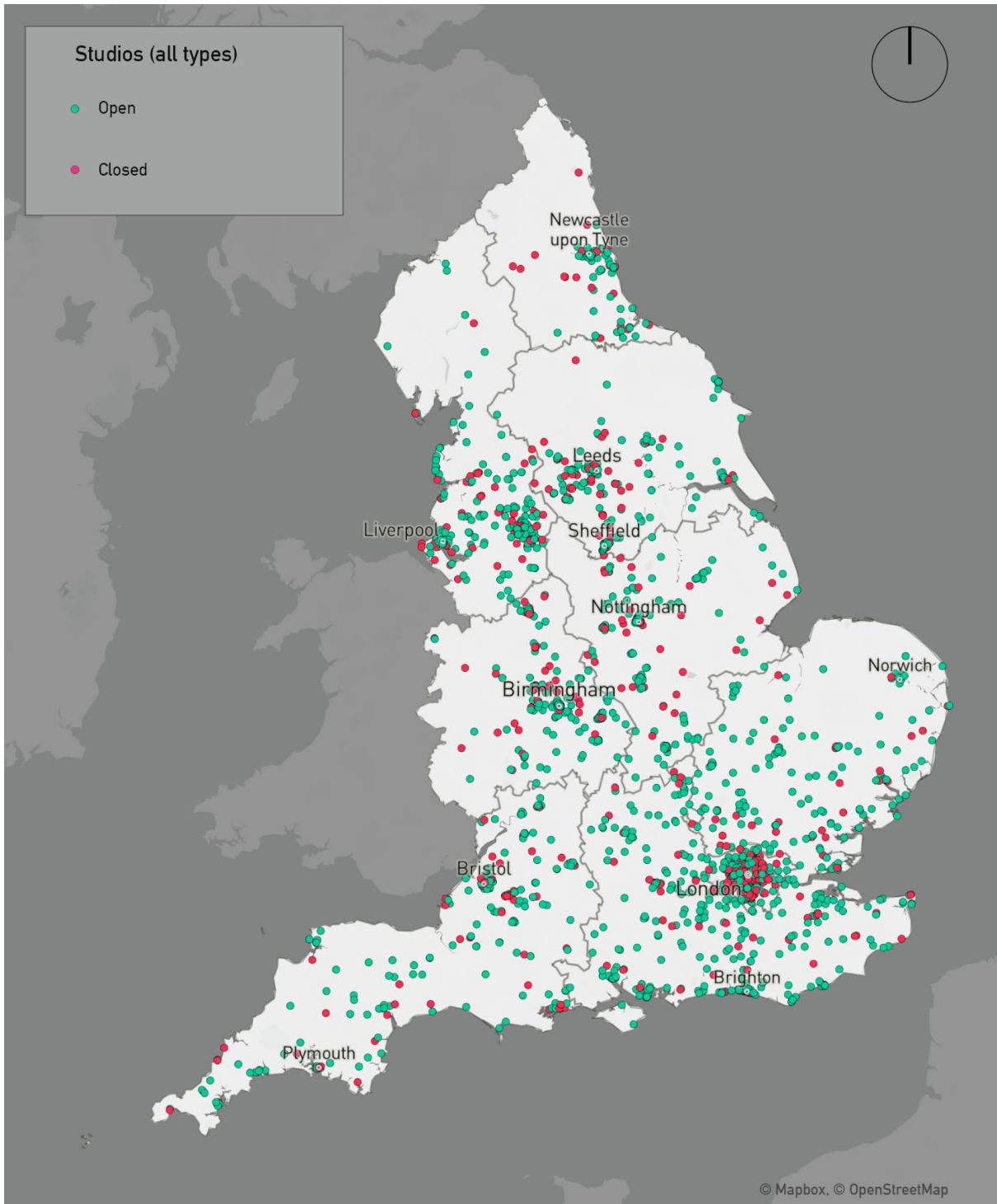
<sup>18</sup> Nesta (2016), p. 17

<sup>19</sup> The Inner London boroughs are classified as: City of London, Camden, Greenwich, Hackney, Hammersmith and Fulham, Islington, Kensington and Chelsea, Lambeth, Lewisham, Newham, Southwark, Tower Hamlets, Wandsworth and Westminster. Source: GLA (2021b)

<sup>20</sup> See Figure 6 for the actual concentration of open studios for these respective boroughs.

<sup>21</sup> In this instance, Inner London follows the same classification as the GLA, but also includes Haringey. Source: CEBR (2019)

<sup>22</sup> CEBR (2019)

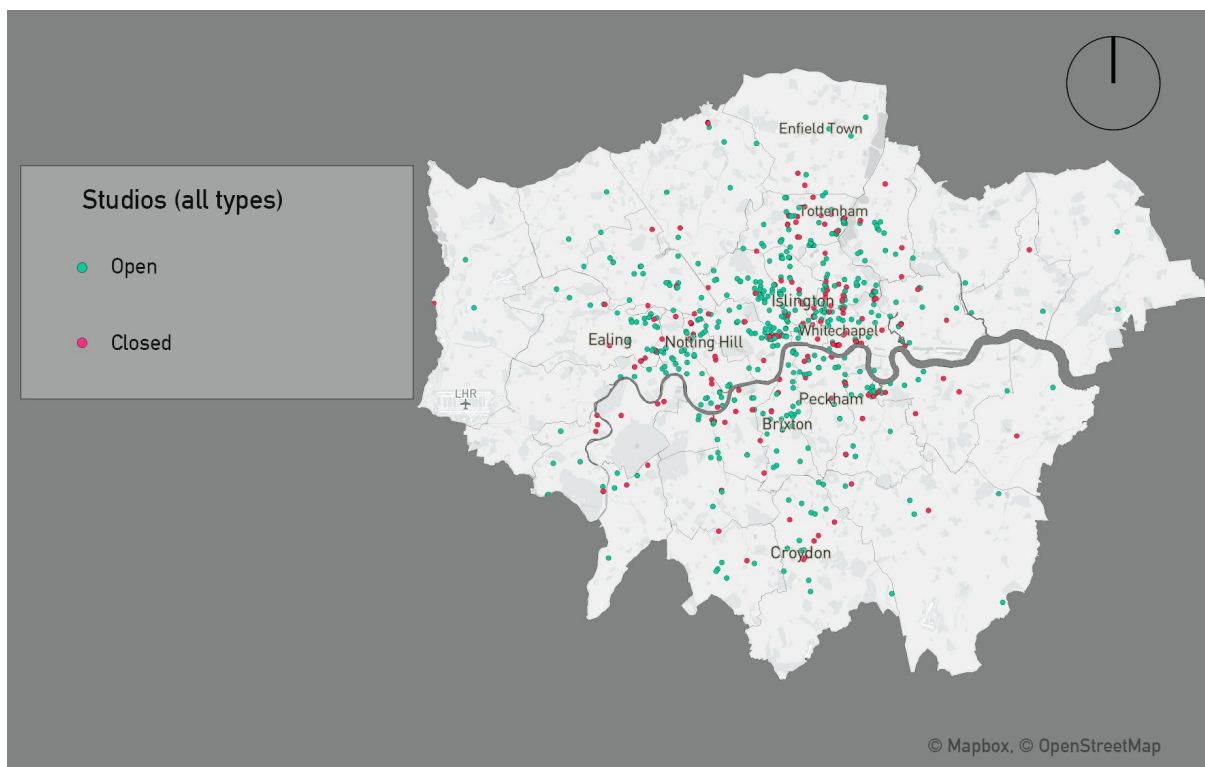


Source: Mapping, DCMS, 2021

### Figure Description

- 2,482 assets were recorded and mapped - 1,858 open and 624 closed studios - with the number of open studios outweighing the number of closed studios across all regions.
- Studios are mostly concentrated in urban areas whilst rural areas are more sparse, although not completely lacking.
- The studio market (both open and closed studios) is concentrated in London and the South East compared to the rest of England.
- Southern regions have a more even distribution of studios (cities, towns, rural areas, etc.) compared to the North, which is largely characterised by city-based clusters such as in Birmingham, Liverpool, Sheffield, Leeds, Nottingham and Newcastle upon Tyne.

Figure 3. Distribution of Open and Closed Studios (all studio types) in London



Source: Mapping, DCMS, 2021

#### Figure Description

- In London, 715 assets were mapped - 528 open and 187 closed studios.
- Haringey is the London borough with the highest number of both open (55) and closed (21) studios.
- Studios are mostly concentrated North of the River Thames and in Inner London boroughs such as in Camden (42 open, 12 closed), Hackney (37 open, 17 closed) and Westminster (33 open, 10 closed).
- The Outer London boroughs have a significantly lower number of studios compared to Inner London boroughs.
- In all London boroughs there is at least 1 open studio, whilst in Redbridge, Havering and Harrow no closed studios were recorded.

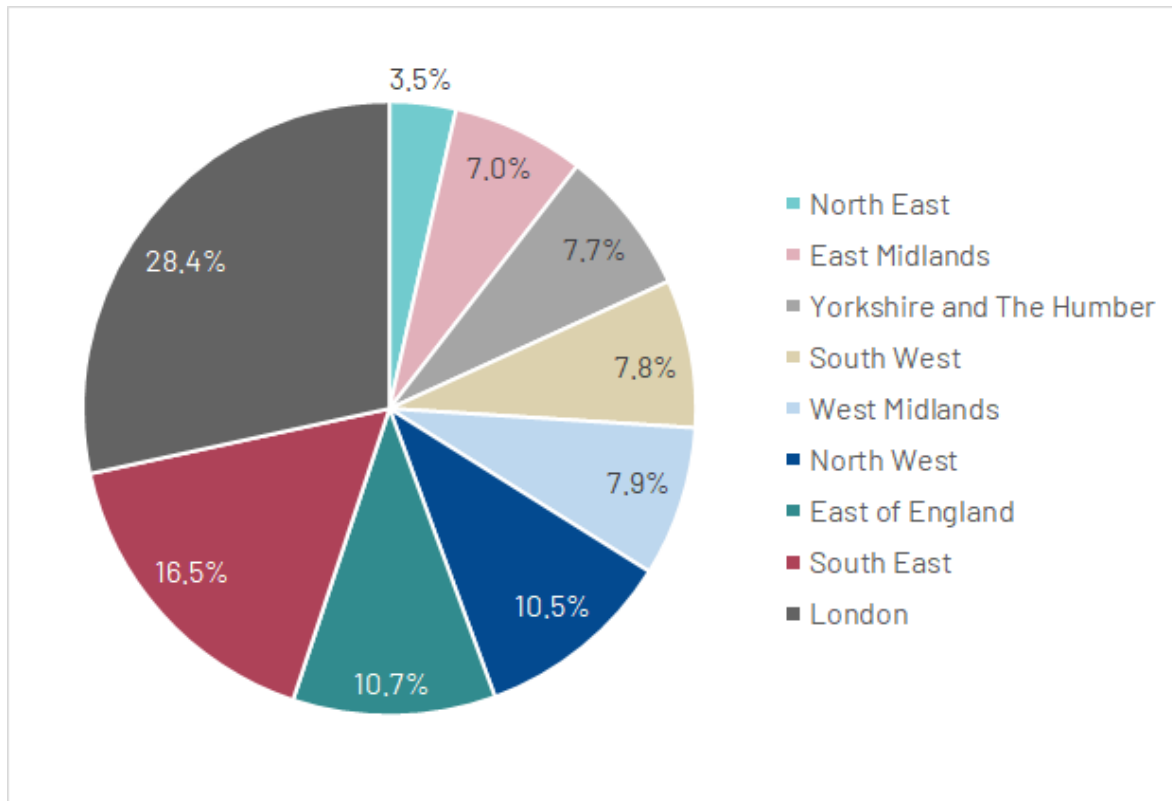
#### Open Studio Market

Figure 4 shows the geographical composition of the open studio market. The disparity between London/South East and the rest of England is visible again, with the former accounting for 44.9% of all open studios in the market. This concentration not only demonstrates the continued dominance and strength of London and the South East, but also the extent of regional disparities. When extended to the South of England (London, South East, South West and East of England) the number increases to 63.5% which suggests that there is an overall north-south divide in England. In comparison, each Northern region makes up 7-10% of the open studio market, with the exception of the North East which makes up 3.5% and is the region with the lowest number of occurrences (65 studios). The regional disparity is stark, but largely corresponds to the findings of the 2017 independent review into the UK's creative industries, which found that approximately 50% of growth and jobs were concentrated in London and the South East.<sup>23</sup>

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<sup>23</sup> Bazalgette, P. (2017)

Figure 4. Geographical Composition of the Open Studio Market (all studio types)



Source: Mapping, DCMS, 2021

#### Figure Description

- London concentrates the largest portion of the open studio market in England (28.4%). Together with the South East (16.5%), this makes up almost half of the open studio market (44.9%).
- The South of England (London, South East, South West and East of England) makes up 63.5% of the total open studio market, whilst the North of England (North East, North West, Yorkshire and The Humber, East Midlands and West Midlands) comprises 36.5%.
- The North East concentrates the smallest portion of the open studio market in England (3.5%).

Figure 5 shows the actual concentration of open studios (all studio types) based on an index that was calculated by the number of open studios per 100,000 inhabitants

at the LAD level.<sup>24</sup> There are 27 LADs out of 340 where no open studios were recorded. <sup>25</sup> Most of these areas are classified as rural,<sup>26</sup> with some exceptions such as Basildon and Brentwood, and are also located in the North of England which reflects the North-South divide in England as previously noted.

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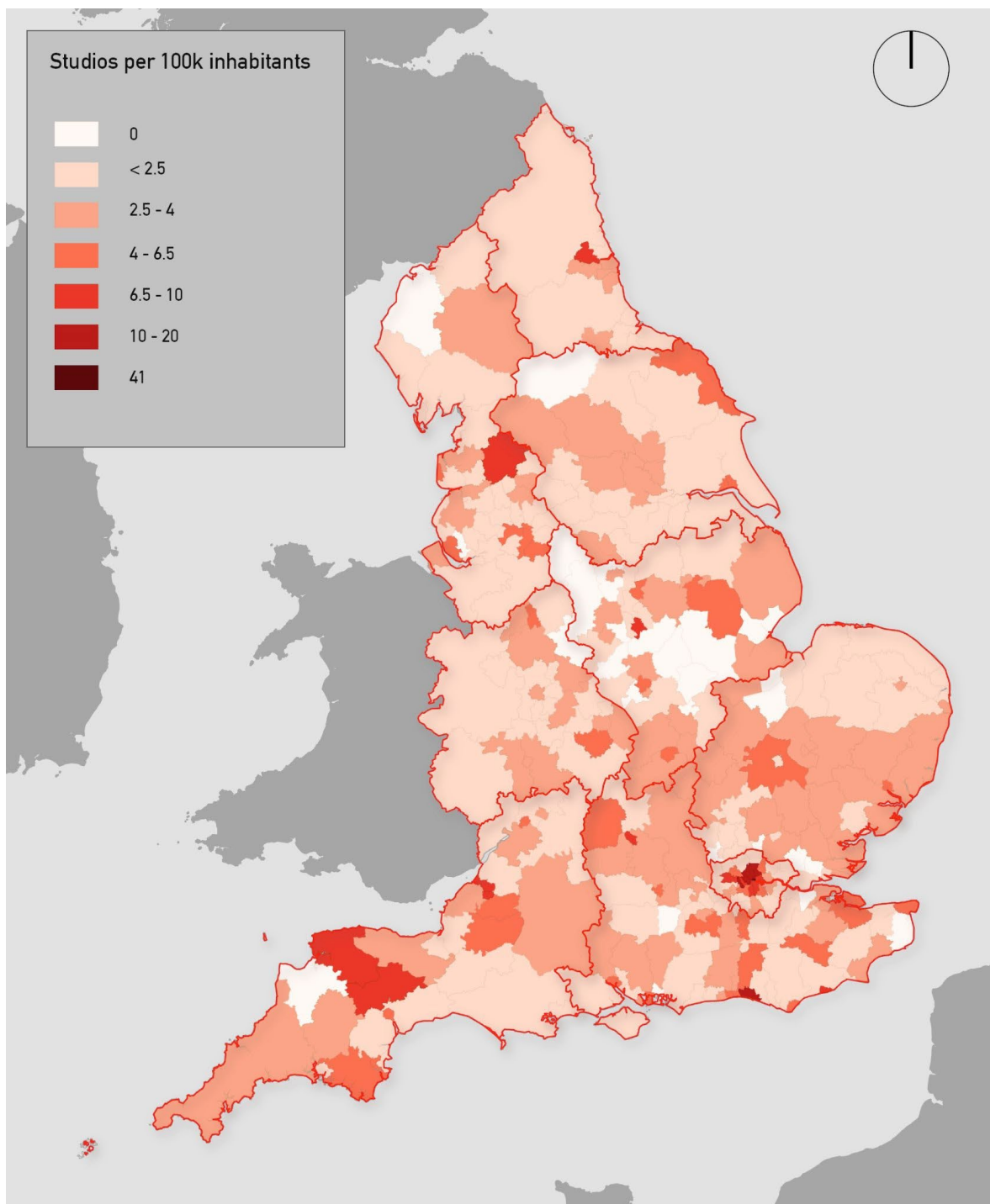
<sup>24</sup> Nomis Official Labour Market Statistics (n.d.)

<sup>25</sup> The LADS with no studios recorded are as follows: Rutland, Isles of Scilly, Fenland, Allerdale, Derbyshire Dales, Erewash, High Peak, North East Derbyshire, Torridge, Basildon, Brentwood, Hart, Havant, Broxbourne, Three Rivers, Dover, Gravesham, Blaby, Melton, North West Leicestershire, Boston, South Kesteven, Corby, Richmondshire, Rushcliffe, East Staffordshire, Knowsley.

<sup>26</sup> Based on the 2011 Rural-Urban Classification for Local Authority Districts in England. Source: Government Statistical Service (2017)



Figure 5. Actual concentration of Open Studios (all studio types) in England per 100k inhabitants by LAD



Source: Mapping, DCMS, 2021

### Figure Description

- The concentration index among LADs in England ranges from 0 (where no studios were mapped) to 20 (Haringey, London). The exception is the City of London where an outlier number of 41 is recorded.
- Most areas in England concentrate less than 4 studios per 100k inhabitants.
- Excluding the City of London, the 10 LADs with the highest indices are London boroughs with the exception of Brighton and Hove (3rd highest with 15.5 studios per 100k inhabitants) and the City of Bristol (10th highest with 10.6 studios per 100k inhabitants).
- There are 27 LADs in England where no studios were mapped, out of which 12 are in the East Midlands.

### Key observations:

- Most areas in England concentrate less than 4 studios per 100k inhabitants.
- **London** as a whole, concentrates 5.9 studios per 100k inhabitants. The City of London has the highest index score for the whole of England at 41 studios per 100k inhabitants, but this is not considered to be representative (see below).
- In the **South East**, Brighton and Hove is the LAD with the highest concentration of studios per 100,000 inhabitants (15.5 studios) and one of the few that scores above 10 in England.
- In the **South West**, the City of Bristol has a high index score of 10.6 studios per 100k inhabitants. Mid Devon and North Devon also score highly (both have an index score of 7.2 studios per 100k inhabitants).
- In the **North West**, Ribble Valley is the LAD with the highest index score (8.2 studios per 100k inhabitants), despite only concentrating 6 studios. Whilst this is somewhat unexpected given its mainly rural character and lower population density, it may infer a strong level of demand from beyond the local authority area (see section 2.2). In the same region, metropolitan areas like Manchester have a lower index score (5.7).
- Whilst the majority of LADs in the **North East** have less than 2.5 studios per 100k inhabitants Newcastle upon Tyne, as the largest LAD with city-status for the region, has an index score of 7.2 studios per 100k inhabitants.

- The **East Midlands** concentrates the highest number of LADs (12) that recorded no open studios. Nevertheless, Nottingham, as the largest LAD with city-status for the region, has a high index score with 7.8 studios per 100k inhabitants.

Figure 6 shows the concentration index for London which, overall, has a moderate index score of 5.9 studios per 100k inhabitants. The City of London has the highest index score in England with 41 studios per 100k inhabitants, even though in absolute numbers the district only concentrates 4 open studios that offer recording and production services. This result could be considered an outlier given the area's low population density (9,721 people<sup>27</sup>), small geographical size and the prominence of commercial land uses over residential areas. In addition, the results can not necessarily be used to infer the level of demand due to the district's high estimated daytime population (excluding tourists) which in 2014, was 431,384 compared to 7,947 residents.<sup>28</sup>

Figure 6 again shows the clear division between the Inner and Outer boroughs (previously shown in Figure 3), with the majority of Outer boroughs having a low index score at less than 2.5 studios per 100k inhabitants. After the City of London, the boroughs with the highest indices are Haringey (55 studios and index score 20), Camden (42 studios and index score 15), Hackney (37 studios and index score 13) and Westminster (33 studios and index score 12). These are amongst the highest in England - with London accounting for 8 of the 10 highest indices in the country excluding the City of London - and with the exception of Hackney and Haringey, all had a higher estimated daytime population in 2014.<sup>29</sup>

Haringey's identification as the London borough with the highest concentration of studios is somewhat unexpected, given the reputation of Soho (Westminster) establishments<sup>30</sup> and with Hackney having the highest concentration of music

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<sup>27</sup> ONS (2020)

<sup>28</sup> GLA (2015)

<sup>29</sup> The estimated daytime population (excluding tourists) against the GLA estimated resident population in 2014 for these respective boroughs is as follows: Camden 434,279 vs. 233,694; Hackney 240,792 vs. 261,540; Haringey 209,884 vs. 267,622; Islington 297,460 vs. 220,393; Westminster 721,351 vs. 230,958. Source: GLA (2015)

<sup>30</sup> Headbox (2018)

venues which arguably makes it the most musical borough in London.<sup>31</sup> These findings make these boroughs more probable for a higher concentration of studios. However, Haringey's lower private rents in comparison to Inner London<sup>32</sup> and designation as a Creative Enterprise Zone (CEZ)<sup>33</sup> (Made by Tottenham<sup>34</sup>) are considered conducive to attracting creative/music businesses such as studios. The same logic may explain why Croydon also has a higher index score compared to other Outer boroughs (14 open studios and index score 3.6), again with lower private rents (some of the lowest in London) and it's CEZ Croydon Creatives and Croydon Music City initiative.<sup>35 36</sup>

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<sup>31</sup> GLA (2020)

<sup>32</sup> GLA (2021a)

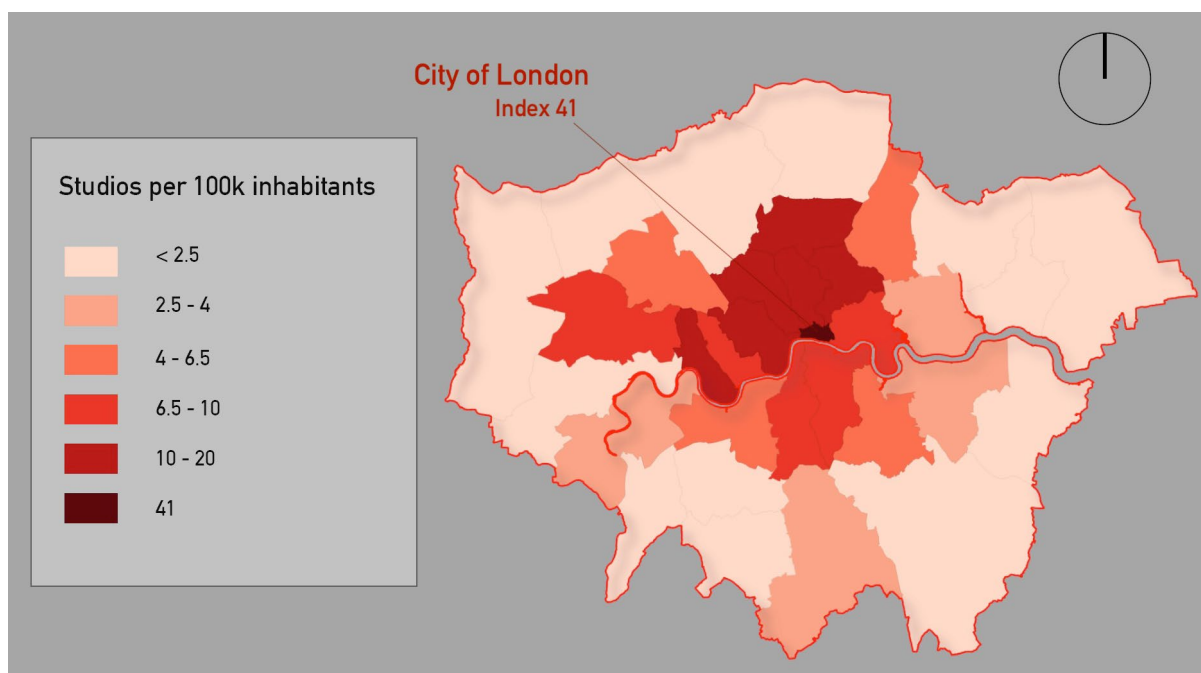
<sup>33</sup> Creative Enterprise Zones are a Mayor of London initiative to designate areas of London where artists and creative businesses can find permanent affordable space to work, are supported to start-up and grow, and where local people are helped to learn creative sector skills and find new jobs. Made by Tottenham was one of 6 designated areas in 2018. Source: GLA (2018)

<sup>34</sup> Made by Tottenham (2020)

<sup>35</sup> Croydon Creative Enterprise Zone (2021)

<sup>36</sup> Further observations about studio concentration and client catchment area can be found in section 3.2.1.

Figure 6. Actual concentration of the Studio Market (all studio types) in Greater London per 100,000 inhabitants by LAD



Source: Mapping, DCMS, 2021

#### Figure Description

- The concentration index among London boroughs/LADs ranges between 0.3 (Redbridge) and 20 (Haringey). The exception is the City of London where an outlier number of 41 is recorded.
- There is a clear division between the Inner and Outer boroughs, with the former scoring higher indices and the latter significantly lower. The majority of Outer boroughs have less than 2.5 studios per 100k inhabitants.
- There is at least 1 studio in every London borough.

## 2.2 Studio Market Types

The research team mapped studios as either a recording studio, production room or rehearsal studio, or as a studio that offers one or more of these services (combined types) using the definitions outlined in section 1.2.2. This section details the composition of the open studio market in relation to these classifications.

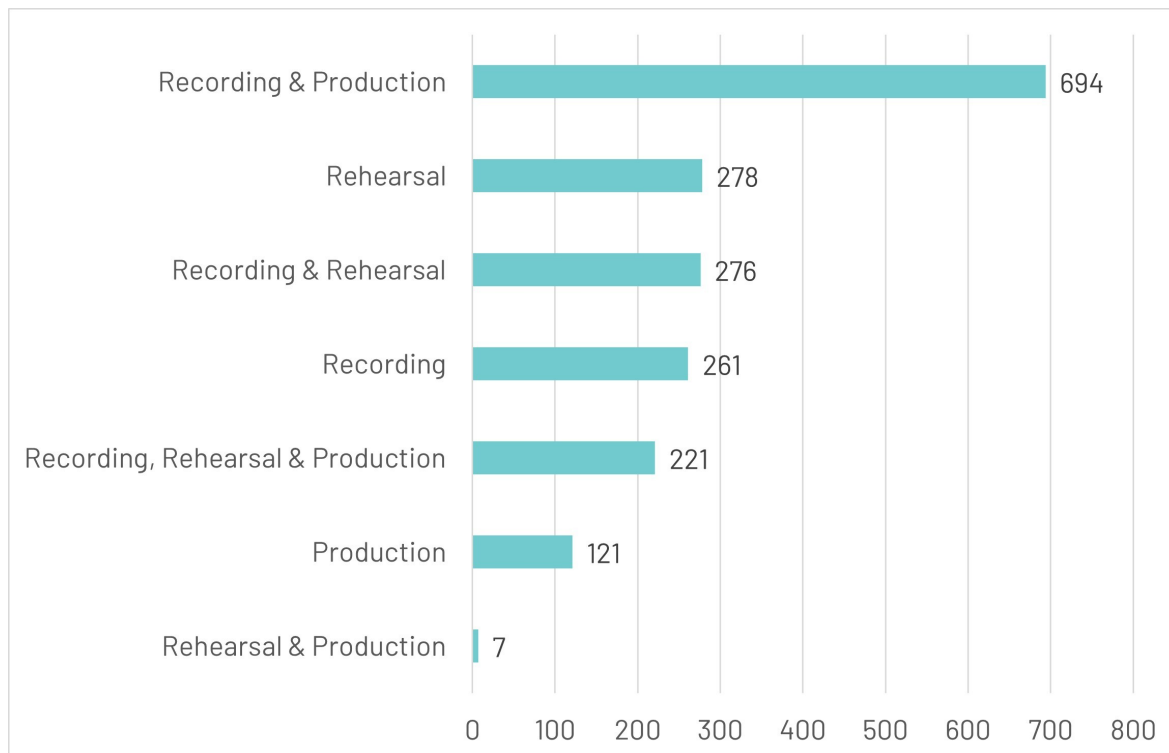
Figure 7 shows the number of open studios by type in England. The studio type that occurs most often is studios that combine recording and production services (694 / 37% of the total number of open studios) which, aside from being significantly higher than all other categories, is also the highest occurring type across all regions in England. In stark contrast, the least common is studios that combine rehearsal and production with only 7 occurrences (0.4%), 3 of which are in the City of Bristol.

There are only 221 studios (11.9%) providing the 'complete studio market offer' (recording, production and rehearsal services). Whilst the South East (42) and London (34) concentrate the most, therefore suggesting a coherence with the overall higher number of studios in these areas (Figure 1), this type of studio is present and somewhat consistent across all other regions. For example, the South West and North West concentrate 31 and 30 respectively, whilst all remaining regions concentrate between 19-21 each. The only exception to this trend is the North East, which concentrates 6.

For studios that exclusively offer one service, rehearsal is the most common (278 / 15%) but is closely followed by recording (261 / 14%). In comparison, there are significantly fewer production rooms (121 / 6.5%), the majority of which are located in the South of England (London 44, South East 20 and South West 20, totalling 69% of all production rooms in England). Rehearsal studios' lesser commercial nature (community or education-led, amateur activity, etc.) and close ties to the live music ecosystem (see section 3.3.3) may explain why rehearsal services are more often offered exclusively. The overlap in facilities between recording studios and production rooms, detailed in section 1.2, may also explain why recording and production are most commonly found in combined types in addition to the high number/market dominance of studios offering both recording and production (694). In this regard, Figure 7 shows that production is least likely to be found when not offered with recording, with the lesser number of production rooms also potentially

being an indication of the influence of the democratisation of music production technologies and home studios (see section 3.2.2).

Figure 7. Number of Open Studios per type in England



Source: Mapping, DCMS, 2021

#### Figure Description

- The most common studio type is recording and production which is offered by 694 studios. The least common type is studios that combine rehearsal and production with only 7 occurrences.
- Only 221 studios offer all three services (recording, rehearsal and production).
- For studios that exclusively offer one service, the number of rehearsal studios (278) outweighs both the number of recording studios (261) as well as production rooms (121).
- Recording is the dominant studio service having been offered by 1,452 studios, in comparison to production (1,043 studios) and rehearsal (782 studios).

When looking at the three types of services, Figure 7 also shows that the recording function dominates with 1,452 studios offering this service, either exclusively or in combination with other services. This equates to approximately 78% of all open studios in the market. In comparison, production services are found in 1,043 studios and rehearsal in 782 studios which corresponds to approximately 56% and 42% of all open studios in the market respectively. This shows that recording services are the most widespread in England, whilst studios that offer rehearsal services either exclusively or in combination with recording and/or production have the lowest overall occurrence.

This composition is also evident in Figure 8 which shows the geographical distribution of each studio service. As expected, each service follows a similar pattern to that shown in Figure 2 (all studio types aggregated). For example, all services are concentrated in London and the South East (772 with recording, 495 with production and 392 with rehearsal). The difference between the more even distribution in the South of England compared to city-based clusters in the North of England is also visible, however it is clear that this is driven by recording services. Meanwhile, Figure 3 and Figure 8 both show a greater number of studios in urban areas and particularly major towns and cities.

However, there are a few instances where a number of studios are located in 'predominantly rural' areas - LADs that are classified as 'mainly rural' (over 80% of the population in rural areas) and 'largely rural' (50-79% of the population in rural areas). Using these classifications, Table 1 shows the top 10 'predominantly rural' LADs with open studios ranked according to their actual concentration per 100k inhabitants (referred to as 'index'). Overall, these LADs score moderately in the index due to their lower population densities (on average 5.6 studios / index score 5.48), which suggests that there is some demand from outside the local area. Taking into account their remote location, which is expected to be a key Unique Selling Point (USP), these findings suggest that there is a current market for secluded studios in England. Using the results in Table 1 only, this appears to be the strongest in the South West. It is also noteworthy that only 3 studios encompassed in the list below - 1 in North Devon and 2 in West Oxfordshire - offer accommodation services. This could infer low demand for accommodation services offered by studios, but not necessarily accommodation itself due to other alternatives such as hotels as explained in section 3.1.1.



Table 1 also provides an insight into the studio market composition in these particular rural areas. Corresponding with the overall market composition in England (Figures 7 and 8), recording services are the most popular, having been offered by an average of 83% of these studios. In comparison, production is offered by 50% and rehearsal 31%. In addition to location, it is also worth noting that Mendip is the location of the Glastonbury Music Festival, which can be linked to the presence of studios in the area (7).

Table 1. Top 10 ‘predominantly rural’ LADs based on their actual concentration per 100,000 inhabitants

LAD	Region	Number of Open Studios	Actual Concentration (Index Score)	Rural Classification <sup>37</sup>	Percentage of Studios Offering Each Service
Ribble Valley	North West	6	8.21	Mainly Rural	100% recording 33% production 16% rehearsal
Mid Devon	South West	5	7.29	Mainly Rural	100% recording 100% production
North Devon	South West	7	7.21	Largely Rural	86% recording 57% production 28% rehearsal
Mendip	South West	7	6.06	Mainly Rural	86% recording 14% production 29% rehearsal
Swale	South East	7	4.66	Largely Rural	57% recording 29% production 29% rehearsal
South Hams	South West	3	4.60	Mainly Rural	66% recording 66% production
West	South	5	4.52	Mainly Rural	100% recording

<sup>37</sup> Based on the 2011 Rural-Urban Classification for Local Authority Districts in England. Source: Government Statistical Service (2017)

Oxfordshire	East				60% production 40% rehearsal
North Kesteven	East Midlands	5	4.28	Mainly Rural	80% recording 20% production 80% rehearsal
Newark and Sherwood	East Midlands	5	4.08	Largely Rural	80% recording 100% production 40% rehearsal
Braintree	East of England	6	3.93	Largely Rural	83% recording 16% production 50% rehearsal
<b>Overall</b>	-	<b>5.6</b>	<b>5.48</b>	-	<b>83% recording 50% production 31% rehearsal</b>

Source: Mapping, DCMS, 2021

Figure 8 also reveals that studio services (recording, rehearsal and production) are typically found in close proximity to each other. This suggests that wherever studios are concentrated, there is an inclusive local supply of studio services despite there only being 221 studios across England that independently provide the 'complete studio market offer'. However, the lesser number of rehearsal services is an important consideration for access, given the fact that rehearsal is more habitual in nature (i.e. people rehearse on a regular basis) and therefore often needs to be near a client's home. The unevenness is clear when looking at rehearsal studios specifically, as the majority are concentrated in London (119 / 53.8%) with all other regions having 20 or less. However, it is important to note that the mapping did not include informal rehearsal facilities that are non-commercial in nature, such as youth centres and schools. It is expected that rehearsal is more profound in these settings, with further research required to understand the extent of this provision.

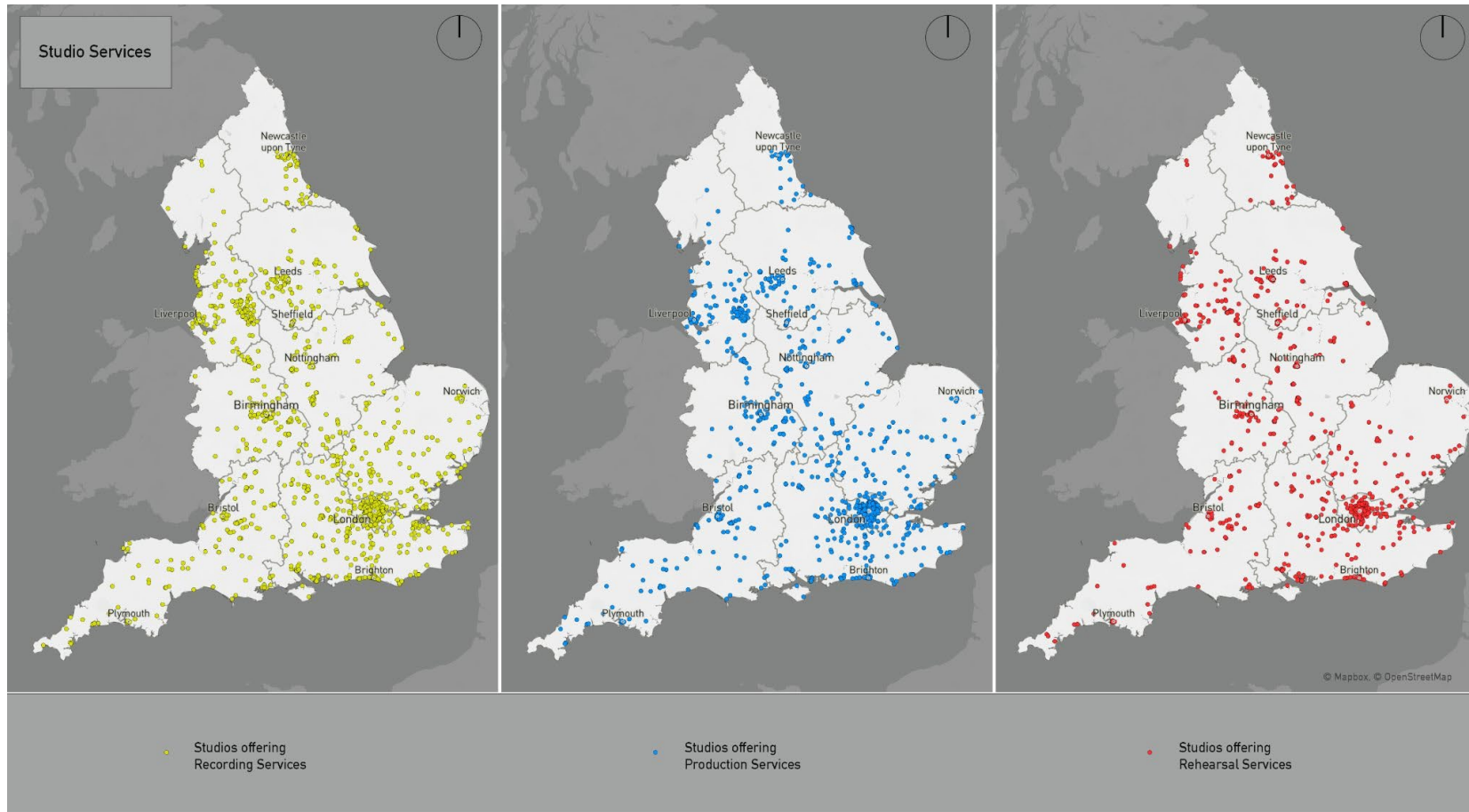
These findings are also important in light of the investment and advocacy from industry and government towards ensuring all communities in England, and particularly young people, have access to rehearsal spaces. A key example is UK Music's Rehearsal Space Project which supports a variety of spaces across the UK (22 in England) by providing instruments and equipment for young people to use for free or for minimal cost.<sup>38</sup> This built on an earlier pilot scheme working with Sound Connections and funded by DCMS.<sup>39</sup> Further initiatives may need to account for the uneven distribution of commercial facilities as well as the role and extent of community-based facilities in sustaining supply.

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<sup>38</sup> UK Music (2021)

<sup>39</sup> Sound Connections (2012)

Figure 8. Distribution of Open Studios by Recording, Production and Rehearsal Services (exclusive or in combination) in England



### Figure Description

- There are 1,858 open studios in England offering recording, production and/or rehearsal services.
- Studio services (all types) are typically found in close proximity to each other.
- Recording services are the most widespread in England, having been offered by 1,452 or 78% of open studios, followed by production (offered in 1,043 or 56% of open studios). Rehearsal services are the least common throughout England, having been offered by 782 or 42% of all open studios.
- All services are concentrated in London (517 recording, 317 production and 273 rehearsal) and the South East (255 recording, 178 production and 119 rehearsal) compared to the rest of England.

## 2.3 Links with the Live Music Venue Ecosystem

The 2017 UK Live Music Census highlighted that a large number of live music venues also undertake additional activities alongside programming and presenting live music (85% of surveyed studios in the Census). Whilst some activities like bars, restaurants and education are also commonly offered by studios, a proportion of live music venues also offer 'tools and spaces for musicians' such as rehearsal spaces and recording studios (22%).<sup>40</sup> The research team similarly explored this link by identifying the number of open studios that also serve as a live music venue.

For the purpose of this section, live music venues are defined as premises which programme 'over six music events per year, including grassroots music venues, clubs, pubs, musical theatres and bars'.<sup>41</sup> These assets are analysed using the following categories:

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<sup>40</sup> Webster, E., Brennan, M., Behr, A. Cloonan, M. and Ansell, J. (2018)

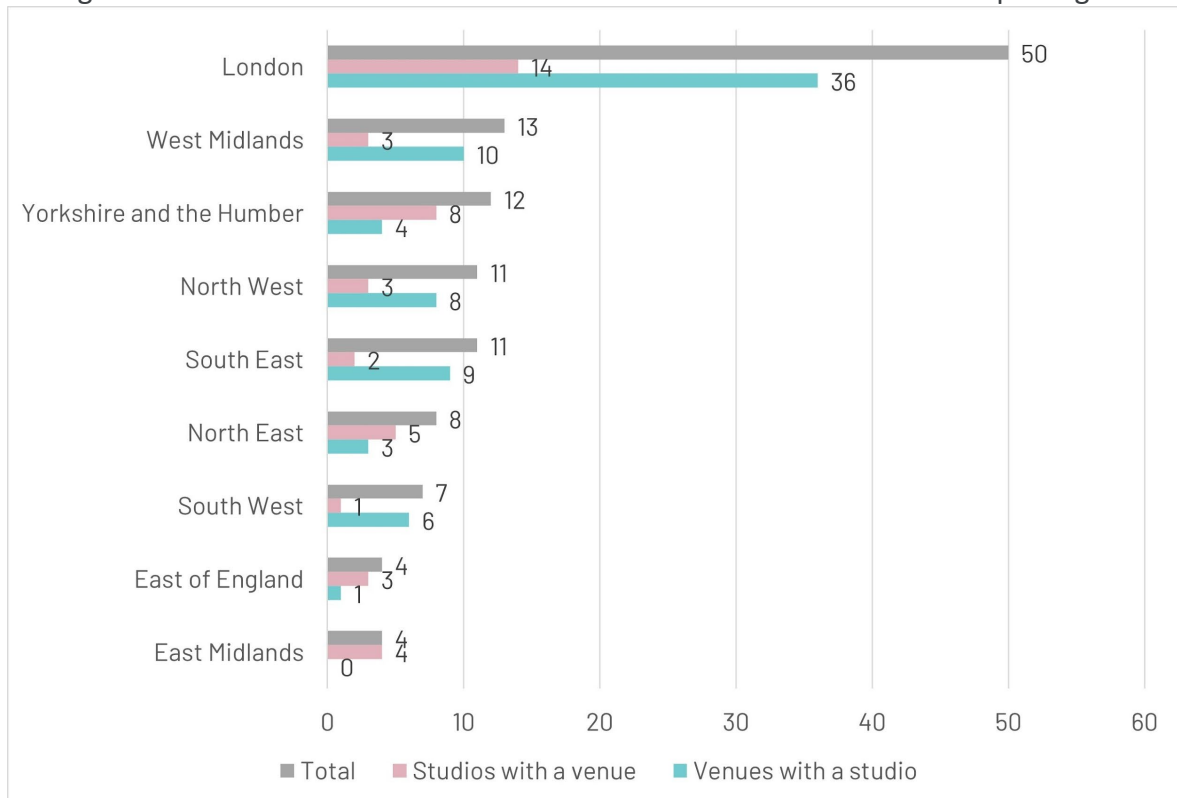
<sup>41</sup> GLA (2020)

1. Music venues that also offer studio services as a secondary function (herein referred to as "venues with a studio").
2. Studios that also have a venue space as a secondary function (herein referred to as "studios with a venue").

Of the total number of open businesses that offer studio services, 120 also serve as a live music venue. This equates to 6.5% of all open studios in the market, the majority which belong to the first category - "venues with a studio" (64% / 77).

Figure 9 shows the geographical distribution of open businesses that combine studio services and live music venues within the two aforementioned categories. London concentrates the highest number of businesses (50) and is the top ranking for both categories: 36 businesses are classified as "venues with a studio" (46.7% of all studios in this category) and 14 as "studios with a venue" (32.5% of all studios in this category). These findings are expected given the large number of studios in London more broadly. Yorkshire and The Humber has the third highest number of businesses that combine studio services and live music venues (12), but in this case the "studios with a venue" category dominates - 4 venues (33%) offer studio services and 8 studios (67%) also serve as live music venues. This trend can also be seen in the North East as well as the East of England and East Midlands which in general concentrate the lowest number of businesses (4 each) with little to none classified as "venues with a studio" (East Midlands 0 and East of England 1).

Figure 9. Number of “Venues with a Studio” and “Studios with a Venue” per region



Source: Mapping, DCMS, 2021

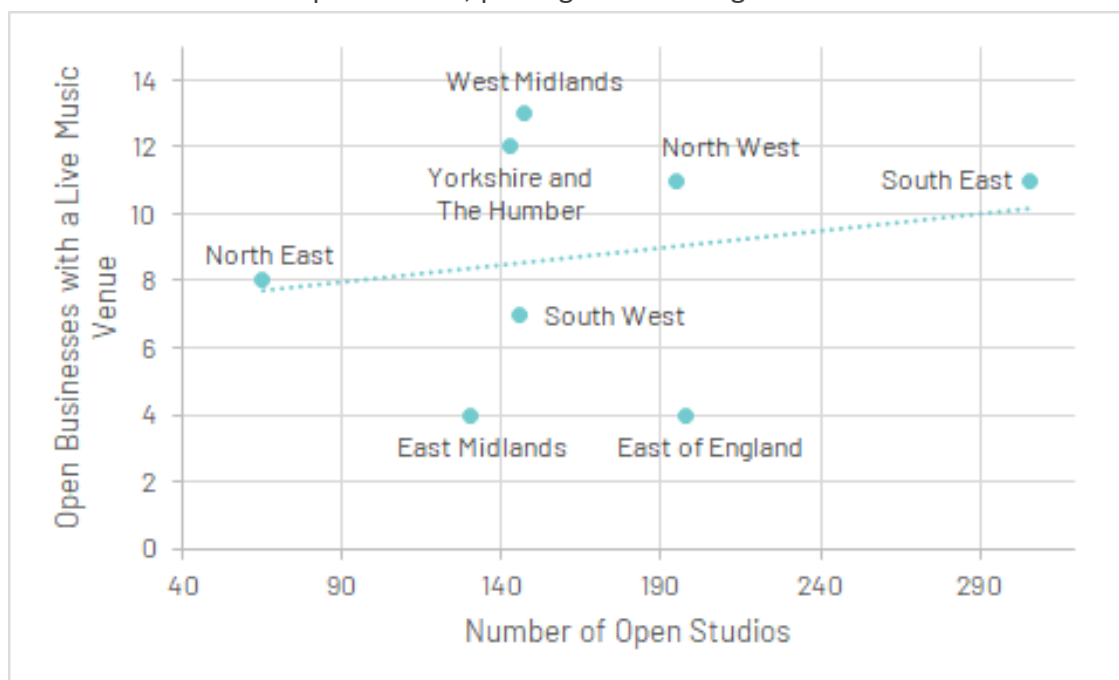
#### Figure Description

- London concentrates the highest number of businesses that combine studio services and live music venues (50). 36 are music venues that also offer studio services (“venues with a studio”) and 12 studios also have a venue space as a secondary function (“studios with a venue”).
- The first category (“venues with a studio”) dominates in the West Midlands (10 out of the 13 businesses that combine studio services and live music venues), the North West (8 out of 11), the South East (9 out of 11) and the South West (6 out of 7).
- The East Midlands is the region with the lowest number of businesses that combine studio services and live music venues (4), all of which are “studios with a venue”.
- The “studios with a venue” category dominates in Yorkshire and The Humber (8 out of the 12 businesses that combine studio services and live

music venues), the North East (5 out of 8) and the East of England (3 out of 4).

In most cases there is no correlation between the total number of open studios (all types) and the total number of open businesses with a live music venue by region (see Figure 1).<sup>42</sup> Instead, a number of regions which rank highly for the number of open studios, in contrast, rank much lower for live music venues and vice versa. For instance, the South East ranks 2nd for studios and 5th for live music venues and the East of England 3rd and then joint 8th. On the other hand, the West Midlands ranks 5th for studios and 2nd for live music venues.

Figure 10. Number of Open Businesses with a Live Music Venue compared with Number of Open Studios, per region excluding London



Source: Mapping, DCMS, 2021

<sup>42</sup> Whilst London ranks 1st in both categories, these results significantly skew the dataset and are therefore not considered an accurate representation of the market in England as a whole. Hence, for the purpose of Figure 10 and its subsequent analysis, London has been excluded.

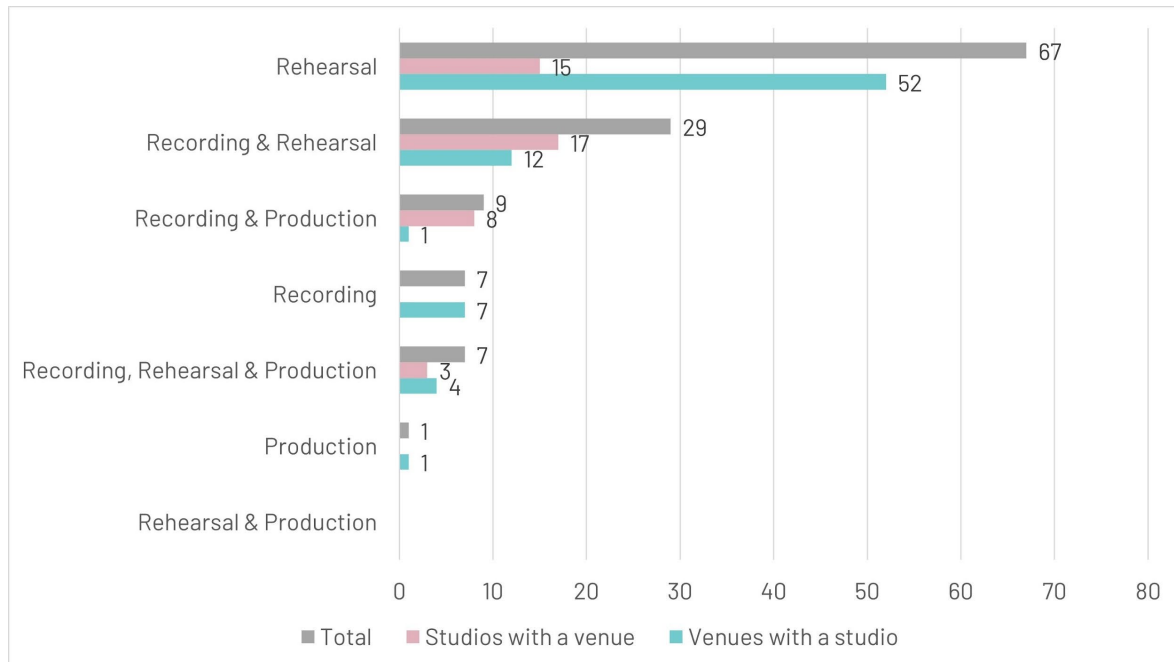


#### Figure Description

- The dots on the graph represent the number of open studios against the number of open businesses with a live music venue by region. The horizontal line (trend line) shows the pattern in the data.
- The trend line shows that there is no correlation between the number of open businesses with a live music venue and the number of open studios by region, after London is excluded from the dataset.
- After London, the West Midlands has the highest number of open businesses with a live music venue (13) but is in the middle of the picture in terms of the total number of open studios (147). The same applies to Yorkshire and The Humber (12 venues and 143 studios) and the North West (11 venues and 195 studios).
- The South East is the region with the second highest number of open studios (306) but ranks 5th for businesses with a live music venue (11 studios). The same applies for the East of England which ranks 3rd for open studios (198) and joint last/8th for businesses with a live music venue (4) together with the East Midlands.

Figure 11 shows the type of studio services offered by businesses that combine studios and live music venues within the two aforementioned categories. Rehearsal is the most common type offered in these businesses, either exclusively or in combination with other studio services (103 / 86%). Out of these, 67 exclusively offer rehearsal and no other studio services and the majority of this type (52 or 78%) are "venues with a studio". This is rationalised by the natural capability of a live music venue to host rehearsals due to its size, equipment already available in-house, fitted acoustic treatment and noise regulations, as well as its need to operate outside of its opening hours to source additional revenue. Production is the least common type of studio service offered alongside live music venues: there is only 1 production room and the combination of rehearsal and production has 0. In this regard, live music venues only occur with production when it is combined with recording (9) or both recording and rehearsal (7), but the latter is likely an outcome of the correlation between rehearsal and live music venues outlined above.

Figure 11. Number of “Venues with a Studio” and “Studios with a Venue” per studio type



Source: Mapping, DCMS, 2021

#### Figure Description

- Live music venues are more commonly offered alongside rehearsal services, either exclusively or in combination with other studio services (103 businesses).
- 67 businesses exclusively offer rehearsal services (i.e rehearsal studios) alongside a live music venue.
- The least common type of studio service offered alongside a live music venue is production. Only 1 space is listed as a production room and live music venue and the combination of rehearsal and production has 0.
- Live music venues only occur with production when combined with only recording (9) or both recording and rehearsal (7).

## 2.4 Ancillary Services

Using a predefined list (see section 1.3.1), the research team also catalogued the main ancillary services that are offered by the studio market in England. A total of 84% (1563) of open studios offer ancillary services.

Table 2 shows a breakdown by each service. The most common is education & training (18%) but, as expected, other audio and visual services which use some of the same equipment as studios are also frequent such as voiceover (16%), photo, video production & editing (15%) and radio & podcasts (6%). The least common are merchandising (2%) and co-working space (1%). Further details about studio ancillary services can be found in section 3.1.1.

Table 2. Number of Open Studios offering ancillary services

Ancillary Service	Number of open studios	Percentage of open studios
Education & Training	340	18%
Voiceover	293	16%
Photo, Video Production & Editing	275	15%
PA & Equipment Hire	237	13%
Food & Drinks	188	10%
Radio & Podcasts	120	6%
Accommodation	62	3%
Merchandising	39	2%
Co-working Space	18	1%

Source: Mapping, DCMS, 2021

### 3. Key Findings

This section outlines the key findings from the previously mentioned research phases (mapping, stakeholder engagement and survey). These are presented across four strategic areas:

1. Studio Business Characteristics
2. Studio Supply vs. User Demand
3. Integration in the Music Ecosystem

## 4. Governance, Regulations and Funding

### 3.1 Studio Business Characteristics

#### 3.1.1 Services

##### Core Services

It has already been made clear in the mapping that recording is the dominant service in England's studio market (78% of open studios). The majority of survey respondents (48%) also classified themselves as a recording studio principally and another 29% as a studio that provides a combination of services but, in this instance, 95% of them offered recording services within the 'traditional recording studio model' (see Table 3 below).

Production services are also prevalent in the studio market. 56% of mapped open studios offered production services which, in contrast, is lower than the proportion amongst surveyed studios (78%).<sup>43</sup> However, in both instances it ranked second to recording. Production is also most commonly offered with recording services which is seen in the mapping in Figure 7 (49%)<sup>44</sup>, amongst surveyed studios (88%) and with the majority of focus group participants in agreement but more importantly emphasising that production rooms are often found within recording studios, as previously mentioned.

At the same time, both the survey (none) and mapping (less than 1%<sup>45</sup>) confirm that production is the least likely to be combined with rehearsal, when not also combined with recording. However, when reflecting on long-term changes in the sector, focus group participants highlighted a market shift towards production due to the popularity and growth in the democratised access to music production (see

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<sup>43</sup> The difference in reporting between the survey and the mapping could be driven from a skew in the survey sampling, as specified in section 1.3.

<sup>44</sup> Including mapped studios that record and produce (37%), and studios that record, rehearse and produce (12%).

<sup>45</sup> Only 0.008% of surveyed studios exclusively offered production and rehearsal services.

section 3.2.2), suggesting that production services may become more dominant amongst professional studios of all types in the future.

Finally, the mapping findings in Figure 7 revealed that 42% of all open studios offered rehearsal services, which aligns with the findings from the survey (44% of all surveyed studios) and confirms that rehearsal is the least common service across the entire studio market in England.

However, it is important to note that studios also provide a range of activities which are complementary to recording, rehearsal and production services. Whilst survey respondents were asked to classify their studio as a recording studio, production room, rehearsal studio, or a studio that offered a combination of these services, they were also asked about any additional services they offered. These additional services allowed the research team to further classify surveyed studios into the following categories:

- **Traditional recording studios (TRS).** Studios that offered one or a combination of services such as:<sup>46</sup>
  - Recording
  - Mixing
  - Producing
  - Mastering
  - Vocal tuning and editing
  - Rental of the studio (excluding recording or production services)
- **Creative audio service (CAS) hubs.** Studios that offered, in addition to traditional recording services, bespoke creative services to music and non-music clients such as:
  - Sound design
  - Custom music composition
  - Scoring
- **360° music industry service (MIS) hubs.** Studios that offered, in addition to traditional recording services, artist-oriented music industry services, such as:
  - Publishing services

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<sup>46</sup> TRS services can be provided exclusively or in combination with Creative audio services (CAS), 360° Music Industry Service (MIS) or Recording spaces (RS).

- Rights management
- Digital distribution and aggregation
- Consulting and coaching
- Songwriting
- Label services
- Artist management
- Rental of equipment and music instruments
- **Production room (PR).** Exclusive space for sound production and post-production processes. They do not have a recording room and their audio capture resources are limited.
- **Rehearsal spaces (RS).** Studios that rent at least one room for artist/band rehearsal, either in combination or not with traditional recording services.

Table 3 below summarises the main services that are included in these categories by the proportion of surveyed studios.

The classification of studio services into the five categories specified above confirms that the studio market is mainly focused on offering recording services (86%). However, other traditional services that are widely offered include mixing (81%) and production (78%), which are complementary services amongst each other and again demonstrate the indivisibility of recording and production. The only outliers to this trend are seen in rehearsal studios whose main traditional service was the rental of the studio (59%), whilst 82% of production rooms offered mastering services. Both outliers, however, are congruent with the respective studios' main economic activity.

Services that fall under the category of creative audio are more uncommon, since these services are usually in addition to traditional recording and as expected, they do not feature in rehearsal studios. However, it is worth mentioning that the most offered service is custom music composition (40%) and sound design (26%).

The top ranking 360° music industry services vary by studio type, but the most popular overall are songwriting (31%), rental of equipment and music instruments (21%), and consulting and coaching (19%). The latter two were also common among focus group participants regardless of size and type of studio, with consulting and coaching services commonly referred to as 'artist development services' and more often informal in nature (see section 3.3.1). Equipment and music instrument rental was also considered a service targeted primarily at the live music industry, as

opposed to personal use. The popularity of equipment and instrument rental in the survey also corresponds with the mapping findings, where it was the 4th most popular 'ancillary service' (13% of all open studios).

Broken down into studio type the commonalities are amongst recording studios and production rooms, and between rehearsal studios and studios with combined types. For instance, recording studios and production rooms have a similar supply of music industry services with a stronger focus on songwriting (38% and 55% respectively), whilst rehearsal studios and studios with combined types are oriented towards rental of equipment or music instruments (47% and 32% respectively). Again, this is in line with the core activity provided by each studio type.

The most common 'other music related services' offered across the market are private events (22%), instrument or equipment repair (17%) and live music (13%), but such services are not homogenous across the studio types. For example, rehearsal studios only offered instrument and equipment repair (47%), private events (35%) and live music events (18%), and no other music related services. Live music only occurred in rehearsal studios and combined types (27%) which again corresponds with the mapping findings on the association between rehearsal and live music (see section 2.3). In comparison, recording studios in their majority don't offer many 'other music related services' and production rooms concentrate marketing and promotion (36%) and graphic design (36%), but no services related to private events or live music. As with the other activities in Table 3, it is clear that these services are closely aligned with the core activities provided by each studio type. However, where services are specifically concentrated, it is important to take a holistic view to understand the breadth of the market.

Table 3. Overview of top 3 activities provided by each studio type, according to the services categories reported in the survey

Studio Type	Top 3 Traditional recording studios (TRS) service	Top 3 Creative audio service (CAS) hub service	Top 3 360° music industry service (MIS) hubs service	Top 3 Other music services
<b>Rehearsal studio</b>	Studio Rental of the studio (59%) Recording (41%) Production (24%)	None (0%)	Rental equipment (47%) Consulting & coaching (18%) Private office rental (6%)	Instrument repair (47%) Private events (35%) Live music (18%)
<b>Recording studio</b>	Recording & mixing (97%) Production (88%)	Custom music composition (47%) Sound design (38%) Scoring (25%)	Songwriting (38%) Consulting & coaching (17%) Label services (17%)	Private events (17%) Graphic design (8%) Marketing and promotion (7%)
<b>Production rooms</b>	Mastering (82%) Production and mixing (73%)	Custom music composition & sound design (45%) Scoring (25%)	Songwriting (55%) Consulting & coaching (27%) Label services, rights, artist and production management (18%)	Marketing and promotion (36%) Graphic design (36%) Instrument repair (27%)
<b>Combined types</b>	Recording (95%) Production and mixing (86%)	Custom music composition (46%) Sound design (14%) Scoring (5%)	Rental equipment (32%) Songwriting (27%) Consulting & coaching (22%)	Private events (30%) Live music (27%) Instrument repair (16%)



<b>Overall studio market</b>	Recording (86%)	Custom music composition (40%)	Songwriting (31%)	Private events (22%)
	Mixing (81%)	Sound design (26%)	Rental equipment (21%)	Instrument repair (17%)
	Production (78%)	Scoring (16%)	Consulting & coaching (19%)	Live music (13%)

Source: Survey, DCMS, 2021

### Ancillary Services

The research found that ancillary services are common and widespread across England’s studio market. This is most evident in the mapping, with 84% (1563) of open studios offering one or more of these services.<sup>47</sup> In their majority, these services are considered non-music related with the exception of merchandising, education and training.

The most common service prior to and since the onset of COVID-19 was education and training. As shown in section 2.4, 18% of mapped open studios offered this service and was the highest-ranking overall. This is consistent with the survey, where again it was the most common service for all studios with the exception of production rooms where although 45% offered education and training, photo and video production was more common (55%). This finding, however, may explain the high percentage of mapped studios that offer photo and video production (15% of open studios / 3rd most popular service). Whilst the research did not provide historical data, it was clear from focus group discussions that digital-based services such as voiceover (2nd most popular service in the mapping), photo and video production have expanded significantly following the COVID-19 pandemic where studios have adapted and diversified their business models (see section 3.1.3).

The other key ancillary service was food and drink, having been offered by 13% (188) of mapped open studios (5th most popular ancillary service) and 17% of survey respondents. Food and drink was also the second most popular ancillary service for surveyed rehearsal studios (41%), which can be attributed to the

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<sup>47</sup> A full breakdown of ancillary services by the number of open studios mapped can be found in section 2.4.

association between rehearsal and live music venues previously mentioned, where food and drink is expected to be served. Geography is another factor. Focus group participants acknowledged that a number of studios across England offer food and drink, however a small minority believed this was concentrated towards city-based studios due to the expected higher footfalls and demand for leisure and tourist amenities such as restaurants/cafes and bars. For example, excluding London, 33.6% (41) of studios with food and drink are in LADs with city-status, with the top ranking being Bristol (5), Leeds (4) and Manchester, Birmingham and Bradford (3 each).<sup>48</sup> London concentrates an almost equal number (35.1% / 66) of open studios with food and drink, of which 77% (51) are located in Inner London boroughs. However, whilst these results support this belief, this may be an outcome of the higher number of studios in these areas to begin with.

The least popular services across the mapping, stakeholder engagement and survey were accommodation, co-working (any industry) and merchandising. The latter two rank lowest in the mapping (2% and 1% respectively, as specified in Table 2) and less than 12% of surveyed studios mentioned offering any of them.<sup>49</sup> None of these services were mentioned by focus group participants, with the exception of accommodation.

Whilst accommodation was more common amongst surveyed and mapped studios (5% and 3% respectively), only one focus group participant said they offered this service but emphasised that it had been suspended due to COVID-19 regulations at the time. Meanwhile, another focus group participant highlighted the hidden, knock-on effects of hotel closures on the studio market during the pandemic. They explained how studios which relied on out-of-town clients over longer periods of time had experienced a decline in bookings where hotel accommodation was not readily available. This suggests that demand exists for accommodation but perhaps not within studios themselves, as well as the significance of the wider ecosystem and supply chain. In doing so, it demonstrates the need for a broader conceptualisation of accommodation in policy, as affecting not only live music and tourism but also music business.

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<sup>48</sup> Please note, these numbers refer to Local Authority Districts and not urban areas.

<sup>49</sup> Only 5% of surveyed studios offered accommodation services, 12% offered co-working space services and 11% offered merchandising services.

Despite these findings, the majority of surveyed studio clients had a negative perception of the quality of studio ancillary services (average rating of 2.4 out of 5, see Figure 25, section 3.2.2) and was the lowest ranking factor overall for the studio market. This perception is an important consideration for studios since a high percentage of studios use these services as a means to diversify their revenue streams (see section 3.1.3). Furthermore, even though they are not core services and the assumed principal reason for contracting the studio services, some clients could associate that low quality of these services with the overall quality of the studio.

### 3.1.2 Economic Characteristics

#### Type and Size of Organisation

Based on the majority of focus group participants and survey respondents (89%), it can be inferred that England's studio market is commercially-led. However, when reflecting on the changes brought about by the COVID-19 pandemic, focus group participants agreed that the landscape was currently undergoing a shift. For example, where studios had diversified their services (e.g. introduced non-profit and/or for-profit services) or where studios were now being used for personal use, as an addition or alternative to prior public offerings. On the latter, participants specifically associated this with production rooms given the belief that many were already doing this prior to the pandemic. This is evident in the survey. In-line with the findings on the type of physical space used by studios (see Figure 31, section 3.4.3), the majority are located in a fixed place and open to the public as a commercial facility. The exception is production rooms which reveal a high percentage of businesses dedicated to the owner's own or private use (18%) or for other purposes (27%) and more often in a home studio (55%) rather than a fixed commercial premises.

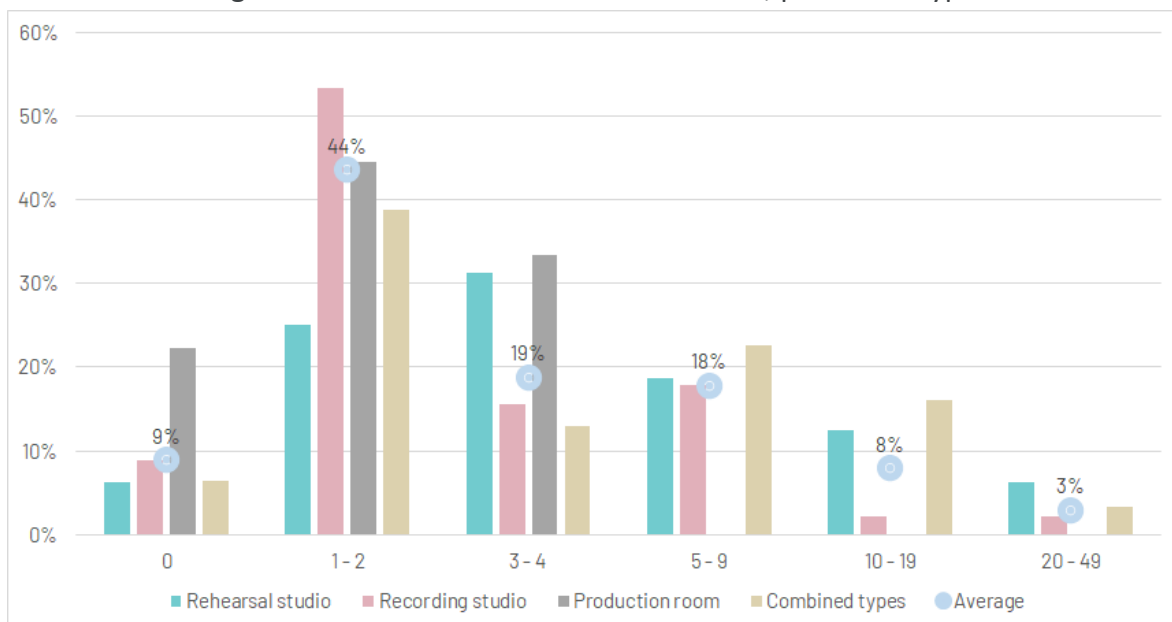
Almost all surveyed studios fell under the micro businesses umbrella: between 0 and 9 employees.<sup>50</sup> Figure 12 shows that, on average, most studios have a small

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<sup>50</sup> Definition of 'micro business' is "Are very small companies. Your company will be a micro-entity if it has any 2 of the following: A turnover of £632,000 or less; £316,000 or less on its balance sheet; 10 employees or less". Source: UK Government (n.d.a).

workforce with either 1-2 employees/consultants (on average 44%) or 3-4 (on average 19%).<sup>51</sup> Focus group participants painted a similar picture with most operating their studios with between 2-4 staff. However, in some cases, these individuals were registered as sole traders and therefore could assume the business size of '0'. According to focus group participants, this was more common amongst rehearsal studios. Looking at the specific studio types, it is interesting to note that surveyed rehearsal studios have the highest average number of employees (7) whilst production has the lowest (2). This can be seen to influence the degree to which COVID-19 has impacted these respective studios and in turn the level of government support required, as detailed in section 3.4.4.

Figure 12. Size of studio market businesses, per studio type



Source: Survey, DCMS, 2021

#### Figure Description

- 44% of studios have a workforce between 1 or 2 employees or consultants and 19% have a workforce between 3 to 4.
- 19% of studios have a workforce between 4 and 9 employees or consultants and 8% have a workforce between 10 and 29.

<sup>51</sup> Studios that display '0' employees refer to studios where only the owner works.

- 3% of studios have a workforce between 20 and 49 employees or consultants.
- Studios that display '0' employees refer to studios where only the owner works.

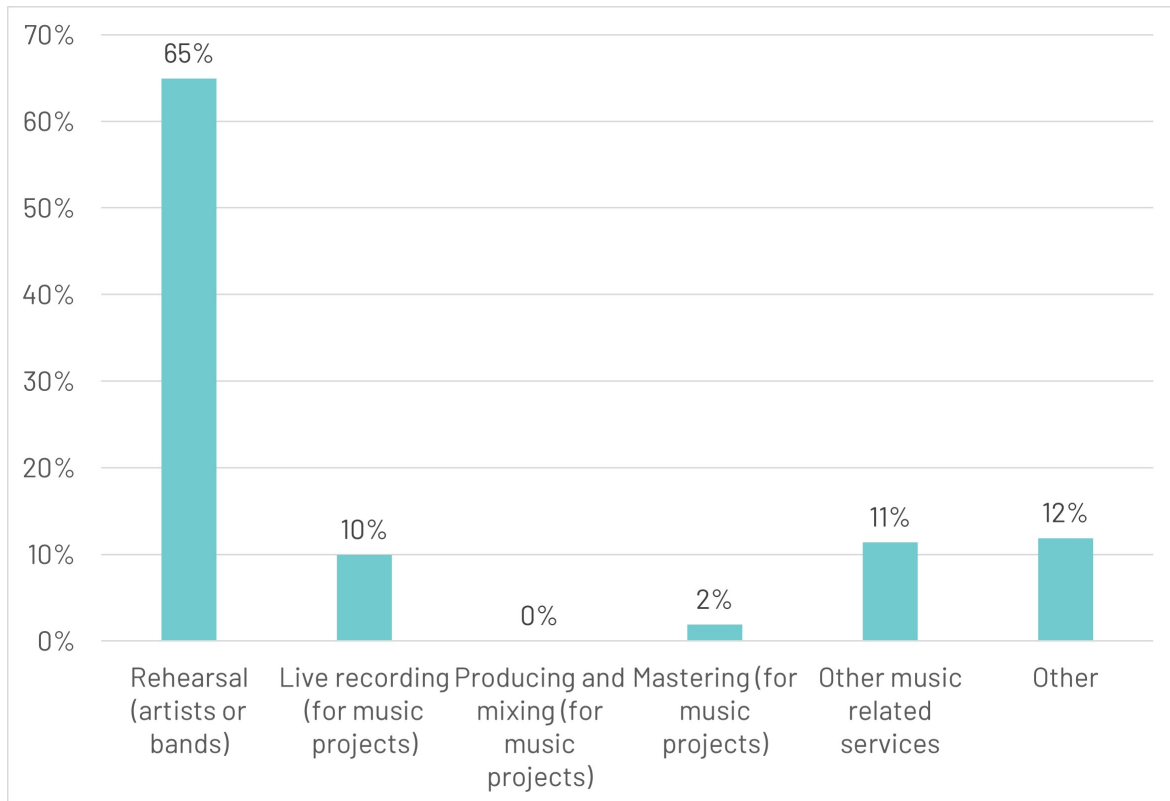
#### Studio Revenues (prior and since COVID-19)

As previously mentioned, studios provide a diverse range of services of which many are unique and/or concentrated to particular studio types. This is also reflected in studio revenue streams. Figures 13 and 14, produced separately to better distinguish the unique business model of rehearsal studios in comparison to all other studio types, shows the sources of income for surveyed studios prior to the pandemic (2019). As expected, each studio type displays a different source of income that is congruent to the service they listed as their main economic activity:

- Rehearsal studios listed rehearsing as both their main activity and source of income.
- Recording studios almost equally depend on income from live recording as well as producing and mixing activities. This corresponds with the fact that 97% offer recording services, 97% mixing and 88% production services.
- Production rooms rely on income from producing and mixing activities as well as mastering, which corresponds with 82% offering mastering services and 73% offering mastering and mixing services.
- Studios with a combination of services have more diverse income sources, with the majority coming from rehearsal, live recording, producing and mixing. This relates to the fact that 95% offer recording, 86% production and mixing services and 73% rehearsal services.

Overall, these observations demonstrate that traditional services comprise the greatest proportion of studios' income. At the same time, when contrasted with the supply of all services, even though the studio market is highly skilled in diversifying towards creative audio, music industry services, other music related services and/or ancillary services, the income from such secondary activities still does not appear to generate a high economic return.

Figure 13. Sources of income prior to COVID-19 (2019), for Rehearsal Studios

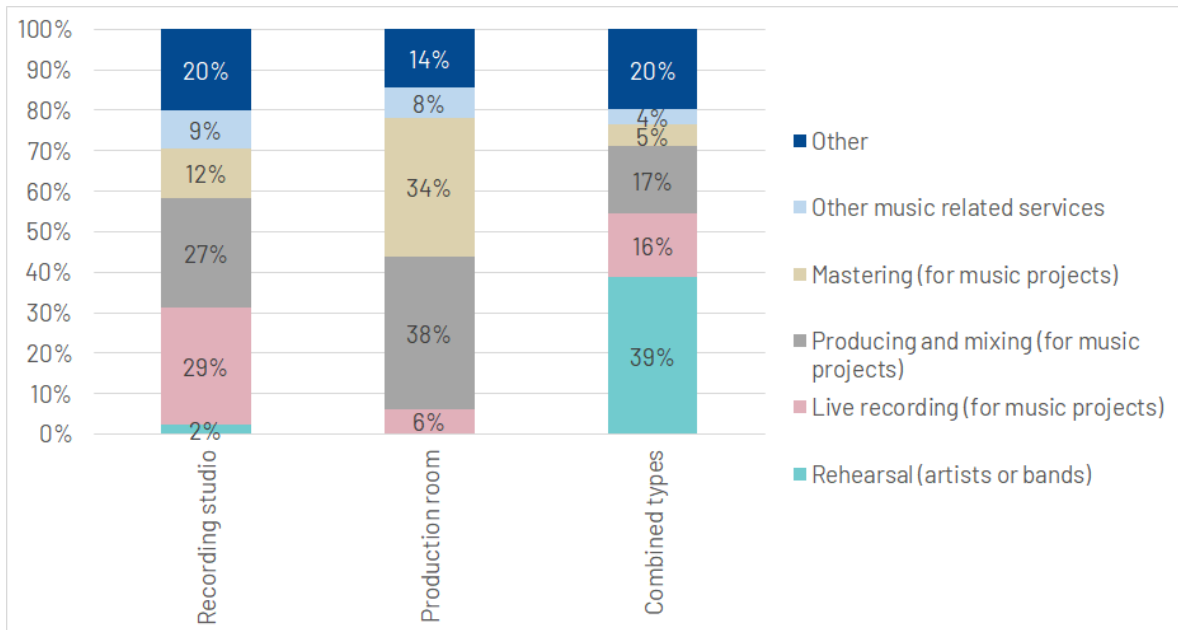


Source: Survey, DCMS, 2021

#### Figure Description

- Prior to COVID-19 (2019), the main sources of income for rehearsal studios were in the majority (65%) coming from rehearsal services sold for artists or bands, whilst smaller amounts came from other services (12%), other music related services (11%), live recording (10%) and mastering (2%).

Figure 14. Sources of income prior to COVID-19 (2019), per studio type excluding Rehearsal Studios



Source: Survey, DCMS, 2021

#### Figure Description

- Prior to COVID-19 (2019), the composition of the income for recording studios was live recording (29%), producing and mixing for music projects (27%), mastering (12%) and other services from music (9%), other non-music related services (20%), and rehearsal services (2%).
- The studios with combined types had on average 39% of their income coming from rehearsal services, live recording (16%), producing and mixing and other services (17%).
- Production rooms had on average 38% of their income coming from production and mixing services (38%) and mastering for music projects (34%).

There is evidence to suggest that the studio market was financially sustainable prior to COVID-19. No focus group participants expressed significant financial difficulties, whilst the majority of surveyed studios were either profitable (55%) or could sustain their operation (41%), with only 4% having difficulties sustaining their operation

with their own resources. This proportion is similar across all studio types with the exception of production rooms, where the vast majority (75%) were already profitable. However, in this instance, a greater proportion (13%) had difficulties sustaining their operation which could be a reflection on those which operate as a home/project studio rather than an exclusive commercial facility compared to other studio types.

In addition, the average annual gross income prior to COVID-19 (2019) for all surveyed studios was £109.7K. This is significantly above the UK's average for micro businesses at £38.6K (or €45K) per year according to the Global Micro-Business Impact Report.<sup>52</sup> However, the average income greatly differed across the studio types (see Figure 15). On the lowest end of the scale are production rooms with £40.1K, which can be attributed to previous discussion on the number of production rooms that operate for personal use and more often in a home studio, and therefore with an expected lower to no economic output. On the other end are rehearsal studios at £132.4K. Focus group participants similarly expressed that rehearsal studios were the biggest revenue generators in the studio market, attributing this to the number of rooms available and the versatility of clients and services, for example in education, leisure and industry.

However, when comparing the average annual gross income per number of employees, the differences become less sharp since all studio types have a similar income of between £16K and £18K per employee. The exception to this trend is recording studios which generate almost £10K more per employee.<sup>53</sup> The higher potential revenue for recording studio employees is an important consideration for the studio market talent pipeline, in terms of where to focus efforts. Talent retention, mentorship and skills development for recording, organised by or for the sector, could not only have greater economic return, but ensure a highly-skilled and diverse workforce which is already evident through the democratised music production technologies (see section 3.2.2).

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<sup>52</sup> Please note that the source reports this figure in EUR (€). It has been reproduced here in GBP (£) at the exchange rate of £1 = €0.856. Source: Vistaprint (2017)

<sup>53</sup> Please note, these figures are an average across all staff and therefore include full-time, part-time and freelance employees.



Overall, the above findings could explain why studios showed a lower dependency on funding from the government and other bodies prior to the pandemic, as explained in section 3.4.4 (see Figure 32).

Figure 15. Businesses average annual gross income prior to COVID-19 (2019), per studio type



Source: Survey, DCMS, 2021

#### Figure Description

- Production rooms had an average annual gross income of £40K, rehearsal studios had an average of £132K, recording studios had an average of £112K and the studios with combined types had average annual gross income of £115K.
- The average annual gross income per employee for recording studios was £27K, for rehearsal studios it was £18K per employee, for studios with combined types it was £18K per employee, and it was £16.4K per employee for production rooms.

The UK's arts, entertainment and recreation sector has been one of the worst affected by the COVID-19 pandemic, second only to food and accommodation, with a noted loss of 44.5% in GDP and 70% of all employees on furlough immediately

after the onset of the pandemic (March-June 2020).<sup>54</sup> This was due to mandated closures and/or restricted activities, in addition to regulations on social distancing. For the studio market, the impact was most visible in the reduction of the studio's annual gross income and staff sizes, although changes in operating hours and studio service rates (see below) were also noted. Figure 16 shows that on average 90% of surveyed studios suffered either some decrease in their income (between 1 and 25%) or a large decrease (above 25%). Meanwhile, Figure 17 shows that over half of all surveyed studios suffered a decrease in their staff (on average 55%), with many reporting decreases in staff working hours<sup>55</sup> in addition to using the government's Job Retention Scheme<sup>56</sup>.

However, the effects are not homogenous across studio types. It is clear that in both instances rehearsal studios were the worst affected: the entirety suffered from a decrease in income, 94% of which reported large decreases, whilst 69% reported some decrease in staff second only to combined types (71%). As explained elsewhere in the report, the worse outcomes can be attributed to the fact that there is no viable alternative to a physical rehearsal service which, when coupled with higher space rental costs and larger staff numbers, make them the most vulnerable when clients cannot physically attend.

In stark contrast, COVID-19 has had a significantly milder effect on production rooms, with 44% reporting a large decrease in income and only 11% reporting any type of decrease in staff sizes, both of which were the lowest across all studio types. Production rooms also recorded the highest level of increases (11%) and no reported changes (22%) for studio income. As detailed elsewhere in this report, production rooms' lesser need for a fixed space and low space rental costs, together with their customary use of digital tools and private facilities (e.g. home studio) may explain these findings and demonstrate production rooms' greater resilience during the pandemic.

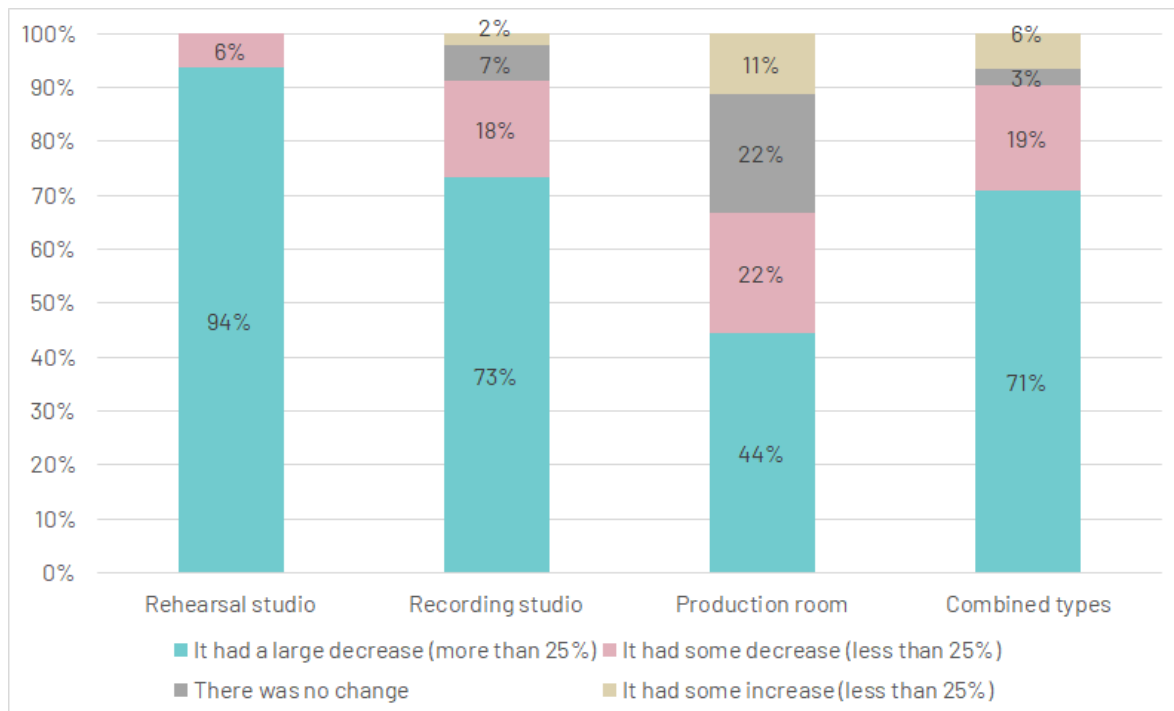
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<sup>54</sup> UK Parliament (2020)

<sup>55</sup> Recording studios had to decrease the working hours of 25% of their staff. Rehearsal studios had to do so for 29% of their staff and studios with combined types had to make the reduction for 48% of their staff.

<sup>56</sup> Recording studios had to implement the Job Retention Scheme on 21% of their staff. Rehearsal studios had to do so for 26% of their staff and studios with combined types had to set the Scheme for 28% of their staff.

Figure 16. Impact on businesses average annual gross income since the onset of COVID-19 (2020), per studio type

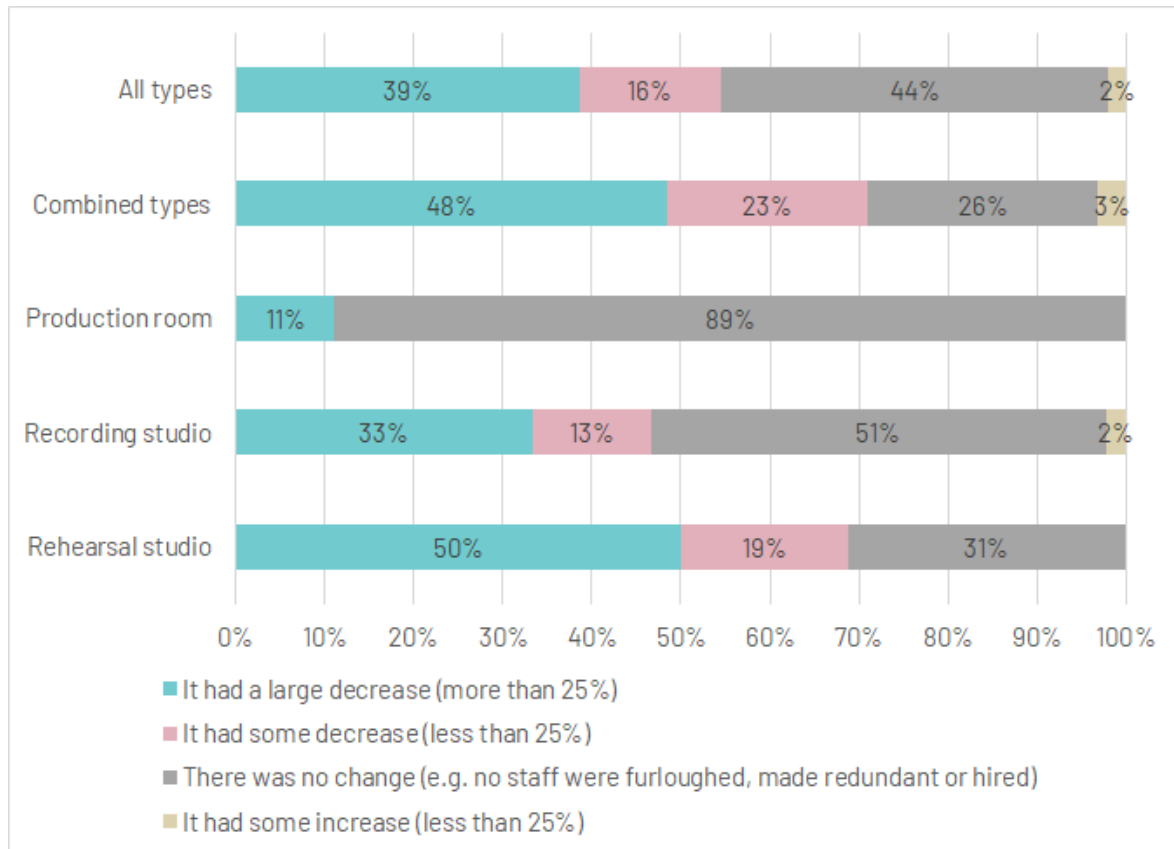


Source: Survey, DCMS, 2021

#### Figure Description

- Overall, studio businesses had a large decrease (73%) or some decrease (17%) on their average annual gross income since the onset of COVID-19.
- 94% of rehearsal studios had a large decrease in income and 6% had some decrease. 73% of recording studios had a large decrease and 18% had some decrease. 71% of studios with combined types had a large decrease in income and 19% had some decrease.
- 44% of production rooms had a large decrease, 22% had some decrease, 22% had no change in income and 11% had some increase in their income since the onset of COVID-19.

Figure 17. Type of impact of measures to contain COVID-19 (2020) on the employment within businesses, per studio type



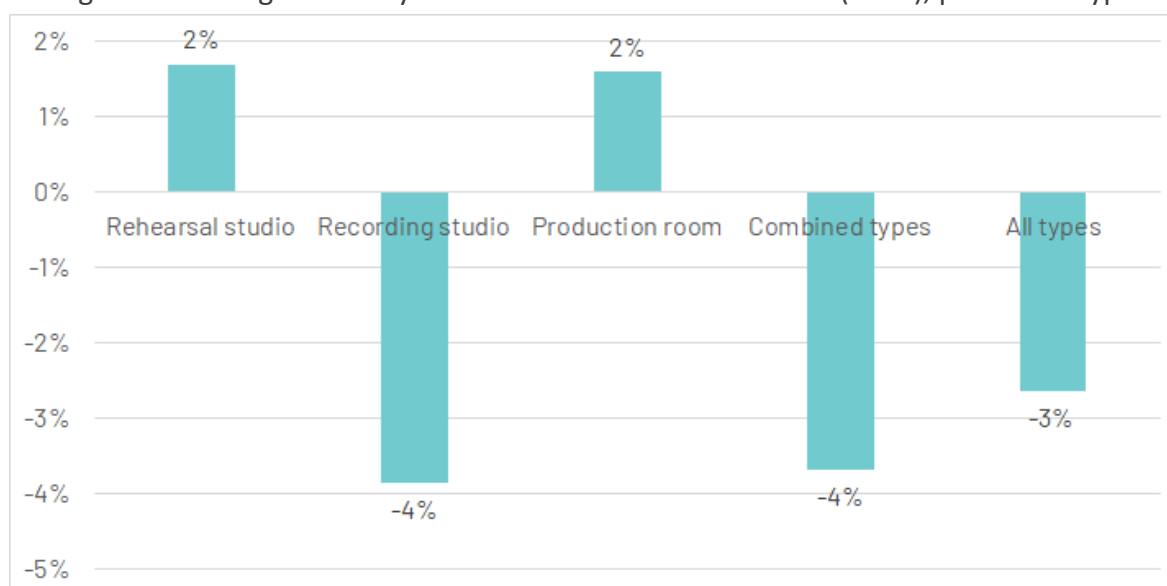
Source: Survey, DCMS, 2021

#### Figure Description

- Overall, 39% of studio businesses had a large decrease in their staff since the onset of COVID-19. 16% had some decrease, 44% had no change in their staff and 2% had some increase.
- 50% of rehearsal studios had a large decrease in staff, 19% had some decrease and 31% had no change.
- 33% of recording studios had a large decrease in staff, 13% had some decrease, 51% had no change and 2% had some increase in staff.
- 11% of production had a large decrease in staff and 89% had no change.
- 48% of studios with combined types had a large decrease in staff, 23% had some decrease, 26% had no change and 3% had some increase in staff.

COVID-19 has also had an impact on studio service rates (hourly fees). Whilst focus group participants did not report any changes since the onset of the pandemic, the survey revealed an average reduction of 3% (see Figure 18). However, when assessing each type, fees increased by an average of 2% for rehearsal studios and production rooms but decreased by an average of 4% for recording studios and studios with combined types. The decreases become more pronounced when looking at historical changes. For example, focus group participants who have been operating in the market for longer periods of time, noted that studio service rates had in general declined or stagnated compared to 20 years ago (i.e. not in-line with inflation). This was attributed to democratisation and the progressive entry of new competitors where barriers to entry are less, which in turn have prevented studios from raising their rates (according to their costs). If any changes had occurred, this was attributed to increased operating costs and specifically rents and business rates, as opposed to growth in the sector.<sup>57</sup>

Figure 18. Change in hourly fee since the onset of COVID-19 (2020), per studio type



Source: Survey, DCMS, 2021

Figure Description

<sup>57</sup> For the proportion of types of expenses on the overall costs of businesses since the onset of COVID-19, see section 3.4.3.

- The average hourly fees increased on average by 2% both for rehearsal studios and production rooms.
- The average hourly fees decreased on average by 4% for recording studios and studios with combined types.

### 3.1.3 Professional and Business Development

#### Diversified Business Models

Studios are continually needing to diversify their services in the face of new dynamics and challenges in the sector such as Brexit, the democratised access to music production and COVID-19. However, this is not only unique to the studio market as a similar process has been observed amongst live music venues in the UK.<sup>58</sup>

Measures to minimise the effect of COVID-19 have forced many studios to re-evaluate their services in the immediate and long-term. According to focus group participants, this was to support their recovery as well as ensure resilience and financial viability in case of any future threats. Survey respondents are of a similar opinion. Figure 19 shows that, in order to achieve economic recovery, most studios plan to seek new clients that demand their core services (79%), whilst 57% of studios plan to seek other forms of revenue from within the music industry which implies a continued expansion of services to other secondary music activities such as those detailed in section 3.1.1. Furthermore, 31% are willing to seek other forms of revenue from within industries unrelated to the music sector including ancillary and audio services, both of which have grown over the last year according to focus group participants. At present, however, these still make up the smallest proportion of clients amongst surveyed studios (see section 3.2.1).

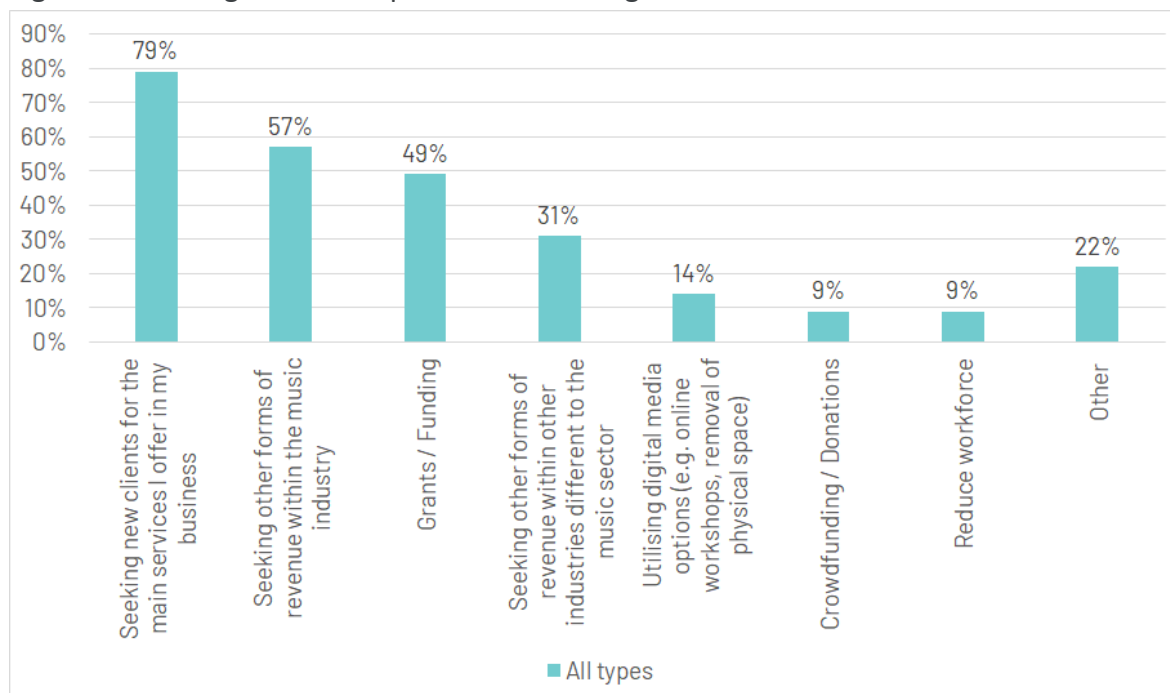
Overall, it demonstrates that whilst studios are continuing to rely on their core business models, there is also an awareness and willingness to adopt new things. According to focus group participants, this is particularly important for provincial or local ecosystems whose potential 'stress point' is limited market opportunities due to their size or location. Hence, it was commonly suggested that in this instance, studios should diversify their business models in order to reach a wider client base

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<sup>58</sup> DCMS Committee (2019)

and maximise revenue opportunities, which in fact corresponds with the perception amongst participants in such locales about maintaining a diverse and competitive business model.

Figure 19. Strategies to be implemented to mitigate the effects of COVID-19 on businesses



Source: Survey, DCMS, 2021

#### Figure Description

- In order to achieve economic recovery, most studios (79%) are planning to seek new clients that demand their core services, 57% plan to seek other forms of revenue within the music industry, 49% are looking to apply for grants and funding and 31% are willing to seek other forms of revenue within industries unrelated to the music sector, such as ancillary services.
- 9% are considering crowdfunding or donations, and 9% expect to reduce their workforce more.

#### Education

As previously outlined, education and training is the most common ancillary service for both mapped and surveyed studios. Focus group participants agreed, but more

importantly emphasised that it is the biggest growth area for studios and/or studio staff prior and since the onset of the pandemic. In-house music schools, after-school programmes and partnerships with educational institutions (e.g. colleges and universities) for teaching and rental of facilities were all mentioned as existing prior to the pandemic. Since COVID-19, many studios were noted to have adapted to online learning, but simultaneously a significant number also introduced some form of online educational activity for the first time. Where focus group participants had not implemented online learning, economic or logistical constraints were given.

Revenue and maintained operations (i.e. not closing or furloughing staff) were the key reasons for online education, according to focus group participants. However, it was also evident that the continued delivery of formal school education throughout the pandemic (online or remote) meant educational services were and will continue to be a sustainable business model in the event of any future threats. Hence, as expected, studios that adopted education and training now consider it to be a key business development opportunity long-term.

It is also important to highlight the different delivery models for education used by studios. In almost all cases, education and training was part of the studio's business and therefore delivered 'in-house' (in-person or online), however one focus group participant explained that they are working with an external agency to deliver music classes independent of the studio. This could be a key opportunity for studios to develop new educational partnerships as well as providing studio staff, and particularly freelancers, with additional hours and income. The other key observation was that one studio provided alternative education in the form of music production workshops for children who are unable to attend mainstream schools (e.g. through exclusion or illness), highlighting the potential for studios to deliver public services for the local authority.

It is also common for rehearsal studios to be music examination centres and particularly for Rockschool and Trinity. Rehearsal studios can easily meet the exam room (e.g. soundproofed) and instrument-specific requirements (e.g. microphones and amplifiers), and have the capacity to hire out the multiple and diverse rooms required (i.e. rooms for waiting, warm-up and examination, as well as classical and rock/pop). For many this is a key revenue source that has since been disrupted by the COVID-19 pandemic and the subsequent restrictions placed on in-person examinations. There was concern among some studios about a permanent shift to



digital exams after the COVID-19 pandemic and the adverse effect this could have on their business models, but many were optimistic that people would want to return to learning and performing in a physical environment post-Covid.

Finally, studio education services are seen to be particularly important for school-aged children. Issues raised included the disappearance of GCSE Music from many school syllabuses, a focus on classical and jazz music (including within the re-defined Music Education Hub programme), and the rising level of music illiteracy (the ability to read music) among young aspiring musicians. These were all justifications for the importance of studios providing alternative education.

#### Audio Services

As previously mentioned, the survey found that 31% of studios plan to seek revenue from within industries unrelated to music, with evidence to suggest that this is already being achieved in the audiovisual sector. According to focus group participants, a number of traditional recording studios whose clients were predominantly from the music industry (typically artists and musicians), have since introduced audio services and specifically project work within their primary business model. Whilst this was attributed to the wider shift to remote working detailed below, it was also noted that it was more often found in production rooms or in studios offering production services (combined types) where they were already equipped and experienced in non-music related services. According to focus group participants and in-line with the mapping, the most common audio service is voiceover and particularly audiobooks (16% of all open studios), followed by radio and podcasts (6% of all open studios).

#### Digital Tools: Remote Working and Live Streaming

It was acknowledged by both survey respondents and focus group participants that digital tools have been widely implemented since the onset of the pandemic in order to adapt to the challenges posed by COVID-19.

Survey respondents considered access to tutorials or educational courses as the greatest benefits of digital tools (35%), closely followed by the enablement of collaboration (34%), the reduction of production costs (32%), and digital tools as drivers for innovation in their production/recording processes (32%). The latter two

are particularly important as they apply to the production chain and, as expected, are most profound amongst production rooms. For example, 75% of production rooms considered digital tools as an enabler for innovation including for remote production. In this respect, it corresponds with the belief amongst focus group participants that production studios were more resilient during the pandemic, given they were already accustomed to working with digital tools and had the facilities (either a personal professional/home studio, or using a commercial studio in isolation) to do so. In comparison, the low association between rehearsal studios and digital tools was attributed to the fact that there is no alternative to providing a physical rehearsal service.

In line with the above, the most significant change to studio operating models since the onset of COVID-19 has been around remote services. Some studios, specifically production, were noted to offer remote services prior to the pandemic, but that demand had increased since March 2020 where studios were unable to open physical premises in part or full. This has also been accompanied by a shift in perception amongst clients towards remote work, with many becoming accustomed and positive to this way of working now and in the future, according to focus group participants.

It is also important to note that this does not only involve staff working on projects independently and on behalf of a client. For example, one focus group participant highlighted how they were hosting live sessions and audio streams via Zoom in order to expose the client to the same quality of sound as if they had been in a studio. This is an example of technological innovation in the delivery of studio services. Other key benefits included mitigating against any potential ongoing COVID-19 restrictions as well as maintaining and/or expanding client catchment areas on both a provincial and international level. The latter will be an important consideration in light of Brexit regulations (see section 3.4).

However, whilst the majority of focus group participants said they would pursue some form of remote-work long-term, they did not want to dedicate their entire business model to it. Reasons included the 'satisfaction' of a live room, the 'culturally or artistically enriching experience' of being in a physical studio, particularly for young and aspiring artists, as well as the anticipation that there will be high demand for physical space and personal contact as COVID restrictions ease.

Live streaming services were also considered to be a good diversification mechanism, especially where it took advantage of a studio's knowledge and skills in mixing and capturing audio. For a small minority of focus group participants, it was something they had previously considered but was kick-started by the pandemic where they were unable to offer their traditional services. As with remote work, it was seen as another opportunity for traditional studios to differentiate themselves from the home studio offer, as one focus group participant said the latter typically doesn't have the space or equipment to do so (e.g. a live room). There are also a number of unique benefits for artists. Live streams provide an opportunity to not only perform, but access a larger and more diverse audience, having been described by one participant as a shift from the domestic (e.g. performances in a pub or festival) to the international and, on the latter, the growing market for streaming. The download capabilities for live streaming also provide a new means for monetisation. In this regard, live streaming services are a key opportunity for studios to provide professional development support to artists within the 360° music industry services model previously mentioned. It is also a good opportunity for cross-promotion whereby the studio promotes the artists across their media channels and the artists likewise do the same.

#### Media and Promotion

Surveyed studios were asked to provide their perception on the quality of their own business, where 1 is equivalent to 'very bad' and 5 is 'very good'. For studios, the aspects with the lowest self-perception (below 3.5) were the ability of the business to find new clients (average of 3.4), market share (average of 3.1) and online presence (average of 3.1), the latter of which was also noted by focus group participants and directly related to social media. For both participants and survey respondents, and in-line with the low self-perception towards online presence, digital media was considered a key way to gain visibility, promote services and attract new clients.

Figure 20 shows the media used by surveyed studios to promote their business and the media used by surveyed clients to find information about studios. Digital media is widespread (websites, Facebook, Instagram, Twitter, etc.), but word of mouth was the most popular for both studios and clients (92% and 94% respectively). Word of mouth was also popular amongst focus group participants, however they

considered this an outcome of their active involvement in the music industry as musicians foremost, rather than as studio professionals.

The next most popular medium is Facebook (89% of studios and 56% of clients), followed by personal/professional websites (77% of studios and 38% of clients). In both instances there is a much stronger reliance from studios, which follows the observed trend across all other forms of media shown in Figure 20 with the exception of word of mouth. Focus group participants also acknowledged the widespread use of Facebook and agreed that it had filled the gap of Myspace in terms of music marketing and promotion for grassroots music and amateur artists.<sup>59</sup>

However, in general, there is a clear gap and misalignment between the forms of media used by studios and those used by clients. The popularity of Facebook could be a key insight for studios to refocus their efforts and resources in order to build their online presence, with less attention paid to platforms that reveal little to no engagement such as Twitter and Youtube. At the same time, advertisements in social media typically include a link to the personal/professional website of the studio and therefore the quality of the website should also be considered in social media promotions. This is not only about gaining new clients but also about perception, as an online profile can work to ensure people outside of the music industry and without established networks perceive studios as open and accessible. In doing so, traditional studios can better compete with the Pirate Studios model (see section 3.2.2).

These considerations would also align with the skills that surveyed studios and studio clients want to gain and receive support on. Skills in marketing, social media and audience insights are desired by 42% of studio clients as well as the majority of studios (49% for marketing / PR and 37% for social media, see Figure 21). This is consistent with the belief amongst some focus groups that streaming and social media have transformed recorded music into a 'promotional asset' used to market a band, whereas previously a band would go on tour to market a record. As a result, a number of participants felt they were now seen as content creators as well as technical experts. Support with promotion and media presence was also a preferred area of government intervention for both studios and clients (19% and 14% respectively). As previously shown for remote work and live streaming, studios can

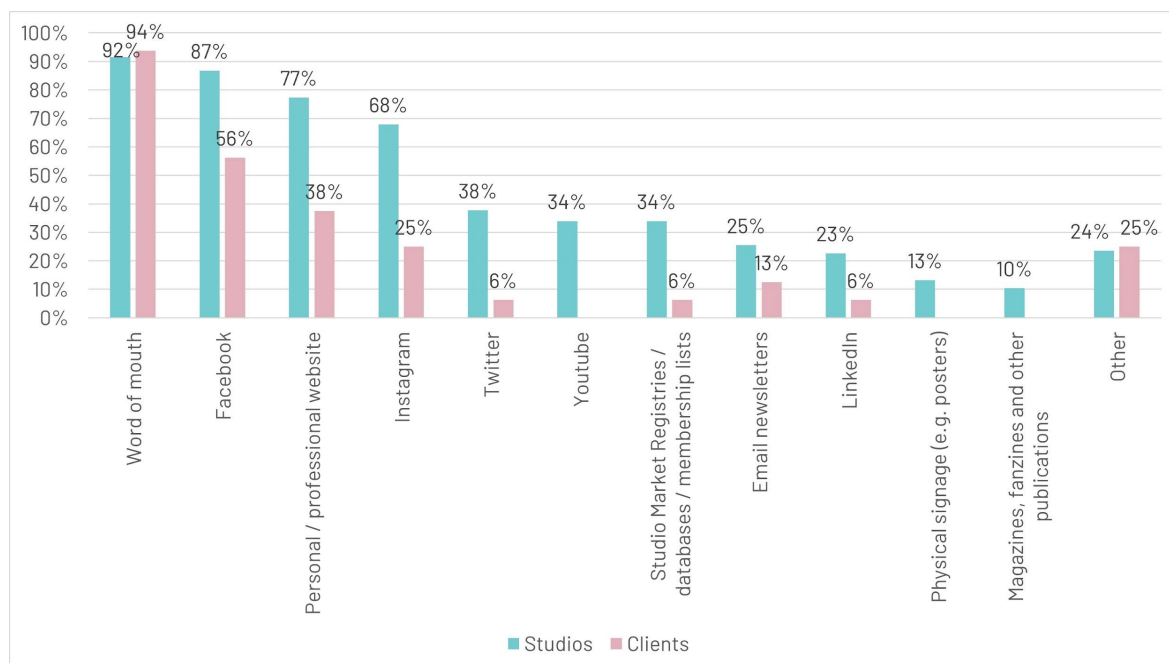
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<sup>59</sup> Schneider, J. (2019)

also benefit from a wider scope of technology and hence there was a high percentage of surveyed studios interested in improving their skills in the use of technology (35%).<sup>60</sup>

Collectively these findings show that studios and clients have a capacity and willingness to develop a 'commercial mindset' - desiring commercial success and the right fusion of creative, technical and commercial skills - in order to boost their absorptive capacity as defined by the 2016 Frontier creative industries productivity report.<sup>61</sup>

Figure 20. Media used by studios to promote their business and the media used by clients to find information about studios



Source: Survey, DCMS, 2021

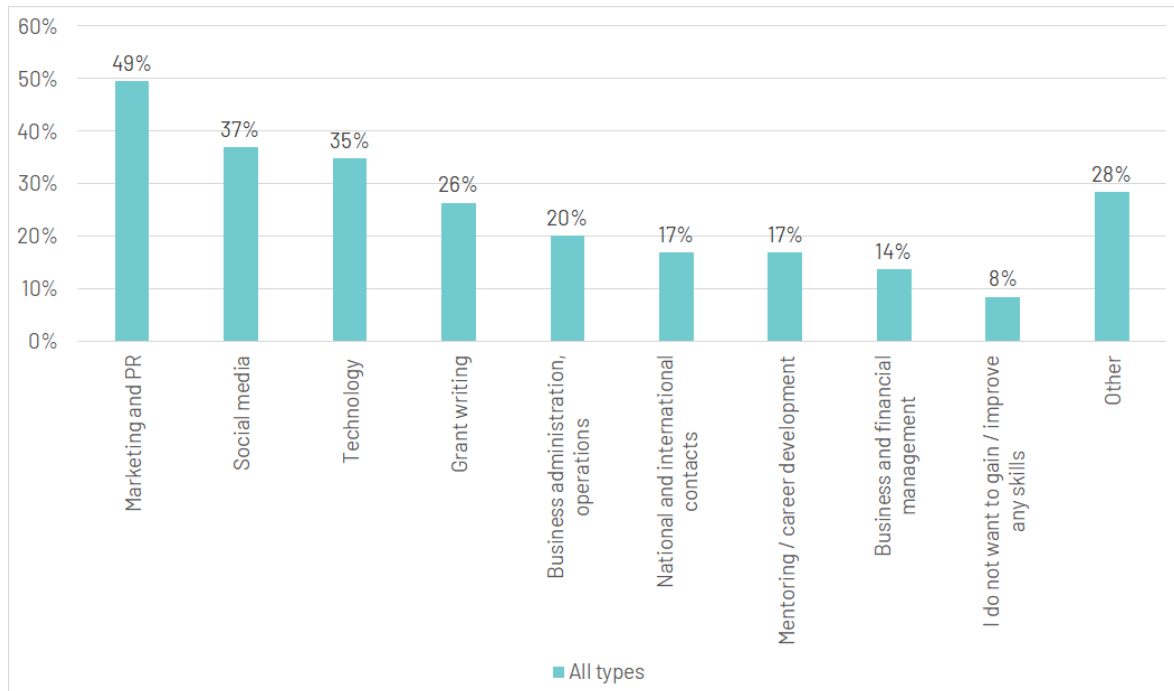
Figure Description

<sup>60</sup> Other key professional and business development opportunities for studios included mentoring and career development (see section 3.3.1) as well as grant-writing and infrastructure (see section 3.4).

<sup>61</sup> Frontier Economics (2016)

- 92% of studios rely on word of mouth to reach their clients and 82% make use of Facebook.
- Facebook and word of mouth are the same top 2 media used by clients to find studios in the market. 94% of studio clients find information about studios via word of mouth and 56% via Facebook.

Figure 21. Skills desired to gain by Studio Businesses



Source: Survey, DCMS, 2021

#### Figure Description

- Studios want to improve their skills in marketing and PR (49%) and social media (37%), technology (35%) and grant writing (26%).
- Other skills that businesses want to gain are business administration and operations (20%), national and international contacts (17%), mentoring and career development (17%), business and financial management (14%) and 28% want to gain other skills.
- 8% of studios don't want to gain or improve any skills.

## 3.2 Studio Supply vs Client Demand

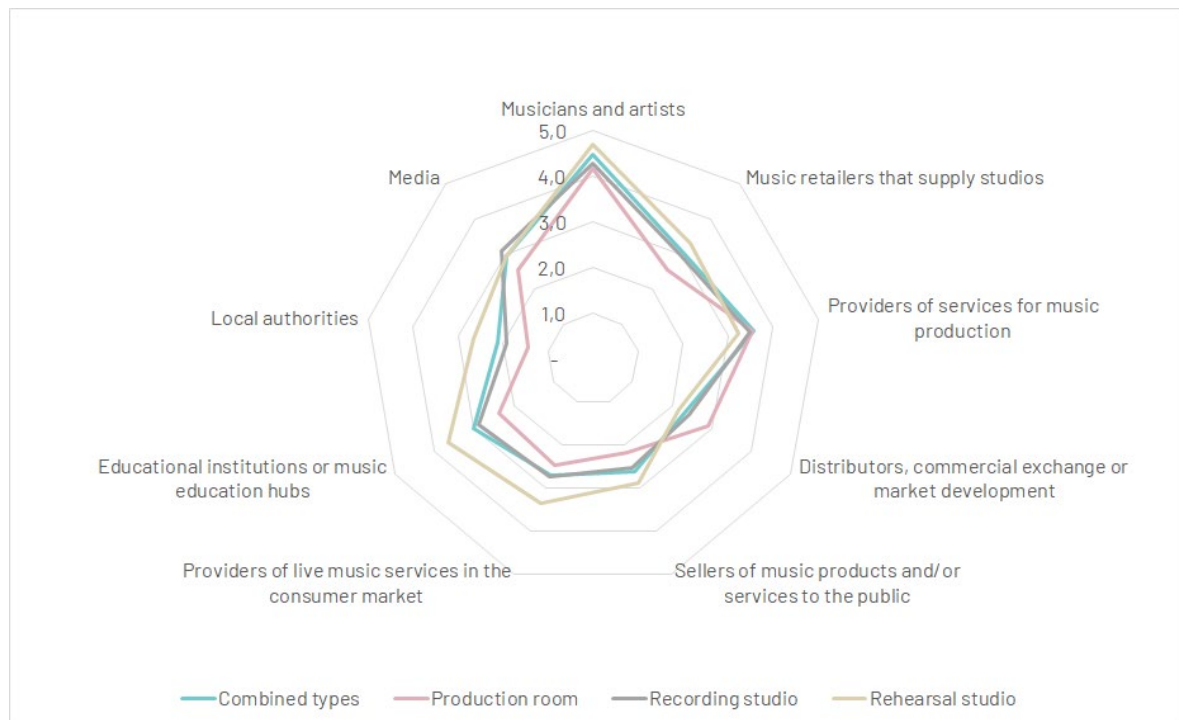
### 3.2.1 Composition of Studio Clients

#### Client Type

The research found that artists and musicians are the main stakeholders and dependencies for the studio market. Surveyed studios rated their average level of interaction with artists and musicians as 4.5 out of 5, which was the highest overall and across all studio types (see Figure 22). They also make up the highest percentage of clients from within the music industry for surveyed studios (86%) as well as focus group participants, who in their majority considered artists and musicians as the 'bread and butter' of the studio market and wider music industry. In this regard and with a view to diversified business models that move away from the music industry, some focus group participants unsurprisingly said that they wanted to remain focused on these core stakeholders. Correspondingly, Figure 22 shows that surveyed studios have a significantly lower level of interaction with all other stakeholders in the music industry, with the average level of interaction being almost half (2.8). The only other stakeholders rated with some level of interaction were the providers of services for music production such as producers and engineers, who are both clients and providers of studio services (3.5). Overall, these findings suggest that there is a disintegration between the studio market and wider music ecosystem, further explained in section 3.3.

Whilst the trend is largely the same for all studio types, rehearsal studios and production rooms do reveal some differences. As Figure 22 shows, rehearsal studios have a greater level of interaction with educational institutions and providers of live music services (e.g. music venues) than the other studio types, both of which correspond with the services they typically offer. In comparison and again in line with the services they typically offer, production rooms have less interaction with these same stakeholders, but more with commercial exchange and market development (e.g. distributors). Hence, level and types of interaction across the studio market are not homogeneous.

Figure 22. Level of interaction with stakeholders in the music industry, per studio type. 1 = 'very low interaction' and 5 = 'very high interaction'



Source: Survey, DCMS, 2021

#### Figure Description

- The level of interaction of studios of all types is high with musicians and artists (between 4.2 and 4.7).
- The level of interaction of studios of all types is medium with providers of services for music production (between 3.2 and 3.6).
- The level of interaction of studios of all types is low with music retailers that supply studios (between 2.5 and 3.3), educational institutions or music education hubs (between 2.4 and 3.6), the media (between 2.5 and 3.1), providers of live music services in the consumer market (between 2.5 and 3.4) and, sellers of music products and/or services to the public (between 2.2 and 2.9).
- The level of interaction of studios of all types is very low with people or organisations that distribute, perform commercial exchange or work in market development (between 2.2 / 5.0 and 2.9 / 5.0) and local authorities (between 1.5 / 5.0 and 2.6 / 5.0).



Whilst an average of 68% of surveyed studio clients' (across all studio types) were from the music industry, there is also demand from other sectors albeit to a lesser degree. On average, 26% of clients were from other cultural or creative industries and a further 22% from the audiovisual sector (e.g. films, TV, radio).<sup>62</sup> However, in both instances, production rooms (36% for both) and studios with combined types (31% and 27% respectively) concentrated a higher proportion for each category at almost a third, which suggests that they reach a more diversified range of clients and industries. Focus group participants followed a similar trend, with the majority of clients from the music industry followed by the audio visual sector, yet there was little to no mention of other industries. Overall, it demonstrates that there is a high dependency on clients from the music industry but, as previously mentioned, there has generally been greater willingness and capacity to explore alternative sectors and particularly audiovisual in order to diversify.

#### Level of Client Professionalism

Overall, the studio market is diverse in terms of the level of professionalism of its music clients (professional, semi-professional or amateur), but there are notable differences by studio type.

Figure 23 shows that 41% of surveyed rehearsal studios said that most of their music clients are semi-professional (the highest across all studio types), followed by 35% of rehearsal studios who have a combination of professional, semi-professional and amateur clients and 12% that primarily cater to amateur clients. This implies that rehearsal studios are heavily dependent on independent and amateur musicians.

Since the onset of the pandemic in March 2020, the UK government placed restrictions on amateur / non-professional music activity and generally only permitted the use of studios for professional musicians, with amateur music activity only allowed to recommence from 17 May 2021.<sup>63</sup> As a result, rehearsal studios sustained a significant loss of business (e.g. cancellations, reduction in books and

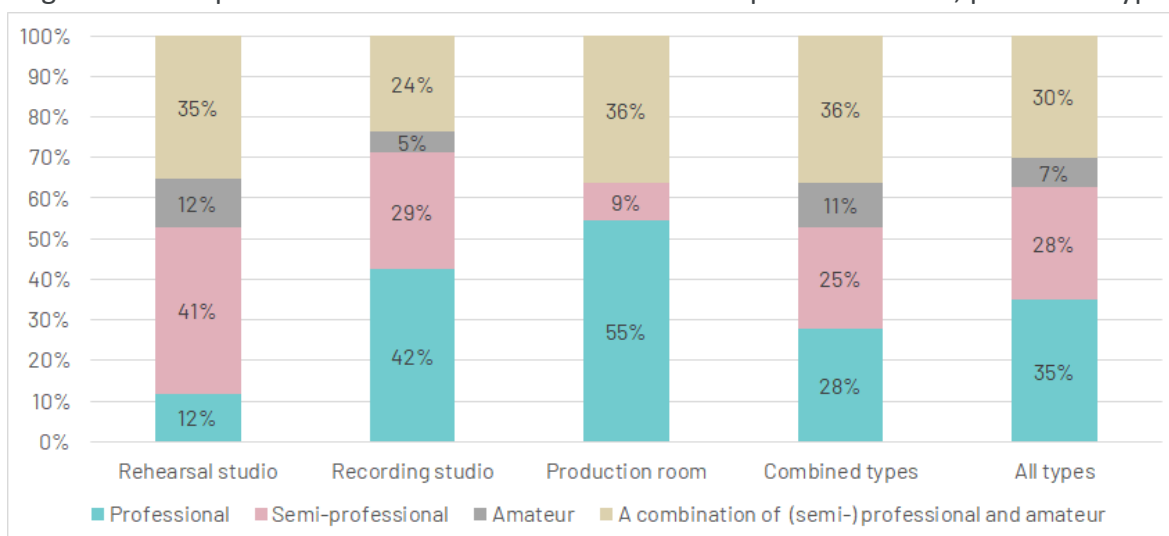
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<sup>62</sup> Please note, these are averages across studio types, with surveyed studios allowed to provide information for more than one industry. Therefore these percentages will not add up to 100%.

<sup>63</sup> Musicians Union (2021)

temporary closures due to lack of business) according to focus group participants, which is indicative of their overall worse financial impact of COVID-19 within the studio market. For example, 94% of surveyed rehearsal studios claimed to have a 'large decrease' in income, with the remaining 6% reporting 'some decrease'. Furthermore, together with studios with combined types, they recorded the largest decrease (more than 25%) in staff numbers (50% of rehearsal studios and 48% of studios with combined types) and the large amount of redundancies (16% for rehearsal studios and 19% for studios with combined types).

Figure 23. Composition of clients based on their level of professionalism, per studio type



Source: Survey, DCMS, 2021

#### Figure Description

- 41% of rehearsal studios have semi-professional clients, 35% have a combination of semi-professional and amateur, 12% have amateur clients and 12% have professional clients.
- 42% of recording studios have professional clients, 29% have semi-professional clients, 24% have clients that are a combination of professional, semi-professional and amateur and 5% have amateur clients.
- 55% of production rooms have professional clients, 36% have music clients that are a combination of professional, semi-professional and amateur and 9% have semi-professional clients.

- 36% studios with combined types have clients that are a combination of professional, semi-professional and amateur, 28% have professional clients, 25% have semi-professional music clients and 11% have amateur clients.

The overall prevalence of amateur and semi-professional clients can also be linked to two key groups mentioned by focus group participants. Firstly, and as mentioned in 3.1.3, a large number of studios now offer and market their services to students and young musicians, who fall under this category. Secondly, the growing number of older and more affluent amateur artists which, for some focus group participants, were colloquially known as 'weekend warriors'. Over the last 20 years, studio clientele was seen to have shifted towards these users and distinctly away from young, emerging bands with clear musical merit. This observation was mostly seen in studios that offered recording and production services, but it was also associated with particular genres and instruments, most notably rock and guitarists. However, this was not necessarily taken as a negative. Focus group participants agreed that amateur artists such as these act as a key source of revenue, with a small minority speculating as to whether they could take on a philanthropic role in supporting their local studio. Furthermore and with a view to have a diverse range of clients, some focus group participants have implemented 'lockouts' to ensure there remains dedicated time and availability for professional musicians. This could be an important condition for studios when facing business diversification, allowing them to expand into other clients, sectors and services whilst maintaining some or all of their original model.

#### Catchment Areas

The locations, herein referred to as catchment areas, of studio market clients are widely spread in England and the UK. There are some deviations between the survey respondents and focus group participants in this regard, however both are congruent in the large number of clients from within the same local authority as the studio.

Figure 24 shows the distribution of clients for surveyed studios by studio type and catchment area. Local authority clients are prevalent across all studio types and the highest ranking for rehearsal studios (68%), which is expected given their degree of

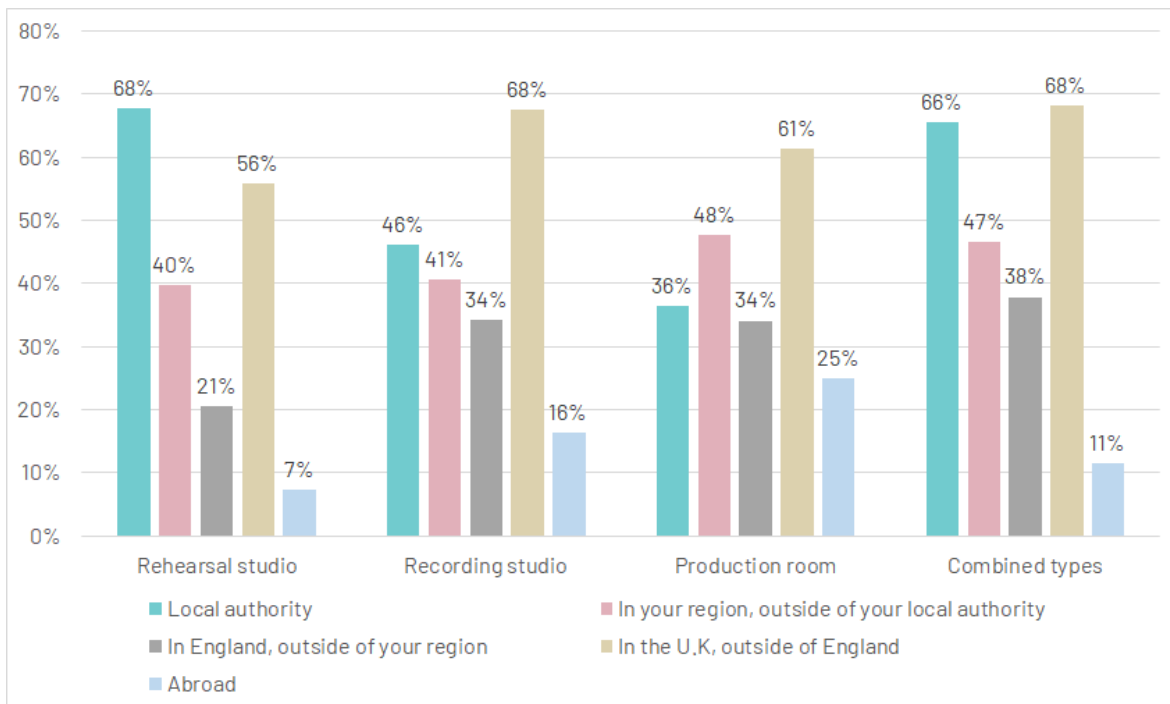
integration within the local music ecosystem (e.g. education and live music as seen in Figure 22), but also how rehearsal studios are more habitual and therefore often need to be near a clients home. In comparison, production studios have the lowest number of local authority clients (36%) and in fact almost half of the amount for rehearsal studios, which could relate to the fact that these studios are often being used for personal use and high levels of remote working even before COVID-19.

At the same time, survey respondents have a large proportion of clients from within the UK but outside of England. This is the dominant catchment area for recording, production and studios with combined types (68%, 61% and 68% respectively). This is less significant amongst focus group participants, but when mentioned it was directly linked to geographical proximity. For instance, one focus group participant based in the North East said they often received clients from Scotland.

The number and geographical spread of studios are also considerable factors influencing client catchment areas. According to focus group participants, in regions with less and/or sparsely distributed studios, users are more typically from 'outside of the local authority but within the region'. The East of England, North East and North West were all cited and correspond with the uneven distribution and generally low concentration of studios mapped (see Figures 3 & 5). This catchment area is also prevalent across all surveyed studios, but notably the second highest for production (48%) which could reflect the practice of hiring studio personnel independent of a studio for either remote work or to work temporarily at a different studio. The other key factor influencing catchment areas according to participants is studio specialisms, such as genres or technical expertise (e.g. scoring).

Overall, the studio market has a significantly smaller proportion of international clients, with the majority from the EU and North America according to both focus group participants and survey respondents (40% and 32% of international clients respectively). Acclaimed studios (e.g. Abbey Road, Parr Street Studios), award-winning studio professionals and inner-city London studios were also predominantly associated with international clients, but in general the landscape is expected to significantly change since the UK officially left the EU in January 2021. This is more often considered to result in a decline in international clients.

Figure 24. Percentage of business per studio type that have clients based in a specific geographical location



Source: Survey, DCMS, 2021

#### Figure Description

- 68% of rehearsal studios, 46% of recording studios, 36% of production rooms and 66% of the studios with combined types have clients located in their local authority.
- 40% of rehearsal studios, 41% of recording studios, 48% of production rooms and 47% of the studios with combined types have clients in their region (outside their local authority).
- 21% of rehearsal studios, 34% of recording studios, 34% of production rooms and 38% of the studios with combined types have clients in England (outside their region).
- 56% of rehearsal studios, 68% of recording studios, 61% of production rooms and 68% of the studios with combined types have clients in the UK (outside of England).
- 7% of rehearsal studios, 16% of recording studios, 25% of production rooms and 11% of the studios with combined types have clients abroad.

### 3.2.2 Democratised Access to Music Production

The evidence suggests that there is enough supply of traditional music studios (see mapping), barriers to entry are low and there are no signs of monopoly/oligopoly or any other market dominance. The market is responding to changes, such as technological innovation (e.g. remote working), and to new competition which further increases levels of supply. In this respect, only 3% of surveyed clients stated that they were looking for a recording studio/production room and could not find one.

It is clear that this landscape has been influenced by the advent of digital music technologies, which was described by one focus group participant as a 'watershed moment' in the studio market that has fundamentally revolutionised the perceptions and practices of working. Affordable digital equipment (i.e. digital audio workstations<sup>64</sup>), accessible software formats (i.e. MP3) and the shift from physical to digital music distribution (i.e. streaming) were considered key changes that have transformed the recording industry by participants. It is commonly argued that these changes have contributed to the vertical disintegration of music production, where processes that were previously only available through the skills and facilities of traditional studios are now accessible and affordable to a growing number of people.<sup>65</sup> This can be described as the 'democratised access to music production' which has continued to impact and undermine the business models of traditional recording studios since at least the 1970s and through the growth in home studios.<sup>66</sup>

Focus group participants acknowledged the challenges posed by democratisation in terms of new alternatives and the negative effects this can have on demand for traditional studio space/time, recording budgets<sup>67</sup> and in turn, its potential role in studio closures. However, this market change was perceived as something to adapt to, rather than something to be fixed.

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<sup>64</sup> A digital audio workstation is a digital device or software application used to record, produce and edit audio files.

<sup>65</sup> Leyshon, A. (2007)

<sup>66</sup> Kirkby, P.R. (2015) pp. 369

<sup>67</sup> For the impact of democratisation on the record label landscape, see section 3.3.1.

## Home Studios

Focus group participants predominantly associated democratisation with the growing number of individuals who write, record and produce their own music, typically in their own home (hereby referred to as a 'home studio'). However, in the course of these discussions, they also made clear that the home studio landscape is far from homogenous in terms of users and their level of professionalism. Home studios are typically related to amateur/do-it-yourself artists working in a bedroom set-up given the fact that barriers to entry have been significantly reduced - namely cost and access. In this sense, home studios are seen as both a hobby and a precursor to contracting studio services (see below). On the other end of the spectrum, there are also commercial-grade, custom-built home studios that are being used by experienced professionals (e.g. producers) for both personal and commercial means. These are commonly referred to as 'project studios'<sup>68</sup> and are more often associated with production rooms (55% of surveyed production rooms are self-classified as a home studio).<sup>69</sup>

With a view to personal use, democratisation and home studios have also supported the development of an adaptable and highly-skilled workforce. Focus group participants emphasised how home studios have enabled individuals and particularly amateurs to access and learn about roles that were previously hidden away by gatekeepers. Hence, a single person can now occupy multiple roles such as an artist who also acts as a producer or a mixing engineer. Whilst this was described in the context of home studios, it is important to note that a similar process of 'job conflation' has been seen in the traditional studio market and is influenced not only by digital changes, but also the reduction in recording budgets which reduce the capacity to hire multiple and different studio staff.<sup>70</sup> The desire to gain more skills in recording and production of music was also noted by surveyed clients (36%) (see Figure 27 below) which, when considered with the above, further demonstrates how clients are not wholly dependent on traditional studios.

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<sup>68</sup> Théberge, P. (2012) pp. 77-90.

<sup>69</sup> In comparison, only 10% of recording studios and 3% of studios with combined types in the survey, self-classified as home studios.

<sup>70</sup> Kirkby, P.R. (2015)

In the survey, commercial studio users and home studio users were asked to rate the quality of commercial studios (see Figure 25). On the latter, this was about identifying the reasons that drive them to record and/or produce at home. For home studio users, the scores are low with an overall rating of 2.5 out of 5. Based on their ratings, they choose to record in a home studio because of the bad reputation of commercial studios (average rating of 1.8), the quality of their analogue equipment (rating of 2.0), the lack of network sharing benefits (rating of 2.3) and the quality of their digital equipment and software (rating of 2.3), among others. In comparison, when analysing the perception of the users of commercial studios the score is higher in each category with an overall rating of 3.8. That being said, in both cases, the network provided by studios is one of the lowest scoring factors (2.9 for commercial studio users). Measures to improve this could therefore be an important driver for new clients from both commercial and home studios.

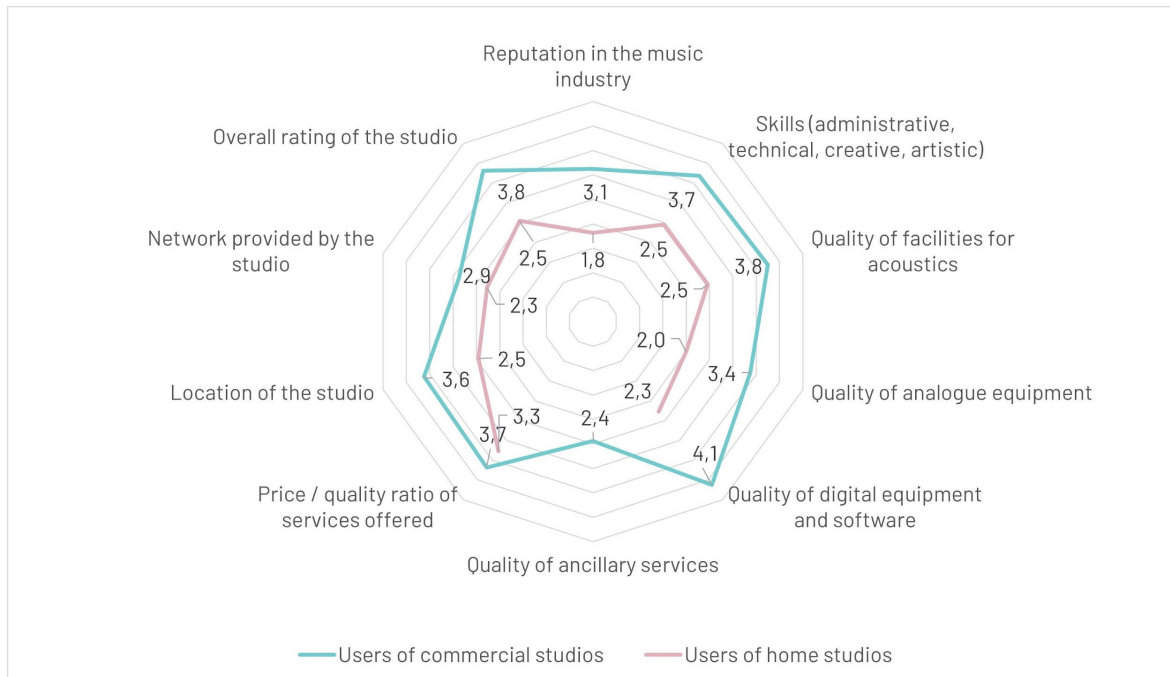
These findings reveal a misalignment around the expectations that home studios users have compared to what commercial studios believe they are providing, which was rated at 3.9 and therefore more aligned with commercial studio users' perception (3.8). It is also relevant that the main aspects studio users as a whole look for in commercial studios are highly rated by commercial studios users (almost all are rated above 3.7).<sup>71</sup> In this regard, it is important to note that home studios were not necessarily perceived as a distinct alternative to traditional studios, with a number of focus group participants and surveyed clients (57.1% of home studio users) continuing to use traditional studios alongside.

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<sup>71</sup> The four preferred characteristics were price/quality ratio (by 63%), skills of the workers of the studio, quality of analogue equipment and quality of digital equipment (all 38% each). All were rated at above 3.7 out of 5, with the exception of the exception of the quality of analogue equipment which had a slightly lower rate of 3.4.



Figure 25. Rating of studio market characteristics by users of commercial studios and users of home studios. 1 = 'very bad' and 5 = 'very good'



Source: Survey, DCMS, 2021

#### Figure Description

- The overall rating by commercial studio users is good, with a score of 3.8.
- The highest rated aspects by commercial studio users are the quality of digital equipment and software (4.1) and the quality of the facilities for acoustics (3.8).
- The overall rating by users of home studios, who prefer not to rent spaces to record or produce music is bad, with a score of 2.5.
- Home studio users chose to record in a home studio instead of a commercial studio because of the perceived bad reputation of commercial studios (average rating of 1.8), the quality of their analogue equipment (rating of 2.0), the lack of network sharing benefits provided by studios (rating of 2.3) and the quality of their digital equipment and software (rating of 2.3).

Nevertheless, the majority of focus group participants viewed home studios as

driving down the quality and value of music productions. It was concluded that the market had become 'commodified' because of a widespread belief that identical services can be offered across a number of different businesses and spaces, specifically home studios. This has led to a belief that the studio market is no longer considered a specialist sector, with one focus group participant making the analogy between professional photography and smartphones. This echoes the concern by some participants that home studio users are increasingly missing out on the necessary industry experience and training in the more musical elements of production.

Hence, the challenge now is for commercial studios to seek standards and sufficient added value to differentiate themselves from home studios such as through specific production and creative processes, in the reputation of studio professionals in terms of technical and creative skills and through artistic development or 360° services. In this regard, home studios were sometimes regarded as a precursor to engaging with the formal studio market, with participants suggesting that it was no longer about competing but rather marketing themselves as the next step in terms of professional (including networking) and artistic development. For example, a number of participants said they were more often working with artists who had begun a project at home and wanted to develop it further in a professional facility. In this instance, clients' amateur work was often incorporated into the process as scratch tracks and in doing so, one focus group participant remarked that it was about 'viewing the studio as a continuation of an artists' capacity to now make their own music'. As previously mentioned, this further demonstrates how home studios are not necessarily seen as an alternative to the traditional studio market.

#### New Corporate Models

The studio market has undergone historic changes, shifting from the corporate studios operated by major record labels, to the independent studio sector and more recently home/project studios.<sup>72</sup> The market has continued to evolve and the current composition according to digital technologies, democratisation and new business models (detailed below), have contributed to a highly competitive market that is forcing traditional studios to adapt to new standards. This concerns studio service rates, business models and creative/production processes among other factors.

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<sup>72</sup> Kirkby, P.R. (2015)

As previously mentioned, studio services rates are believed to have declined and/or stagnated over the last 20 years. In this regard, participants agreed that a day rate of several hundred pounds was no longer a viable and consistent option for many clients and particularly for aspiring or emerging artists, a situation made worse by the demand for cheaper alternatives provided through democratisation. In this sense, these alternatives are seen to better reflect the majority of clients' actual incomes and expectedly those of amateur and semi-professionals which make up a significant proportion of studio clients (see Figure 23).

With this in mind, several participants commented on the growing popularity of Pirate studios<sup>73</sup>, whose business model is based around self-serviced, 24-hour studios at affordable rates<sup>74</sup> and with automated bookings.<sup>75</sup> Commonly referred to as the 'corporate model', participants agreed that these studios are filling a gap in the market by offering a more accessible and affordable studio experience. Whilst the benefits were widely understood, particularly by lowering the barriers to entry, as with home studios, it further reduces the demand and dependency on traditional commercial studios. On the basis of cost, a number of participants have seen their clientele (most typically students) opt to use Pirate studios, but at the same time some had returned because of comparably lower quality of equipment and lack of professional and technical expertise. In line with the perceptions towards quality and output in home studios, focus group participants perceived their 'quality experience', community and expertise as USPs and something that many clients still desire and are willing to pay for.

Overall, it is considered unviable to adopt the corporate model in its entirety across the studio market and particularly for smaller, independent studios, given the required financial resources and scale of operation (e.g. a chain of studios). However, Pirate studios do highlight a number of examples for adaptation amongst traditional commercial studios. Online bookings and discounted rates for students/young people were commonly mentioned by focus group participants as recent introductions, whilst one participant mentioned aspirations for self-serviced

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<sup>73</sup> Pirate Studios is a franchise of 24-hour rehearsal, DJ, recording, podcast and dance studios with over 700 studios worldwide. Their mission is to make creative space accessible to all. Source: Pirate Studios (n.d.)

<sup>74</sup> £65 day rate (6-10 hours) at a London recording studio as of June 2021. Ibid.

<sup>75</sup> McGlynn, D. (2020)

24-hour access, albeit for regular clients. Nevertheless, as previously mentioned, the diversification of services and improvements to creative and technical skills could be key ways to adapt the traditional studio offer and ensure long-term financial viability in light of these new models. In doing so, it would ensure the alternatives to traditional studios still provide valuable opportunities for skills diversification and entry-points into the music industry that would work to secure the talent pipeline.

#### New Music Trends

The democratisation of production technologies can also be linked to the growing popularity of electronically-produced music genres such as grime and hip-hop, but may not necessarily be a causal effect. This has a number of possible implications for the studio market. In general, these genres do not always require the services (e.g. production and mixing) and facilities (e.g. live rooms for instrument capture) of a traditional commercial studio.<sup>76</sup> For example, the lesser requirement for live rooms and instrument capture can increase demand for production skills, but simultaneously reduce the need for physical space and certain forms of equipment. Hence, a number of focus group participants believed that electronic music productions have increasingly shifted from traditional studios to smaller production rooms, project studios and home studios.

Participants also agreed that electronic music productions are viewed to be cheaper. This is not only an outcome of affordable production technologies achieved through democratisation that reduce the need for commercial studios, but also accessible software formats and digital distribution that allow individuals to self-manage the entire process from production through to distribution (see section 3.3.1). In this instance, dependency is reduced for both traditional studios, as well as other music industry professionals such as record labels and PR, which reiterates the idea that democratisation has allowed individuals to understand and learn about different roles.

This research also revealed that rock music is more widespread amongst traditional commercial studios, with electronic music being less apparent, although not completely lacking. According to the survey, the main genres rehearsed, recorded or produced in the studio market are rock/punk/metal/garage (54%) followed by pop (46%) and folk/singer-songwriter (41%). The least common were rap/hip-hop/trap

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<sup>76</sup> Kirkby, P.R. (2015)

(27%) and electronic music (24%). There are differences across the studio types. In both focus groups and the survey, rehearsal studios (81%) were more often associated with rock artists because these spaces are designed for acoustic and electric instruments primarily. Rock was also strongly linked with recording studios where acoustic and electric instruments such as drums and strings have technical requirements like improved live capture. As expected then, a number of focus group participants offering recording/rehearsal services said they wanted to continue to target their studio at rock artists.

### 3.3 Integration in the Music Ecosystem

#### 3.3.1 Recording Industry Value Chain

As outlined in the previous section, digital music technologies and democratised music production have significantly altered the studio market landscape. This section will explore how this has also led to a transformation of the recording industry value chain and specifically the redefined role of record labels, other intermediaries and impacts on artist income. It is also important to mention that the following observations are consistent with the findings of the DCMS Committee Live Music Inquiry of 2017-2019 in terms of threats to sustainable income sources for artists.<sup>77</sup>

##### Record Labels

As previously mentioned, before digitalisation, the recorded industry was vertically integrated with creators typically engaging record labels and publishers to fund, produce, market and distribute recorded music - including paying for studio time - in return for a proportion of the physical sales revenues (e.g. CD, vinyl).<sup>78</sup> Labels then reinvested this revenue into recording budgets and artist and repertoire (A&R) activities. Whilst this model can still be found among the major record labels but with greater emphasis on digital sales, it is widely accepted that the downturn in physical record sales (and increase in digital distribution), together with the advent of home/project studios, has destabilised this model and reduced the budget available for recording and A&R.<sup>79</sup> For example, as of 2019, physical sales accounted

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<sup>77</sup> DCMS Committee (2019)

<sup>78</sup> Hviid, M., Izquierdo-Sanchez, S., and Jacques, S. (2018)

<sup>79</sup> Kirkby, P.R. (2015)

for 19.5% of global recorded music revenues compared to 62.1% for streaming.<sup>80</sup> In this regard, focus group participants highlighted the steady decline in A&R/label signings both in terms of absolute numbers and how much they are willing to pay, as well as a wider shift amongst record labels towards licensing-only agreements.

Simultaneously, participants acknowledged that creators now have the necessary skills and tools to self-produce and self-release music productions (via democratisation and digital distribution respectively). In this instance, they do not require traditional intermediaries such as record labels and publishers and instead, have a greater dependence on new online intermediaries such as streaming platforms which are now essential in the distribution of digital music to consumers.<sup>81</sup> There is evidence to support this in the survey, as 78% of studio clients said they do not have any support from other professionals in the music sector (e.g. manager, record label, PR agent) and for those that do, only 3% have a contract with a record label and 19% with a music publisher (see Figure 26 further below). Overall, it suggests that traditional vertical services such as record labels have been disintermediated ('cutting out the middleman') from the recording value chain, with the potential to displace the centre of contracts and market share from record labels towards streaming platforms and other internet service providers.<sup>82</sup>

UK Music has made similar observations about the growth of digital distribution services for self-released artists outside of traditional labels, alongside a growing number of music creators in recent years. However, they continue to suggest that leading industry stakeholders such as CDBaby as well as traditional labels have now entered this market by launching their own services such as Universal's SpinUp, or through acquisition, such as Sony Music's The Orchard.<sup>83</sup> Therefore, there has not been a complete shift away from traditional vertical services and record labels in this sense, as they attempt to reclaim their stake in the market.

Nevertheless, focus group participants viewed these changes negatively as, in both instances, budgets and in turn demand for studios services become increasingly constrained. In this sense, the decrease in label budgets and A&R activities was seen

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<sup>80</sup> IFPI (2019)

<sup>81</sup> Hviid, M., Izquierdo-Sanchez, S., and Jacques, S. (2018)

<sup>82</sup> Ibid.

<sup>83</sup> UK Music (2020)

to be compounded by the increasing number of self-producing/releasing artists who in themselves may have limited financial resources as they struggle to earn a sustainable income. For instance, according to research by UK Music, 46% of music creators (musicians, composers, etc.) require financial support from friends and family at some point in the development of their professional music careers.<sup>84</sup> In terms of the recorded music industry and with a view to the current situation, participants attributed this to streaming platforms and the relatively low remuneration received for music royalties. As the subject of a current UK government inquiry, it is argued that these business models are disproportionately affecting artists who can receive as little as 13% of the income generated through streaming.<sup>85</sup> For instance, in 2019, YouTube creators were seen to earn as little as £0.0012 per stream with a track needing to be played 7,267 times before earning one hour's worth of the UK minimum wage,<sup>86</sup> whilst in 2020, Spotify was estimated to pay between £0.002 - £0.0038 per stream and Apple Music £0.0059.<sup>87</sup> In addition, whilst not mentioned by participants, it is also important to consider music piracy, with research by PRS showing that 'stream-ripping services' had increased 1390% between 2016 and 2019 which further reduced opportunities for artist remuneration.<sup>88</sup>

According to focus group participants, streaming continues to be the primary outcome and objective for studio clients. The recording industry's year-on-year growth, together with the continued uncertainty around live music due to COVID-19, is expected to continue this trend and has now led to investors exploring the recorded music industry as the most promising future for artists and businesses: publishing, live-streamed shows, synchronisation in audiovisual, and digital entertainment products are all witnessing increased investment.<sup>89</sup> However, taking the previous findings into account, it is clear that measures to support the UK music industry with equitable streaming and digital distribution will be both timely and

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<sup>84</sup> UK Music (2018)

<sup>85</sup> UK Government (2021c)

<sup>86</sup> BBC (2020a)

<sup>87</sup> BBC (2020b)

<sup>88</sup> PRS (2020)

<sup>89</sup> Penick, B. (2020)

highly beneficial to the studio market, not least by having a positive impact on artist remuneration and in turn budgets for contracting recording/production services.

#### Other Intermediaries

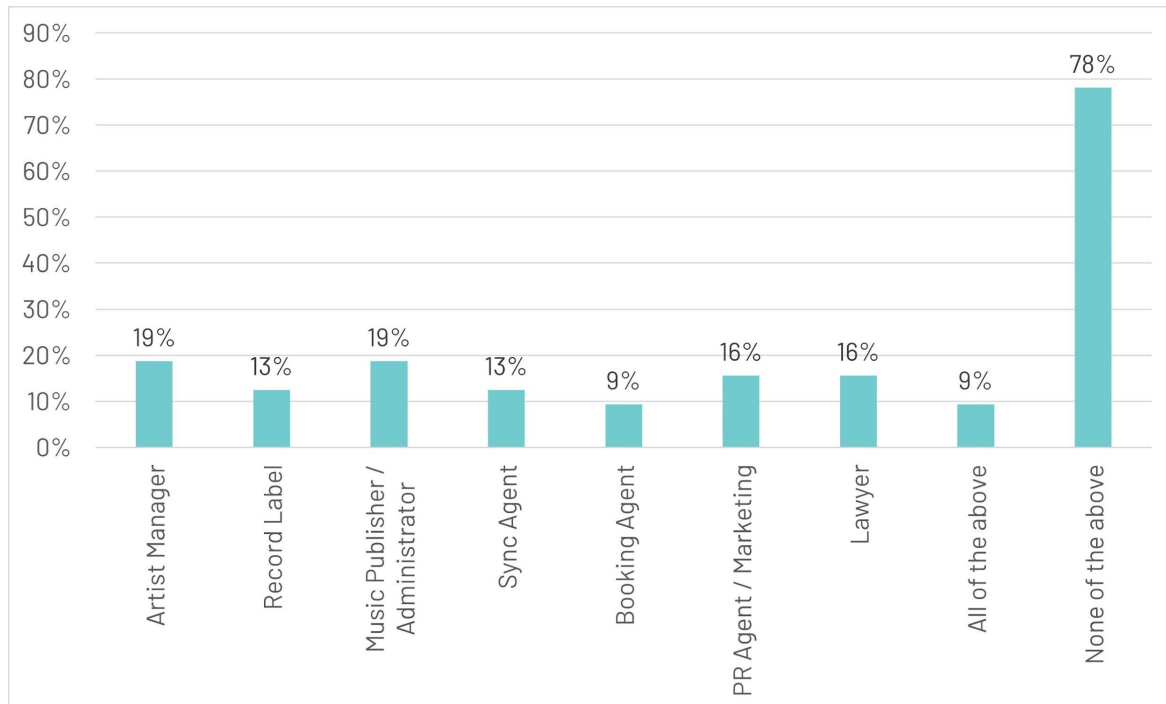
The above processes and specifically the rise in the number of self-producing/releasing artists, also demonstrates the degree to which the studio market and wider music ecosystem is disintegrating. This concerns studios as well as clients.

The majority of surveyed clients were self-defined as professionals: 56% as a professional who earns a substantial income from music and another 28% as a semi-professional who earns from music but where it is not their main income. Despite this, 78% do not have any support from other professionals in the music market to enhance their activities (e.g. manager, record label, PR agent) (see Figure 26) and where instances do occur they are minimal. As previously mentioned, this could be explained by the fact that creators now have the skills and tools to self-produce/release let alone manage their entire music careers, which implies a lesser need to contract traditional professional services - they have been 'disintermediated'. This would also correspond with the skills surveyed clients wish to gain, such as marketing, social media and audience insights (42%), music industry skills (e.g. distribution) (33%) and legal, business, fundraising and financial management (12%) (see Figure 27).

Other potential causes for disintegration include the negative perception by clients on the network that studios provide (average score of 2.9 out of 5, see section 3.4.2) evident in the low level of interaction between studios and other stakeholders in the music market as previously shown in Figure 22 (average score of 2.8, see section 3.2.1). On the latter, for example, stakeholders in distribution, commercial exchange or market development like distributors, PR agencies, music publishers and record labels had a low average score of 2.5. Focus group participants also explained that the relationship between record labels and studios is highly dependent upon studio quality (typically high-end) as well as ownership models (where labels fully or partially own a studio). On the latter, almost none of the participants and survey respondents said they were owned or partially owned by other businesses such as record labels, and only one participant said they had recently introduced an in-house label.



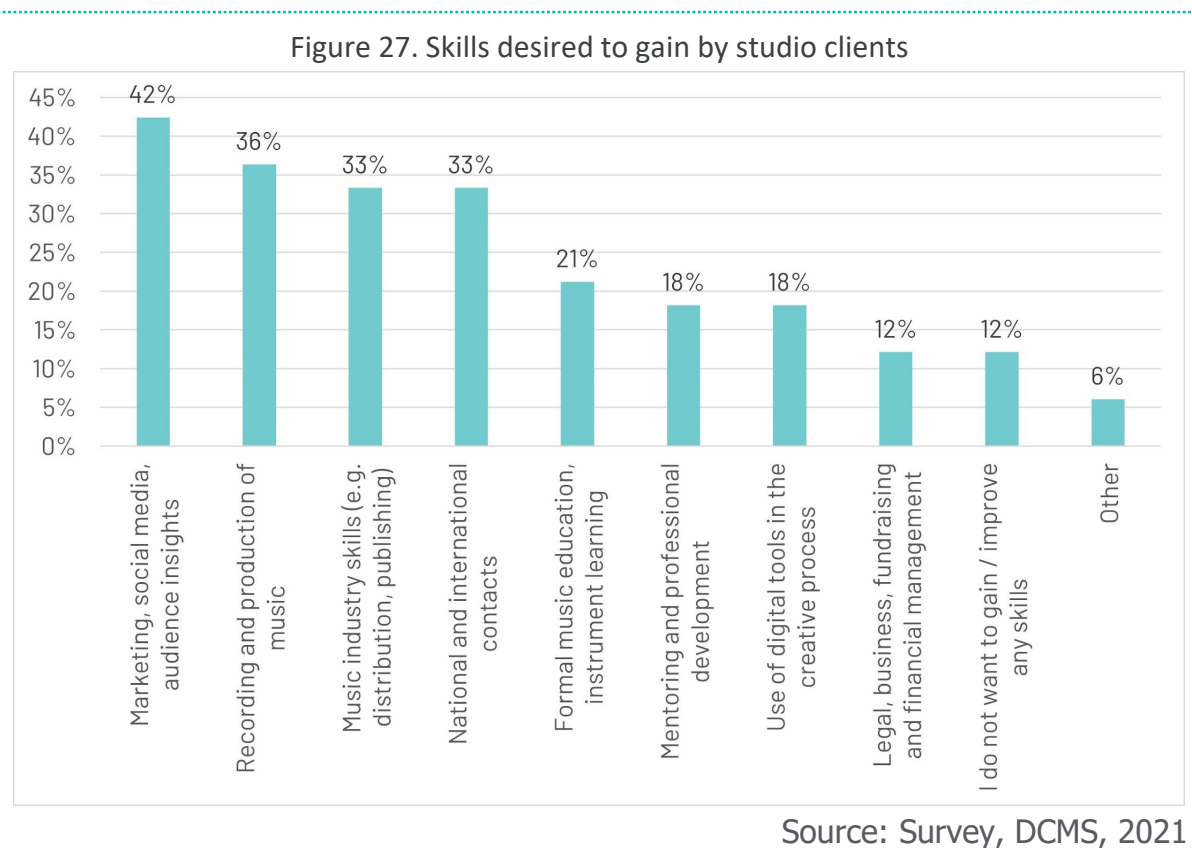
Figure 26. Professional support contracted by studio clients



Source: Survey, DCMS, 2021

#### Figure Description

- 78% of studio clients don't have any support from other professionals in the music sector to enhance their activities.
- 19% of clients have an artist manager, 13% have a contract with a record label, 19% have a music publisher/administrator, 13% have a sync agent, 9% have a booking agent, 16% have a PR agent/marketing and 16% have a lawyer.



**Figure Description**

- Studio clients want to improve their skills in marketing, social media and audience insights (42%), recording and production of music (36%), music industry skills (e.g. distribution) (33%) and national and international contacts (33%).
- Other skills that clients want to gain are formal music education and mentoring and professional development (18%) and legal, business, fundraising and financial management (12%).
- 12% of studio clients don't want to gain or improve any skills.

Evidently, there is a weakened value chain and an overall absence of professional services albeit for a variety of potential reasons. Whilst creative and professional autonomy amongst creators can be seen as a positive, such as in developing a highly-skilled workforce, there is also an opportunity for studios to address the gaps in the value chain and in doing so strengthen their position and further support

business diversification. It would also further promote professionalisation amongst creators. There is already evidence of this, as some studios have adopted the 360° music industry service model including songwriting, label services, and artist management as shown in Table 3 (see section 3.1.1.). In addition, the majority of focus group participants commented on the popularity of consulting and coaching services (13% of surveyed studios), which for them could encompass artistic, technical, professional and business support. For example, teaching artists about the process of production (e.g. how to transition a demo into an EP), advising on music releases that benefit their career development (e.g. singles for young, aspiring musicians as opposed to albums), business plans with PR, publishing and performance objectives, and mentoring schemes with experienced industry professionals. When reflecting on these services, some participants also agreed that 'artist development' - as it was commonly referred to - was the USP for traditional commercial studios going forward, in comparison to home studios and new corporate models. By developing these services, either independently or with additional support from industry or government, studios would also fulfil the desire to improve skills in mentoring and career development (17% of surveyed studios).

The development of in-house 360° music industry services would also work to strengthen local music ecosystems. This would align with the desire among focus group participants for better integration with local music businesses and particularly within provincial and rural areas where there is perceived to be less value-chain infrastructure as well as live music venues. Hence, this could be a key opportunity for local authorities or industry bodies to better support and integrate the studio market and music ecosystem at a local level, for example by developing and coordinating a local music industry network and/or directory to promote and connect these services.

### 3.3.2 Talent Pipeline

During the focus groups, there were few direct observations concerning the number of studios in the market (open, closed and any changes) and the implications this would have on the talent pipeline. Instead, as illustrated throughout this report, observations were part of wider discussions or where inferences have been drawn.<sup>90</sup>

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<sup>90</sup> Key arguments include recording studios revenue potential (see section 3.1.2), new corporate models and accessibility (see section 3.2), Brexit, studio association

Where direct observations were made, they largely concerned rehearsal spaces and the role they have within the music-making process and the live music sector talent pipeline. Whilst this is focused on the experiences of artists, there were additional remarks about the landscape of aspiring studio professionals. The below are important considerations for understanding the synergies between the studio market and other aspects of the music ecosystem, despite the aforementioned disintegration.

### Rehearsal Spaces

Focus group discussions highlighted the artistic and educational importance of rehearsal spaces. They were commonly described as the central-point in the journey of making music: utilised before, during and after recording, production and performance. Compared to recording and production, rehearsal spaces were also seen to be more transversal with regard to age and level of professionalism (amateurs through the experienced professionals), geographical location (rural areas, whilst touring etc.) and across more sectors of the music ecosystem (e.g. education, community engagement, industry). In this respect, rehearsal spaces were also described as a space for 'musical engagement', acting as vital talent incubators and inception points for the talent pipeline, providing an accessible space for aspiring artists to develop their craft, as well as network, collaborate and learn from other artists.

### Live Music

The evidence also showed links between the supply of talent from music creating spaces (e.g. studios) to music performance spaces (e.g. live music venues, festivals) and specifically through the role of rehearsal. As previously mentioned, the mapping and survey demonstrated the presence and association between live music venues and rehearsal services: 86% of mapped open studios that serve as a live music venue offer rehearsal and in the survey, live music was only found amongst rehearsal studios (18%) and those offering a combination of services (27%). In the context of the artistic and educational role of rehearsal outlined above, one focus

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and real-estate pressures (see section 3.4) and the above arguments on record labels' devolved responsibility and cost in producing music (see section 3.3.1).

group participant also described rehearsal as 'the link between talent inception and performance'.

The synergies between studios and live music venues become even more important, given surveyed clients' perception that live music venues are the most influential stakeholder in their success as artists/musicians (average level of influence 3.8 out of 5). In comparison, providers of services for music production such as recording studios, production rooms and the people that work there, are rated slightly less (average of 3.4). According to UK Music, in 2019, live performances were estimated to account for 49% of professional musicians' income, compared to just 3% for recording.<sup>91</sup> The majority of surveyed clients also listed live music as their main activity over the last two years and so this higher perception could be attributed to the dependency and in turn greater levels of income earned from live music performances.

Nevertheless, the evidence suggests that there is a disjointed supply of live music infrastructure for artists and musicians. Only a small number of focus group participants mentioned working symbiotically with local music venues to offer rehearsal services and performance opportunities, which again could be an outcome of the disintegration between the studio market and the wider music ecosystem as previously noted. Meanwhile, the majority of surveyed studios and clients rated the availability and access to high-quality infrastructure for artists and musicians (e.g. music venues and festivals) as one of the worst performing areas in the studio market (average rating of 2.9 and 2.5 respectively). Both findings are important considerations when looking at support measures for the industry as a whole and the wider relationship between different sectors of the industry that support musicians. Better conditions for and promotion of live music opportunities by studios, industry and government could generate better conditions for artists, and promote their professionalisation and the monetisation of their work. In turn, this can directly affect the recording studio sector since its clients would have resources and incentives to contract its services for both music production and rehearsal.<sup>92</sup> Focus group participants also recommended campaigns, incentives and/or programmes that encourage young people to be involved in live music via rehearsal rooms in order to support talent development and engagement. In doing so, it

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<sup>91</sup> DCMS Committee (2019)

<sup>92</sup> See Section 4 'Conclusions' for further information.

would also have a positive impact on the rest of the sector by providing an initial access point.

It is also important to mention that focus groups did not include individuals whose business was not primarily a music studio. In light of the dominance of “venues with a studio” in the mapping (64% of all open businesses that offer studio services and live music), further research would be beneficial to assess whether and how these studios have a different relationship with the music ecosystem.

#### Accessing Employment Opportunities in the Studio Market

As previously mentioned, in addition to artists and musicians, the studio market is highly engaged with the ‘providers of services for music production’ such as producers and engineers (herein referred to as ‘studio professionals’) who act as both clients and providers of studio services. With this in mind, it is important to consider the studio professional talent pipeline as affecting both supply and demand.

There was an overarching concern amongst some focus group participants that the market had become saturated with young, inexperienced studio professionals. This was placed in the context of tighter working regulations, requirements for paid internships and limitations on student placements and work shadowing that had been introduced over the last 20 years. In this sense, the informal apprenticeship system which existed in both corporate and independent studios is finished and with that the generation-to-generation transfer of knowledge.<sup>93</sup> For some participants, this situation has been exacerbated by the proliferation of higher/further education courses in music technology which leaves students with technical skills, but no real-life experience or understanding of the sector.

In most cases, the hiring of graduate and/or aspiring professionals without sufficient experience is now unfeasible and is compounded by the fact that most studio clients are often unable to pay for both a professional and trainee, which means that studio’s can’t either. Government subsidies for hiring graduates (wage support) and financial and bureaucratic support for apprenticeships and industry placements

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<sup>93</sup> Kirkby, P.R. (2015)

within formal qualifications were key recommendations by focus group participants to address these concerns.

## 3.4 Governance, Regulations and Funding

### 3.4.1 Brexit

Aside from COVID-19, the other key uncertainty for the studio market identified through this research was Brexit. However, rather than a repeal of legislation, it was widely understood that the studio market now needed to adapt.

The challenge revolves around the costs and bureaucracy of new visa requirements, which is foremost expected to reduce the number of foreign studio clients. According to focus group participants, prior to COVID-19, foreign artists would regularly use rehearsal spaces and on occasion recording services whilst touring the UK. This would be in addition to the vast number of foreign artists and professionals who would exclusively visit the UK to contract studio services, traditional or otherwise. For example, one participant explained that they had been running successful songwriting camps for foreign artists and professionals, such as for the European Song Contest. However, they believed that such opportunities were likely to diminish or be cancelled altogether because of the new visa requirements, resulting in a loss of several thousands of pounds per camp.

Another key concern for both the studio market and wider recording industry is the number of sound engineering/production graduates now looking for job opportunities outside of the UK. Coupled with the number of experienced studio professionals who have, or plan to, relocate to the EU (see below), this can become a threat to both the labour supply and talent pipeline, not least through the informal apprenticeship system and the generation-to-generation transfer of knowledge previously noted.

In terms of the live music industry, focus groups highlighted that a number of studios had established touring arms as part of their business and subsequently felt that Brexit would affect these operations and business opportunities, including the contracting of rehearsal services. This not only affects artists and industry professionals participating in tours, but all other supportive roles (transport, catering, administrative etc.) within the live music ecosystem. Considerations for the

impact of Brexit on studio touring operations include where a tour begins, what studio/live music professionals and suppliers they hire (who and from which country), as well as where to base the operations and studio services. For example, one focus group participant said that whilst their tour rehearsals would remain in the UK, they felt it was more viable to move and expand the majority of operations (e.g. tour managers, engineers, technicians) outside of the UK such as to France or Germany and had seen this with other studios as well. A number of focus group participants also mentioned expanding their business (i.e. opening a new office) or relocating entirely to the EU as a viable solution going forward, however for London focus group participants the decision to relocate was also seen to be the outcome of the rising costs of rent in the city (see section 3.4.3).

However, the above concerns are not necessarily widespread. From the focus groups, it is clear that these issues are more acute in London given the perception that the city is a key international music hub for talent attraction and music consumption. Hence, there were greater levels of concern about the loss of international clients in the London focus group. In comparison, a number of focus group participants from outside of London expressed considerably less concern about the effects of Brexit on their business, primarily because they operated small studios in provincial or rural areas with more local/regional-based clientele. For example, in comparison to the issues with visa requirements, two focus group participants in the West Midlands had encountered issues with equipment purchases from their usual EU suppliers with regards to delays and additional paperwork. In this instance, Brexit legislation for borders and customs was an issue, but both agreed that there were alternative suppliers within the EU and beyond. Nevertheless, it is worth noting that the diverse effects of Brexit could reflect the geographical composition of the studio market as shown in the mapping with London making up the greatest proportion (28.4%) and therefore whilst these concerns are limited to London, it may overall have a greater impact.

It is important to note that focus group participants were largely of the opinion that the government was unresponsive to these issues and that studios were left in a position to figure out a solution themselves. However, there remain repeated desires for the government to agree a reciprocal arrangement with the EU for the music industry, such as through a music passport, in addition to government subsidies or programmes aimed at music export and international talent attraction which stipulate the use of studio services. These measures could work to increase demand



for studio services and subsequently create more employment and business development opportunities both in the UK and abroad.<sup>94</sup> Without any formal arrangement or further guidance from the government, however, they believe the industry as a whole would suffer.

### 3.4.2 Associations and Networks

Focus group participants and survey respondents acknowledge the important role of industry organisations in advocating for the studio market and wider music industry. The Music Producers Guild (MPG), UK Music and Association of Independent Rehearsal and Recording Studios (AIRRS) were all frequently mentioned as key national organisations by focus group participants. For surveyed studios that were part of an association, AIRRS (75% of rehearsal studios) and MPG (73% of recording studios, 50% of production rooms and 50% of the studios with combined types) were also the most popular associations. There is also recognition among focus group participants of the importance of more provincial music bodies such as Brighter Sound<sup>95</sup>, as well as the role of music education hubs in fostering relationships with the local music ecosystem.

Despite this, studios generally have a low level of association and networking with other studios and bodies. Figure 28 shows the percentage of businesses that are part of any formal associations or networks in the sector within each studio type. It reveals that the studio market has an overall low level of associativity and networking, with the exception of rehearsal studios, where almost half (47%) are part of an association or network. Only 37% of recording studios belong to an association or network, 32% of studios with combined types and only 18% of production rooms. These uneven levels of association could reflect a key concern by focus group participants over the high degree of dissociation between 'traditional commercial studios' and other studios (community, grassroots, project studios, etc.) which can threaten the talent pipeline as clients progress up the 'studio ladder'. It can also be seen that production rooms, which include a large number of home

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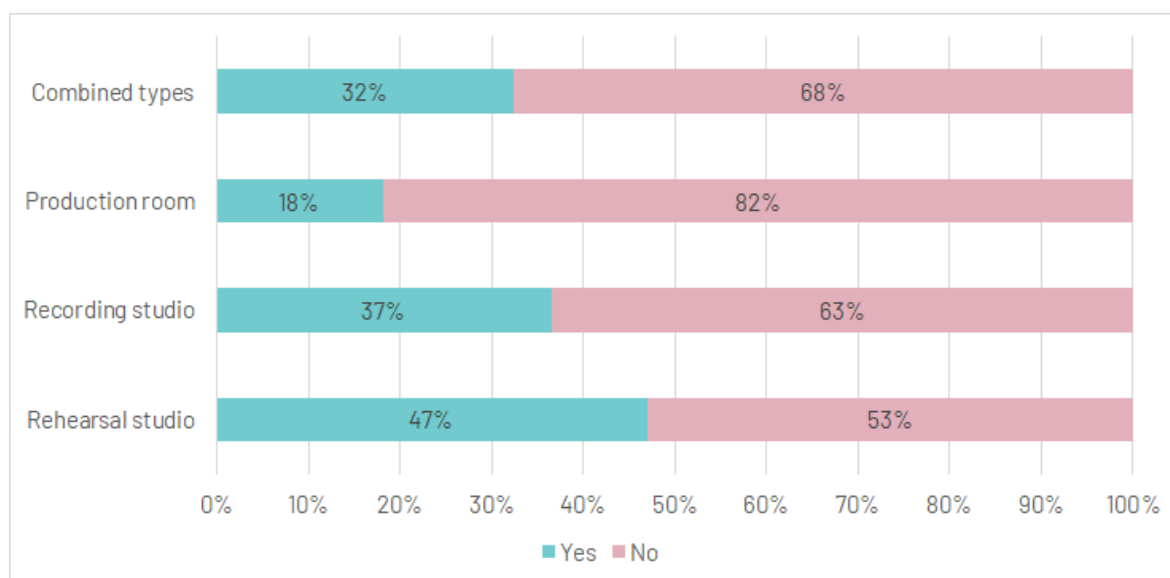
<sup>94</sup> See Section 4 'Conclusions' for further information.

<sup>95</sup> Brighter Sound is a Manchester-based creative music charity supporting creators and industry professionals with projects and events. Source: Brighter Sound (n.d.)

studios, are less likely to be in associations since they require fewer resources, have less barriers to entry and are more individualistic in terms of users.

Altogether, it speaks to the desire by focus group participants for a more collective approach to the studio market, comparable to the role of UK Music in the live music industry. This would mean better alignment between rehearsal and recording/production, to ensure all interested parties are listened to and common interests and goals identified. For the majority, this took the form of a dedicated 'music studio network'.

Figure 28. Percentage of business per studio type that are part of an association or network in their sector



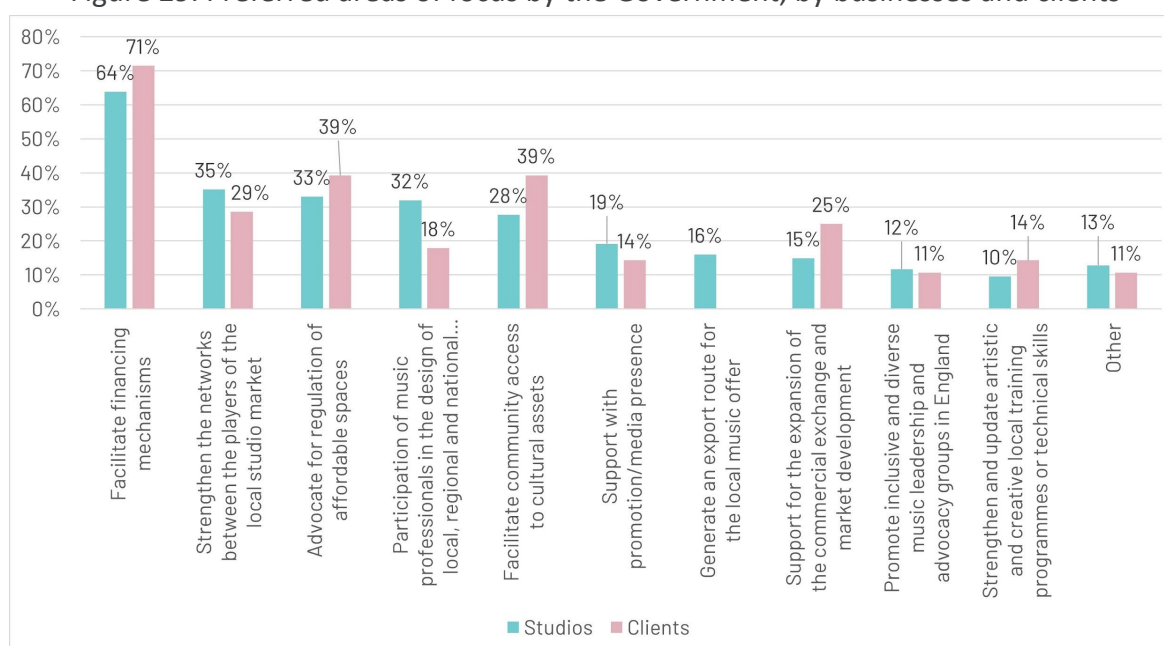
Source: Survey, DCMS, 2021

#### Figure Description

- The majority of the studio market has a low level of associativity and networking, 37% of recording studios aren't part of an association or network in their sector, 18% of production rooms and 32% of studios with combined types aren't part of associations or networks.
- 47% of rehearsal studios are part of an association or network.

There also appears to be a lack of informal communication and networking between studios at the local level. The geography, catchment area, and low overall number of studios in an area were common constraints according to focus group participants. However, due to the difficulties and uncertainties generated by COVID-19, some focus group participants had witnessed emerging communication between the studios at the local level. For example, one focus group participant said they were part of an informal group which shared advice on services, COVID-compliance, opening times and changes to operating models, among other things. Based on the progress made during COVID-19, there could now be an important opportunity for local authorities to incorporate the studio sector into the design and delivery of their COVID-19 recovery plans, which can work to ensure the sustainability of the market long-term and in case of any future threats. This would align with two areas of government intervention that are desired by surveyed studios and clients (see Figure 29). First, the participation of music professionals in the design of local, regional and national music policies (32% of studios and 18% of clients / fourth priority area). Second, and more importantly, the government intervention to focus on strengthening networks between the players of the local studio market (35% and 29% respectively) which is the second most desired aspect, after facilitating finance mechanisms (64% and 71% respectively). The latter in particular, could also lead to building stronger networks for studios, and enable them to share such networks with their clients which was awarded one of the lowest ratings by surveyed studio clients (average score of 2.9).

Figure 29. Preferred areas of focus by the Government, by businesses and clients



Source: Survey, DCMS, 2021

#### Figure Description

- The majority of the studio market (64%) and clients (71%) prefer that the Government focuses on facilitating financing mechanisms.
- 35% of studios and 29% of clients prefer the focus to be on strengthening the networks between the players of the local studio market. 33% of studios and 39% of clients prefer the focus on advocacy for regulation of affordable spaces. 32% of studios and 18% of clients prefer the focus on participation of music professionals in the design of local, regional and national cultural policies.
- 28% of studios and 39% of clients prefer the focus on facilitating community access to cultural assets. 19% of studios and 14% of clients prefer the focus to be on support with promotion/media presence. 16% of studios and no clients prefer that the focus is on generating an export route for the local music offer. 15% of studios and 25% of clients prefer the focus to be on supporting the expansion of the commercial exchange and market development.
- 12% of studios and 11% of clients prefer the focus to be on promoting inclusive and diverse music leadership and advocacy groups in England.

10% of studios and 14% of clients prefer that the Government focus is on strengthening and updating artistic and creative local training programmes or technical skills.

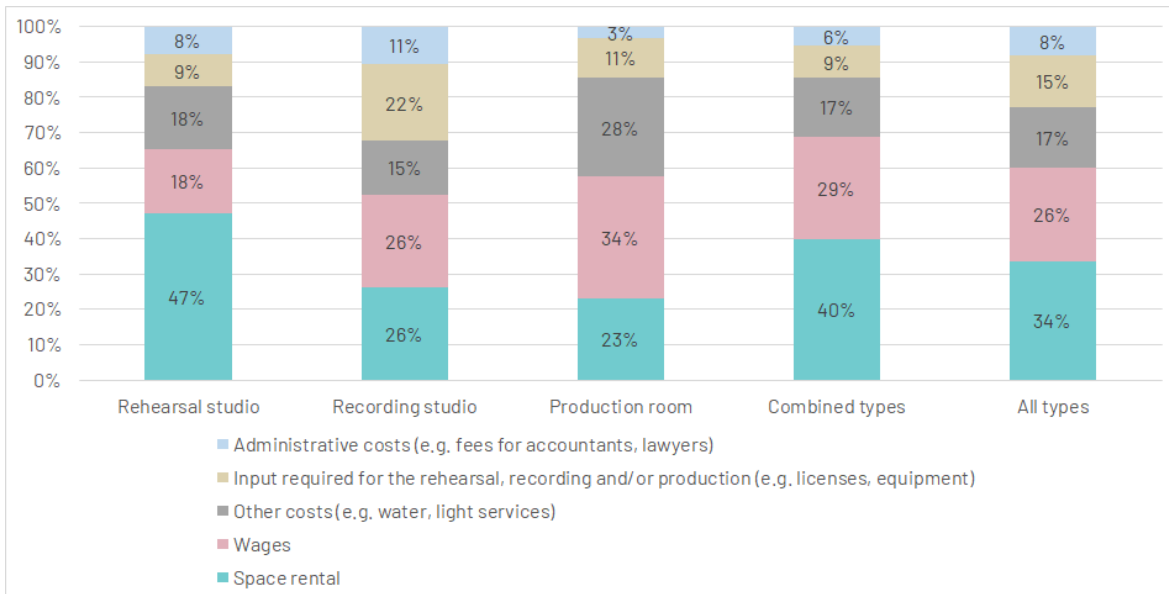
### 3.4.3 Infrastructure

#### Rent & Real Estate

Rent is the biggest operating cost for studios according to both focus group participants and survey respondents. Figure 30 shows that space rental made up the largest proportion of surveyed studios' operating costs (on average 34%), with the exception of production rooms where wages (34%) and other costs (28%) were higher than space rental (23%), and recording studios where rent and wages are identical (26%). Space rental can include rent, business rates and other costs associated with maintaining property.

This deviation of production rooms can be directly linked to the type of space they typically occupy. For instance, Figure 31 shows that the majority of surveyed production rooms (55%) are self-classified as home studios which don't require a fixed commercial space in comparison to the rest of the studio types. For this reason, production rooms display the least percentage of expenses dedicated to cover space rental costs, which also translates into how they were the least impacted studio type during COVID-19 as outlined in section 3.1.2. However, for some production focus group participants the decision to establish a professional home studio, aside from personal use, was to avoid the cost associated with rent or owning a commercial property rather than technical requirements. In comparison, Figure 31 also shows that 100% of surveyed rehearsal rooms are located at a fixed commercial place, corresponding to the highest amount of rental costs across all studio types in Figure 30 (47%) and again, the fact that there is no alternative to a physical rehearsal space.

Figure 30. Proportion of types of expenses on the overall costs of businesses, since the onset of COVID-19 (2019), per studio type

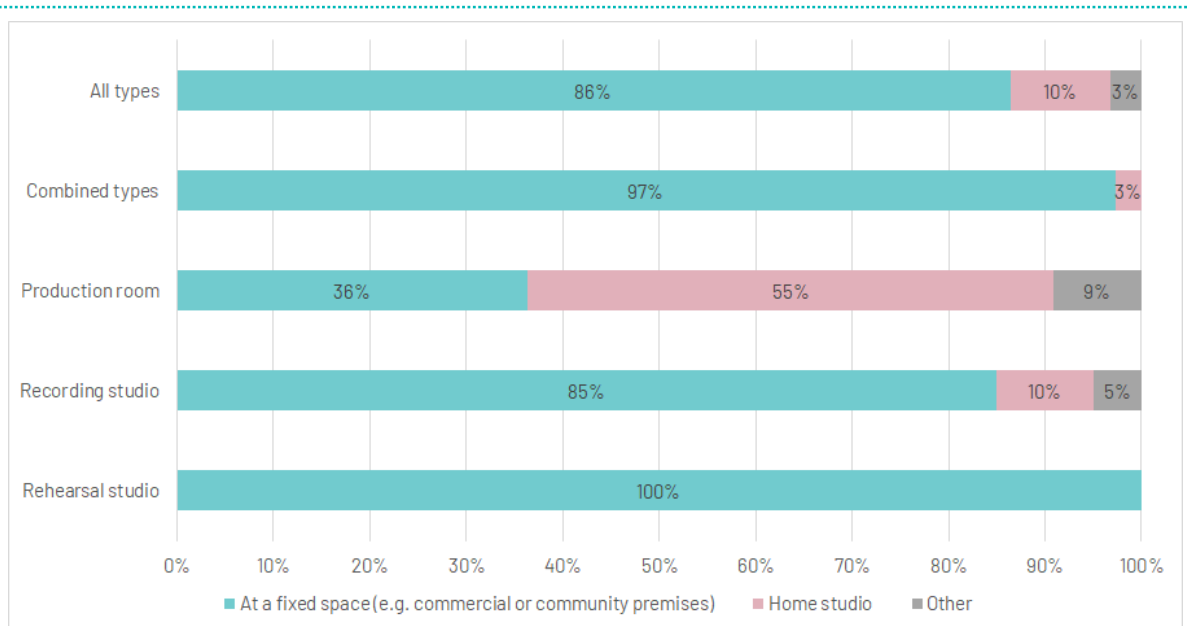


Source: Survey, DCMS, 2021

#### Figure Description

- Space rental represents on average 47% of the overall costs of rehearsal studios, 26% for recording studios, 23% for production rooms and 40% for studios with combined types.
- Wages represent on average 18% of the overall costs of rehearsal studios, 26% for recording studios, 34% for production rooms and 29% for studios with combined types.
- Costs like water and light services represent on average 18% of the overall costs of rehearsal studios, 15% for recording studios, 28% for production rooms and 17% for studios with combined types.
- Other administrative costs and operational costs (e.g. licenses and equipment) represent 17% for rehearsal studios, 33% for recording studios, 14% for production rooms and 15% for studios with combined types.

Figure 31. Type of physical space where each studio type provides its services



Source: Survey, DCMS, 2021

#### Figure Description

- 100% of rehearsal spaces have a fixed space to provide its services, the same as 85% of recording studios and 97% of studios with combined types.
- 55% of production rooms provide services in a home studio.

Additionally, the majority of focus group participants considered studios to be part of the property market and as such are susceptible to the same real estate pressures as other businesses, for example rent increases. As explained in section 3.1.2, focus group participants believed that any changes to studio service rates (prices) were an outcome of rising operating costs and specifically rents and business rates, as opposed to growth in the sector. In doing so, however, focus group participants acknowledged that they could be pricing clients out of the market or in some instances were unable to do so because they had hit a ceiling based on their current size and offer.

Focus group participants also described rent increases as a 'multi-scalar problem' as it affects studios of all sizes, types and geographies, but to varying degrees. The principal determinant is geography, since it was widely acknowledged that rent

increases were more acute in London. For instance, one focus group participant said they had a 300% increase during the past year alone, but that it was part of a much wider trend that is predicted to result in a large number of studio closures in London within the next 5 years. Meanwhile, another focus group participant highlighted how rent pressures have caused studios and/or studio market professionals (all-ages and experiences) to relocate outside of London, contributing to 'studio closures' as well as threatening the talent pipeline in the city. In comparison, rent was not seen to be as significant in rural areas, as well as in the Northern regions of England where land values are lower.<sup>96</sup>

At the same time, focus group participants have seen a decline in the availability of the types of buildings that are most suitable for operating a studio. It was widely noted that studios require certain types of infrastructure to meet operating requirements. For rehearsal studios in particular, the volume of clients (e.g. bands), parking and loading/unloading zones for equipment and the need to be away from residential areas due to the threat of noise complaints were also mentioned. For many, aside from the location, the ideal infrastructure includes light-industrial units, but these spaces were noted to have frequently undergone redevelopment for flats, and more recently logistics hubs as part of the shift towards delivery-orientated businesses through the pandemic. They also mentioned how these businesses have larger budgets and can therefore pay for rent for up to 10 years in advance and were therefore looked upon more favourably by landlords.

In this sense, there is a desire for public bodies to support the studio market with regard to access to affordable studio infrastructure. 33% of surveyed studios wanted government intervention to focus on advocacy for the regulation of affordable spaces, which would not only address the previously discussed issue of rent, but also the low perception amongst surveyed studios on the availability and access to rented commercial spaces with a fair price/quality ratio (2.5 out of 5). One recommendation was for councils to facilitate the use of vacant and alternative premises with discounted business rates, which could be a key opportunity to activate the rising number of vacant retail spaces since before the pandemic.

#### Business Rates

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<sup>96</sup> UK Government (2020a)



Business rates are the most common regulatory challenges for studios in England.<sup>97</sup> Research by UK Music has found that the exponential increase of business rates over the last decade has resulted in significant financial burdens for many grassroots music studios, recording studios and festivals and has resulted in closures and/or limited opportunities to physically expand.<sup>98</sup> This is further evidenced by this research.

According to focus group participants, business rates are the second most significant cost for operating a studio in England after rent, and in the survey it fell under the 'space rental' which again was the highest overall and therefore reiterating this belief. Other key observations made by focus group participants were the fact that business rates can compare with an employees' average yearly salary and therefore a missed opportunity for employment, as well as limitations to physical expansion due to the associated costs of rents and business rates, again confirming the conclusions made by UK Music. This is an important consideration given many focus group participants said they were looking to change or expand their facilities now or in the future.

Focus group participants also drew attention to the external factors that were changing the level of business rates. Foremost was the 2017 rates revaluation which was seen to have caused exponential increases for all eligible studios and a key contributing factor to studio closures due to the added financial pressures. Comparable to the findings from UK Music's report (where a sample of studios noted an increase of between 38%-97%, including Abbey Road Studios at 56.74% / £68,710)<sup>99</sup>, a 115% increase for an unspecified London studio, and an average 47% increase for studios in York were noted by focus group participants, further illustrating the extent of these raises. Tied to this is the observation by many focus group participants that business rates are also inflated in cities where rateable values are expected to be higher, with many drawing attention to regeneration processes that are pricing studios out of areas despite still being financially viable. This was most notable amongst London focus group participants. Whilst this

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<sup>97</sup> Business rates apply to most non-domestic properties only and would therefore exclude studios established in residential properties (e.g. home studios). There are also relief schemes such as studios with a charitable status (e.g. not for profit), that can claim up to 80% relief. Source: UK Government (n.d.b)

<sup>98</sup> UK Music (2019)

<sup>99</sup> Ibid.

research did not determine the reasons for closure for the mapped studios, it is worth noting that 27.7% (173) mapped closed studios are located in LADs with city status, with the highest recorded in Leeds (18) and Liverpool (14), followed by Birmingham, Bristol, Manchester, Nottingham and Sheffield (12). In addition, a further 30% (187) are concentrated in London and when combined with the LADs with city status, equates to over half of the noted studio closures in England (57.7% / 360).

The business rates system does not have a designated category for studios, in comparison to music venues for instance, with focus group participants explaining that studios are most often classified as retail (shop) or leisure.<sup>100</sup> This has led to the perception that business rates calculations for studios are highly subjective. According to one focus group participant, rates could depend on whether the studio had retail (food, merchandising etc.), catered for professional or amateur clients (the former considered retail and the latter leisure), and what type of services they offered (professional services vs. education or community programming). The lack of a designated category was mentioned to have become a notable detriment when applying for COVID-19 business rates relief (see below).

Some focus group participants and survey respondents (31%) (see Figure 33) were in receipt of business rates relief since the onset of COVID-19, with focus group participants considering it the second most important form of relief after furlough and for surveyed studios it was third after loans (see section 3.4.4). However, focus group participants emphasised that there were challenges to applying for and receiving this relief, as studios were not specifically mentioned and instead, many had to justify their classification as a shop or leisure business in order to be eligible. Furthermore, focus group participants noted that a number of studios had not received any relief because they were told they were ineligible.

For the reasons above, the majority of focus group participants desired for business rates to be reviewed and rolled back permanently, followed by a designated category for studios comparable to music venues. This is an opportunity for the government to extend the same level of protection from music venues to other elements of the music ecosystem.

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<sup>100</sup> UK Government (n.d.c)

### 3.4.4 COVID-19 Relief and Recovery

#### Relief

As outlined in section 3.1.2, COVID-19 has had a profound impact on the studio market in terms of a reduction in studio service rates, annual gross income and workforce sizes. All of this threatens the observed financial sustainability of the sector existing prior to the pandemic. As a means of survival, studios have now become highly reliant on government support and for the majority, it was their primary source of income during the pandemic. This is in direct contrast to the pre-pandemic landscape.

Prior to COVID-19, the majority of focus group participants as well as survey respondents (67%) had not applied to or received funding (all types), indicating that there was an overall lesser reliance. One notable exception was a focus group participant whose studio operated as a community interest cooperative - a company which exists to benefit the community rather than private shareholders<sup>101</sup> - and have received the European Social Fund and the National Lottery Community Fund. At the same time, a few focus group participants highlighted that whilst Arts Council resources were becoming more relevant to the sector, and particularly shifting beyond community and designated cultural organisations (e.g. museums), very few felt they had managed to benefit from them. Hence, in addition to financial sustainability, the lesser reliance on funding could also be partly driven by the lack of suitable funding available to traditional commercial studios which, as previously mentioned, make up the majority of the studio market (89%).

The funding landscape has significantly changed since the onset of COVID-19. Figure 32 shows that on average 69% of surveyed studios had to rely on government support (such as the cultural recovery fund or bounce back loans), with an additional 12% applying but not receiving. This composition is similar to the experiences of focus group participants. Only a small percentage of surveyed studios (20%) had not applied for any support, of which 42% believed there were no suitable incentives available to them. This corresponds with the previous year (2019), where 34% of those who didn't receive any support gave the same reason, in addition to the perception amongst some focus group participants that smaller, grassroots studios

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<sup>101</sup> UK Government (n.d.d)

remain unaware of what types of grants are available, how to apply or eligibility. Overall, it reflects the need for clarity and better understanding of the studio market from funding organisations to ensure that funding is accessible and the benefits made clear.

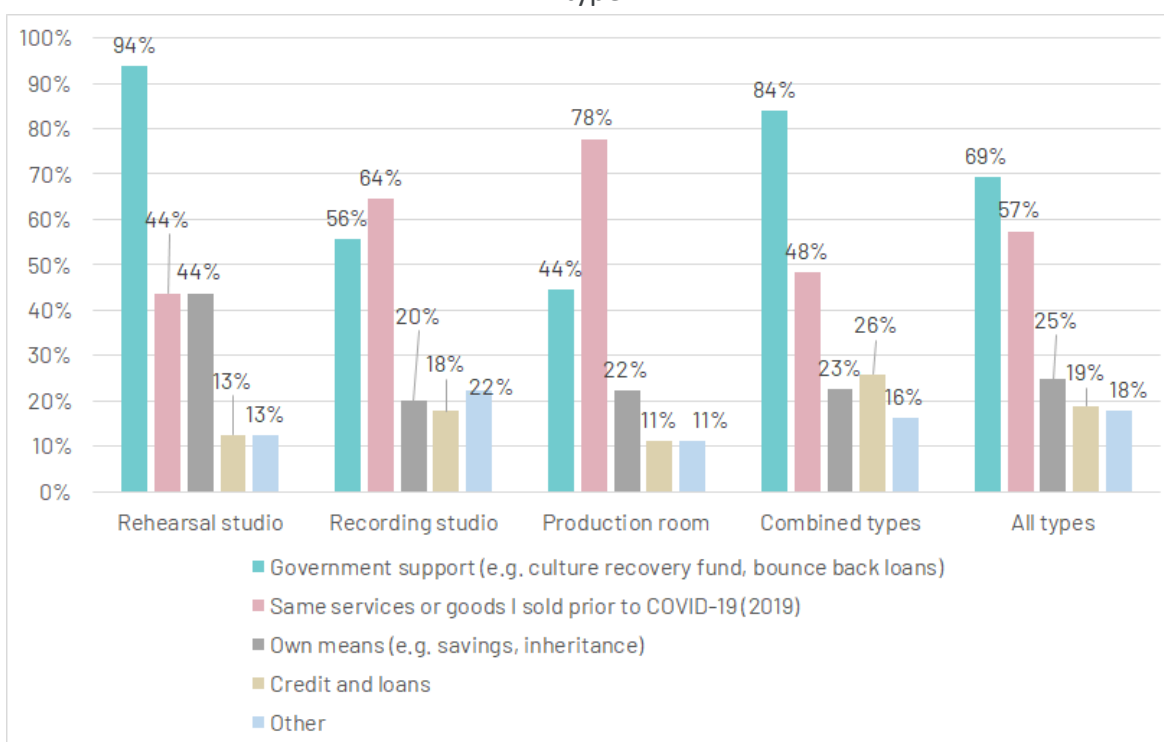
Looking at each studio type in Figure 32, however, it is clear that rehearsal studios (94%) and studios that provide a combination of services (84%) have a greater dependency on public funding. This is expected given the worse effects of COVID-19 on these studio types with regard to annual gross income and workforce size, as shown in Figures 19 and 20 (see section 3.1.2). For rehearsal studios in particular, this dependency is likely an outcome of the fact that there is no viable alternative to a physical rehearsal service. However, the larger workforce size (average 7 employees), requirement for a fixed space and accordingly a greater proportion of operating costs for space rental (47%, see Figure 30 & 31) make rehearsal studios the most vulnerable during situations where the clients can't go physically attend (such as during COVID-19). This may also explain why rehearsal studios also show a high dependency on 'own means' such as savings and inheritance in Figure 32 (44%), which is the highest and on average twofold compared to other studio types.

When it comes to sustained business operations, Figure 32 shows that on average 57% of studios were able to retain the same services they sold prior to COVID-19 as one of their main sources of income. This resilience can be attributed to digital tools and technological innovations such as remote working, previously mentioned in section 3.1.3. As expected, rehearsal studios (44%) and studios that provide a combination of services (48%) - including rehearsal - show lower percentages given the lack of digital alternatives for rehearsal. Following the same logic, production rooms' capability and experience with working with digital tools and the facilities to do so, reflect the fact that 78% were able to sustain income from their core services - the highest overall - whilst only 44% relied on government funding - the lowest overall. The lesser requirement for a fixed space (36%) and lower number of employees (average 2) is also likely to result in a lesser need for government support in order to meet these operating costs.

Regardless of variation, it is clear that government support is widespread across the studio market. Overall, it demonstrates that government support has been a necessity to the studio market and focus group participants agreed that studios would have otherwise closed down without it. At the same time, it became clear that

government support was being utilised in different ways and for different reasons. For example, a small number of focus group participants operating small studios with recording and/or production services and in receipt of government support, had in fact been able to accumulate surplus funds where operations were less affected. It was clear that this was unintentional, given concerns over the ongoing uncertainty of COVID-19 including regulations on social distancing and whether there would be further help in the future. In these instances, the funds were used for building maintenance and equipment. Again, this was most often attributed to their ability to maintain and adapt new services such as via remote working, but was also associated with a specific business type (typically not for profit) and where studios had a low number of employees which resulted in lower overall operating costs.

Figure 32. Change in sources of income since the onset of COVID-19 (2020), per studio type



Source: Survey, DCMS, 2021

Figure Description

- 69% of the businesses in the studio market during 2020 had to rely on government support (such as cultural recovery fund or bounce back loans). 94% of rehearsal studios and 84% of studios that provide a combination of services relied on government support as one of their main sources of revenue. 56% of recording studios and 44% of production rooms listed government support as one of their main sources of revenue.
- 57% of businesses were able to retain the same services they sold prior to COVID-19 as one of their main sources of income. 64% of recording studios kept their core services as the main source of income since the onset of COVID-19, 78% of production rooms, 44% of rehearsal studios and 48% of studios with combined types.
- 25% of businesses in the studio market had to rely on their own means. 44% of rehearsal studios had to make use of their own means (e.g. savings or inheritance), 20% of recording studios, 22% of production rooms and 23% of studios with combined types.
- 19% of businesses in the studio market need to ask for credits or loans. This was the case for 13% of rehearsal studios, 18% of recording studios, 11% of production rooms and 26% of studios with combined types.

Figure 33 displays the proportion of surveyed studios that applied and received government funding/grants according to the source since the onset of the pandemic. On average, 2 types of support were granted per studio with the most common combination of grants being the Local Authority Discretionary Grant Fund, together with loans. Both types of support were given in combination to 30% of the studios who received any type of support.

Looking at the different types of support, the Local Authority Discretionary Grant Fund provided the most funding (56% of the studios that received any support). This ended in September 2020 and was only open to small and micro businesses with fixed property costs such as rent, who were also ineligible for the Retail, Hospitality and Leisure Grant Fund or Small Business Grant Fund<sup>102</sup>, therefore aligning with the findings that a large proportion of surveyed studios are micro businesses as outlined in section 3.1.2.

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<sup>102</sup> UK Government (2020b)

The Local Authority Discretionary Fund was also a key revenue source for focus group participants, particularly where business rates relief was challenged or for rent support which was seen to be more common when the studio rented the property from the local authority. In addition, some focus group participants explained that they chose not to open their physical premises (partially or in full) during the second lockdown, despite being allowed to with safety measures in place. The primary reasons were not enough business, but more importantly the perception among staff and clients that it was not safe to operate. In doing so, however, many became ineligible for further grants as they were no longer mandated to close, which became a significant challenge.

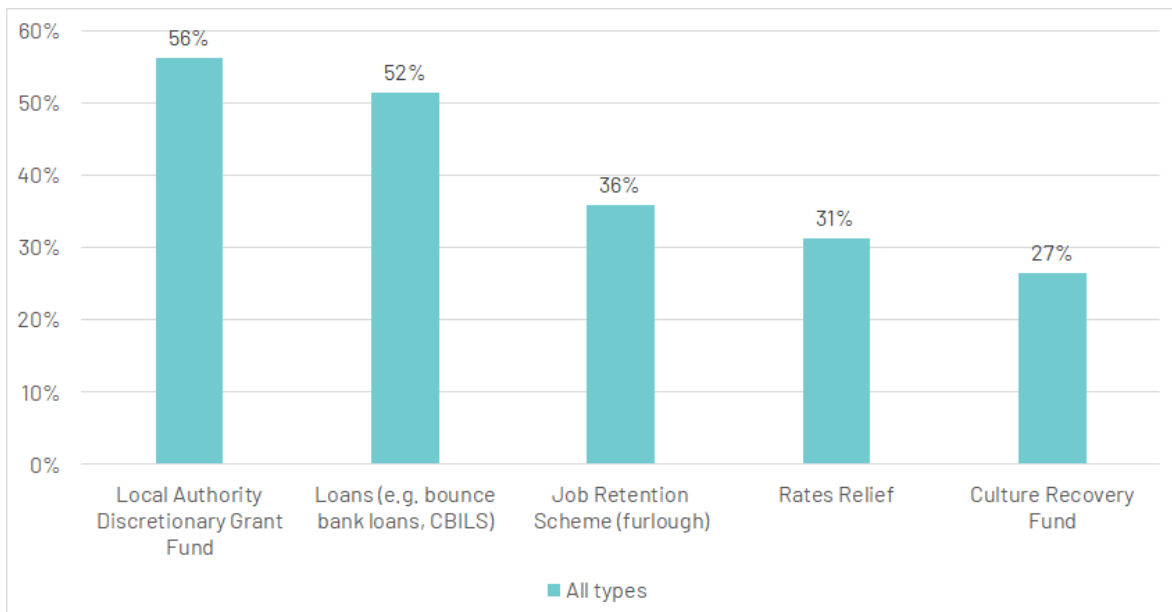
Furthermore, the allocation of local authority funds such as discretionary relief was inconsistent across England, according to focus group participants. They noted a huge disparity between councils in terms of how funds were determined and allocated for studios. The primary reason given was that some local authorities were unaware if and how studios were eligible to begin with, as seen with business rates relief. This was most acute in London, according to focus group participants, but considerably better where a studio was renting from a local authority or working within the local community (e.g. education provision). This experience also extended into general bureaucratic support throughout the pandemic as well, with some councils more willing to help than others.

Figure 33 also shows the high number of studios in receipt of the Job Retention Scheme/furlough (36% of studios that received any support). The Culture Recovery Fund was received by 27% of surveyed businesses, the lowest out of the options provided. This could reflect the fact that the fund excluded sole traders, which to many focus group participants was a notable barrier and a key point of dissatisfaction as they believed sole traders made up a significant proportion of the studio market.<sup>103</sup> The other key funding sources for focus group participants in that respect was the Self-Employment Income Support Scheme, as well as the Small Business Grant of £10K which were both provided by the UK government.

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<sup>103</sup> This has also been noted in Arts Council England's specification for the Culture Recovery Fund. See Arts Council England (2021)

Figure 33. Proportion of studio businesses that received a grant/funding according to the source, since the onset of COVID-19 (2020)



Source: Survey, DCMS, 2021

#### Figure Description

- The Local Authority Discretionary Grant Fund provided the most funding (56% of the studios that received any support), followed by loans such as bounce back loans or CBILS (received by 52% of the benefited businesses), the Job Retention Scheme/furlough (by 36% of businesses), and Rates Relief which was received by 31% of business and Culture Recovery Fund (received by 27% of businesses).

#### Recovery

There were also a number of considerations for the recovery of the studio market. Focus group participants expressed a desire for the government to tailor and diversify any future relief and avoid a one-size-fits all approach as previously seen in the Cultural Recovery Fund. This is particularly important given the top area for government intervention chosen by both studios and clients is facilitating finance mechanisms as previously mentioned (Figure 29). Furthermore, in line with the classification of studios in the business rates system, focus group participants also



wanted the same level of support and recognition for studios as given to music venues, which many focus group participants felt had been the government's priority in recent years. This also relates to concerns by focus group participants about the focus on live music in the industry's COVID-19 recovery. Whilst focus group participants anticipated demand for live music events as restrictions ease, they also believed that there is little support for the accompanying value chain such as the role of rehearsal spaces (see section 3.3.3). They also highlighted the knock-on effects of the loss of income for live music for clients that in-turn reduces their available budget to record and produce music. These concerns were worsened by the continued uncertainty around live performances and touring, with many believing these would not return until the end of 2021 at the earliest.

In addition, to better support studios in the recovery, measures need to be taken to help studios with grant-writing, which a number of focus group participants and 26% of survey respondents said they wanted to improve on. For example, only 1 focus group participant mentioned having an in-house staff member with experience in writing applications, with others relying on accountants, word of mouth and local authority support to put in applications. Measures to improve grant-writing are also important, since many focus group participants and survey respondents (49%) plan to apply for more grants in the future in order to support their recovery from COVID-19.

Finally, there is a mixed picture on the timeframe for recovery from COVID-19. The majority of focus group participants said they were unable to see beyond the next few months due to the continued uncertainties of the pandemic, which corresponds with the low percentage of surveyed studios (16%) who believe they will recover within the next 6 months. However, this is not homogeneous across all studio types. For instance, production rooms were the most optimistic studio type with 38% believing the recovery will take between now and 6 months, which again speaks to their resilience during the pandemic. Nevertheless, across all other studio types, the majority of surveyed studios (31%) believe that the recovery will happen between 7 months to 1 year, followed by 29% who expect it to happen between the next 1 to 2 years.

### 3.4.5 Other Support

There were a number of other incentives and funding initiatives mentioned by focus group participants to better support the studio market.

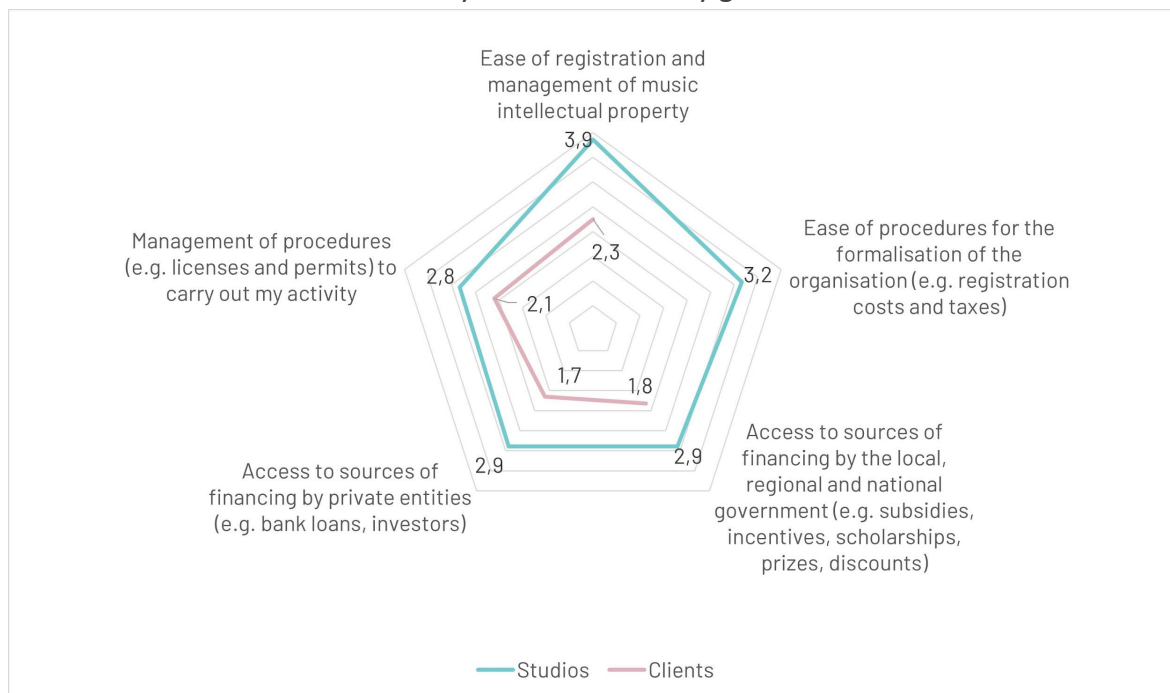
One area of focus is the processes and forms of financing (such as bank loans, investment). Figure 34 shows the perception of quality and availability of local procedures and financing for surveyed studios and clients. Studios give an average/neutral rating for access to sources of financing by local, regional and national governments (2.9 out of 5) and access to sources of financing by private entities (2.9). In comparison, clients rated these aspects poorly at 1.8 and 1.7 respectively, but this is indicative of their overall poor ratings shown in Figure 34 (all below 2.3). Considering both perspectives and in-line with the desire for government intervention to focus on finance mechanisms (see section 3.4.2), it is clear that the financing possibilities for studios is a key area for improvement.

Focus group participants also highlighted the importance of external financing, arguing that it was no longer feasible to create new studios without such funds and that this would most often be sourced privately. However, they also emphasised that there is a lack of continued funding to support these same spaces long-term. For many, this is seen as a key opportunity for the local authority to support local studios. For example, awarding contracts for services such as education provision, rental of facilities or private events for public services (which would align with the need to diversify services), establishing dedicated funds or subsidies, and designating a council official to work with the sector and manage this process (e.g. a culture officer). It would also benefit rehearsal studios in particular, given the fact that many exist without access to a core funding stream.<sup>104</sup> At the same time, focus group participants acknowledged the potential philanthropic role that local organisations or individuals, such as 'Weekend Warriors' (see section 3.2.1) could play. For example, by subsidising other elements of the business, such as artist development and educational programmes.

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<sup>104</sup> UK Music (2018)

Figure 34. Average rating of procedures and financing aspects by businesses and clients. 1 = 'very bad' and 5 = 'very good'



Source: Survey, DCMS, 2021

#### Figure Description

- Studio businesses have a good perception of the ease of registration and management of music-related intellectual property, with a score of 3.9.
- Other areas are rated as average/neutral such as the ease of procedures for the formalisation of the organisation (3.2), access to sources of financing by the local, regional and national governments (2.9), access to sources of financing by private entities (2.9) and the management of procedures of licenses and permits (2.8).
- The studio clients have an overall bad experience with every aspect (all rated below 2.3). The worst rated aspect by studio clients is the access to sources of financing by private entities such as bank loans and investors (1.7).

Finally, there was widespread belief in making funding available and 'visible' to artists. This is not only about financial support, but also about giving them the resources to educate themselves about the opportunities and viable routes to success. This closely aligns with the gaps in artist development and would work to support and strengthen the talent pipeline. PRS Foundations' Music Momentum Fund and Arts Council England's Developing Your Creative Practice were both mentioned as key models.

## 4. Conclusions

This report provided a market assessment of the recording studios, production rooms and rehearsal studios in England, examining the key characteristics, challenges and opportunities affecting not only the studio market but also the wider music industry. Below is a series of conclusions and suggested measures that have been informed by all the research findings. These should be used to inform future intentions and provide evidence for possible interventions.

### Studio Supply vs. Client Demand

The evidence suggests that there is enough supply of music studios, barriers to entry are low and there are no signs of monopoly/oligopoly or any other market dominance. The market is responding to changes such as technological innovation (e.g. remote working), and to new competition like Pirate studios, which further increase levels of supply. Within this, it is clear that individuals continue to have capacity and aspiration to make their own music outside of traditional studios.

The mapping revealed that there are currently 1,858 open studios in England but there are clear variations in geographical spread, with almost 50% of open studios concentrated in London and the South East. Despite corresponding with the geography of the UK's creative industries, there is nonetheless a concern for accessibility amongst both communities and industry. Further research is necessary to determine whether there are any local deficiencies in supply, to ensure every local community has sufficient access and should include an assessment of both commercial and non-commercial (or informal) studio spaces. This will be particularly

important for rehearsal services which occur the least in the market, but have the greatest potential for community and education-based engagement including securing the talent pipeline.

### **Suggested Measures:**

- **Support for the creation of new and/or expansion of existing studios to help address any geographical disparities and promote wider engagement.** Infrastructure, equipment rental and programming/services are key ways to expand the studio market offer where required and can extend beyond the music industry into other sectors, such as audiovisual. There is high demand and value for in-person experiences, but the positive results achieved through remote working should continue to be built on. This measure will be a key opportunity to align with the Creative Industries Sector Deal's ambition for a more consistent spread of creative industries clusters<sup>105</sup> and would also contribute to the government's levelling up agenda, which recognises the role of cultural assets in addressing regional disparities.<sup>106</sup>

### Studio Closures & Structural Challenges

The research also identified 624 closed studios across England and whilst this may support the anecdotal evidence of decline reported in other research,<sup>107</sup> this remains unconfirmed. In terms of the mapping, the research found that closures were apparent across most areas of England, but at the regional and national level there were no instances where the number of closed studios exceeded the number of open. This report will provide a useful point of reference for any future research assessing a potential decline, but in the immediate, it makes clear that the market is facing a number of structural challenges that are contributing to studio closures.

Real estate is key to the sustainability of the studio market and the music ecosystem more broadly. Rents and business rates make up the greatest proportion of studio operating costs and both are noted to have significantly increased in recent years due to urban regeneration processes and the 2017 business rates revaluation

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<sup>105</sup> UK Government (2018)

<sup>106</sup> UK Government (2021a)

<sup>107</sup> See Leyshon (2007) and Kirkby (2015)

respectively. This is creating significant financial pressures and is considered the key reason for studio closures. There is also concern that this will be exacerbated by the loss of viable spaces such as warehouses, as the logistics industry expands.

### **Suggested Measures:**

- **Review how studios fit within the business rates system.** As with music venues, there should be a specific business rates category for studios which can be formally included in any future relief. There should also be a review into whether a permanent reduction, discount or different tax approach can be achieved for the studio market and the wider music ecosystem, in addition to continued COVID-19 measures. Any measures should be monitored for effectiveness in terms of number of closures, revenues and economic growth.
- **Facilitate the use of vacant and alternative premises for studios.** Local authorities and other landowners should consider promoting the use of empty spaces for temporary and long-term studio use and accompany this with discounted business rates, affordable rent and flexible leasing times to better account for the difficulties currently faced by studios. This would not only support the growth of the studio market, but is a key opportunity to activate former retail spaces along high-streets and in town centres - a situation that existed before the pandemic. This can generate greater footfall and economic growth. DCMS has already been successful in this with regard to creating rehearsal spaces in local authority-owned buildings/existing community spaces.<sup>108</sup>

The costs and continued uncertainty surrounding Brexit and specifically new visa requirements is expected to have a detrimental impact on the studio market. Key concerns included potential losses in clients, studio staff and business development opportunities such as diminished studio touring operations. Whilst the extent and impact of these issues vary geographically, there remains an overall desire for immediate government action. In the absence of support, the research found that expansion and/or relocations to the EU were considered viable options for some studios going forward and therefore a likely factor for future studio closures.

### **Suggested Measures:**

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<sup>108</sup> Sound Connections (2012)

- **Advocacy for a deal for musicians post-Brexit.** Industry stakeholders should continue to work with the UK government, EU and other bodies to agree a reciprocal arrangement for touring and other visiting artists, such as a music passport. For the studio market, this would support the contracting of studio services by EU clients and provide sustained or new opportunities for studios and/or studio professionals both in the UK and Europe.
- **Strengthen the UK's international reputation and music export with funded studio programmes.** In conjunction with a post-Brexit deal for musicians and to grow international demand for studio services, there should be support to develop funded programmes targeted at the live and recorded music industry, that specify the use of studio services. This can be for traditional services such as recording and mixing as well as 360° music industry services such as coaching and consulting (e.g. songwriting camps). This will provide local music sectors with a viable export route, create opportunities both domestically and internationally, and foster international talent attraction and company exchange.

Finally, digital music technologies and the democratisation of music production have reduced the barriers to entry and therefore enabled a growing number of individuals - both amateurs and professionals - to access and undertake recording processes that were previously restricted to the skills and facilities of traditional studios. This most commonly takes the form of home/project studios, but has also facilitated the entry of new competitive models built around affordability. However, there remains evidence that these spaces are being used in tandem with traditional studios and therefore may not be a direct reason for studio closures. In many cases, these spaces act as a precursor and/or environment for skills development. Nevertheless, the challenge now is for traditional studios to seek standards and sufficient added value to distinguish themselves from these newer alternatives. For instance, via specific production and creative processes, the reputation of studio professionals in terms of technical and creative skills, and by offering artistic development services.

#### COVID-19

COVID-19 has had a profound impact on the studio market, as with most other sectors of the economy. The research found evidence of a reduction in studio service rates, annual gross income and workforce sizes, all of which threaten the financial sustainability of the sector that existed prior to the pandemic. As a means of

survival, studios have become highly dependent on government support, but have nonetheless shown some resilience by sustaining income from their core services. The effects, however, are far from homogenous with rehearsal spaces being the most vulnerable due to the fact that there is no viable alternative to a physical service. The need for a fixed space, a higher proportion of costs for space rental and a greater number of staff compared to other studio types all exacerbates this situation.

### **Suggested Measures:**

- **Provide post-Covid support to rehearsal studios and studios providing rehearsal services.** It is important to recognise the unique circumstances and adverse effects of COVID-19 on rehearsal spaces and provide tailored support. This can be financial (e.g. wage support, rent subsidies) or capacity-building (e.g. grant writing). There should also be support to develop new and innovative ways of working to better ensure resiliency in case of any future threats, for instance through live streaming and online education.
- **Engage the studio market in local policy and plan-making.** Local authorities should engage the studio market and other music industry sectors in the design and delivery of music and cultural policies, as well as COVID-19 recovery plans. This will ensure that challenges are understood and opportunities such as employment, education/training and tourism are all effectively harnessed. This could be facilitated through industry associations and therefore incentivise studios to engage with these bodies and improve studio networks.

### Studio Market Services

Traditional core services such as recording, mixing, production and studio rental are the mainstays of the market, and correspond with each studio type's main activities. They also make up the greatest proportion of revenues prior to and since the onset of COVID-19. Recording services dominate the landscape having been offered by 78% of all open studios, but is closely tied to production (offered by 56% of all open studios) which has in itself become more popular and caused an overall shift in the landscape. Rehearsal services were found to be the least common, but their artistic and educational importance to both the studio market and music industry,



specifically the live music sector, was widely understood. In light of existing investment and support towards ensuring all communities have access to rehearsal spaces, further research is necessary to determine whether rehearsal provision is more profound within alternative settings such as schools and youth centres, to better understand this landscape.

Studios have been adept at diversifying their business models to include a wide range of complementary and ancillary services in light of new dynamics and challenges in the sector, such as COVID-19. Since the pandemic, this has largely been based on the use of digital tools. Of particular interest are studios that have adopted vertical service integration, offering “360° music industry service hubs” where artists can record, distribute and promote their music all in the same place. Consulting and coaching is one of the most prevalent examples and is supported by the growth in education and training services since before the pandemic.

### **Suggested Measures:**

- **Facilitate professional development opportunities for aspiring and established studio professionals.** To better support the talent pipeline and create a more competitive, world-leading market of studio professionals, the government could consider subsidies for hiring graduates (wage support) and financial and bureaucratic support for apprenticeships and industry placements as part of formal qualifications. This would be a key opportunity to align with the UK governments’ skills and employment programmes within the ‘Plan for jobs’. <sup>109</sup> This should be accompanied by skills programmes for experienced studio professionals such as grant-writing, digital tools, marketing, PR and media, which were key areas for improvement for both studios and clients.
- **Support studios to expand their education and training services.** Industry stakeholders, local and national governments and other bodies and businesses should work to develop partnerships between studios and education providers for formal and informal education, rental of facilities and continued professional development (e.g. skills programmes mentioned above). This is a key opportunity to incorporate studios within the reformed

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<sup>109</sup> UK Government (2021b)

music education hubs,<sup>110</sup> to not only promote access to music education but also diversify the music curriculum and develop public-private partnerships.

#### Value Chain & Wider Music Ecosystem

Overall, the research found a lack of interaction and integration between the studio market and other stakeholders in the music ecosystem. This was most acute within the recording industry value chain, despite the historic synergies between artists, studios and record labels. Brought about by the growth and expansion of digital music distribution and the democratised access to music production technologies, it is clear that traditional vertical services such as record labels and publishers have been disintermediated from the value chain. In particular, artists continue to have more capacity to self-produce/release, but there remains a concern that the reduction in record labels' budgets and involvement will continue to have a negative effect on overall demand and budgets for studio productions.

The evidence showed creative and professional links between studios and live music venues and specifically via rehearsal: 6.5% of all mapped open studios also serve as a live music venue, of which 86% offer rehearsal services either exclusively or in combination with other services. The synergies between studios and live music venues become even more significant in light of the perception amongst surveyed clients that live music venues are the most influential stakeholder in their success as artists/musicians, with studio professionals having an overall lesser importance. Whilst this is likely to be an outcome of live music providing the greatest proportion of artist income, there nonetheless remain concerns about access and availability of live music infrastructure that can enhance studio clients' activities.

#### **Suggested Measures:**

- **Support a more collective approach to the studio market.** Coordinate the efforts of industry associations to ensure effective communication and cross-sector collaboration, as well as a shared set of objectives. Any efforts should work to ensure there is better alignment between rehearsal and recording/production and further the relationships between studios and the other aspects of the value chain (e.g. live music, record labels). This would be

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<sup>110</sup> Arts Council England (n.d.)

a key opportunity to incentivise studio networks as well as improve interaction and integration within the music ecosystem. There should also be a feasibility assessment for creating a governance model, similar to the role of UK Music in the live music industry, that acts as a lead point of contact for the studio market.

- **Create more demand for studio services by supporting artists and musicians in the live music scene.** Creating further opportunities for local performance in venues or festivals will increase remuneration and, in turn, improve budgets for artistic and professional development including the contracting of studio services (both music production and rehearsal). It will also promote professionalisation. In this sense, promoting live music venues and live music mediation agents is essential to boosting the recording industry sector and the wider music ecosystem. This should also be accompanied by campaigns, incentives or programmes that encourage young people to be involved in live music via rehearsal rooms in order to support talent development and engagement.

The above measures will have a positive effect on the studio market in England. This can be classified and addressed within two priority areas. First, direct or indirect support for studios that improve operating conditions, business development opportunities and capacity-building (skills or otherwise). Second, indirect support for artists, musicians and other studio users by increasing opportunities for and levels of remuneration which can, in turn, strengthen budgets for contracting studio services. In both regards, these support measures will have wider effects on the music industry, which in its individual parts has responded differently to some of these changes and will continue to do so. The changes to the recording industry value chain (e.g. the role of streaming services) and introduction of new corporate models are key examples of this. The capacity to respond and adapt to change remains key and therefore further research is necessary to fully understand whether and how such measures in the studio market would benefit the music industry, not least from the perspective of industry stakeholders.

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