



The economic impact of COVID-19 on the music industry

Tous Pour La Musique association
June 2020



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The EY logo, consisting of the letters 'EY' in a bold, white, sans-serif font.

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Objectives, approach and key figures

Objectives

This study, for Tous Pour La Musique association, provides **an assessment of the economic impact of the C-19 crisis on the music industry**, in terms of revenue loss compared with a “COVID-free” 2020. The study provides **qualitative insights into the artistic, cultural, social and regional effects of the pandemic**.

Scope

All activity in the music industry as defined by the 2019 EY France Creative Barometer Study “L'économie mosaïque”.

Main sources

PRODISS, UPFI, SNEP, Sacem, ADAMI, Les Forces Musicales, PROFEDIM, CSFI, UNAC, Zone Franche !, SMA, France Festivals, and Grands Formats.

Approach

A two-stages estimation of revenue loss :

- ▶ **During lockdown, from mid-March to mid-May :** assumptions are based on the closure of non-food businesses and the drop in visits to public places.
- ▶ **Post-lockdown:** two scenarios were constructed, foreseeing a slow or very slow recovery, taking into account the time it would take for the music industries (shows, background music, etc.) to return to normal.

The aggregation of these three periods makes it possible to estimate the impact of COVID-19 on the industry for 2020 compared with a projected 2020 without COVID-19.

Summary

The music industry is expected to lose about 43% of its forecasted revenue, or about €4.5 billion. For the direct music markets, the losses due to COVID-19 represent 48% of the 2020 forecast, nearly €3 billion. Related markets are slightly less affected, with losses representing 36% of the 2020 forecast, or €1.4 billion.

The live music ban, and the slowdown of the industry throughout 2020, will severely impact revenues for authors, composers, and music publishers: the COVID-19 crisis will result in almost **€250 million in lost authors' rights revenue in 2020, or about 23% of projected revenue for the year**. Performers will lose more than €46 million in revenue – and that excludes losses related to the cancellation of shows.

The music industry provided 257,000 people with direct and related employment in 2018, which made it the second most important cultural industry in terms of jobs.

2020



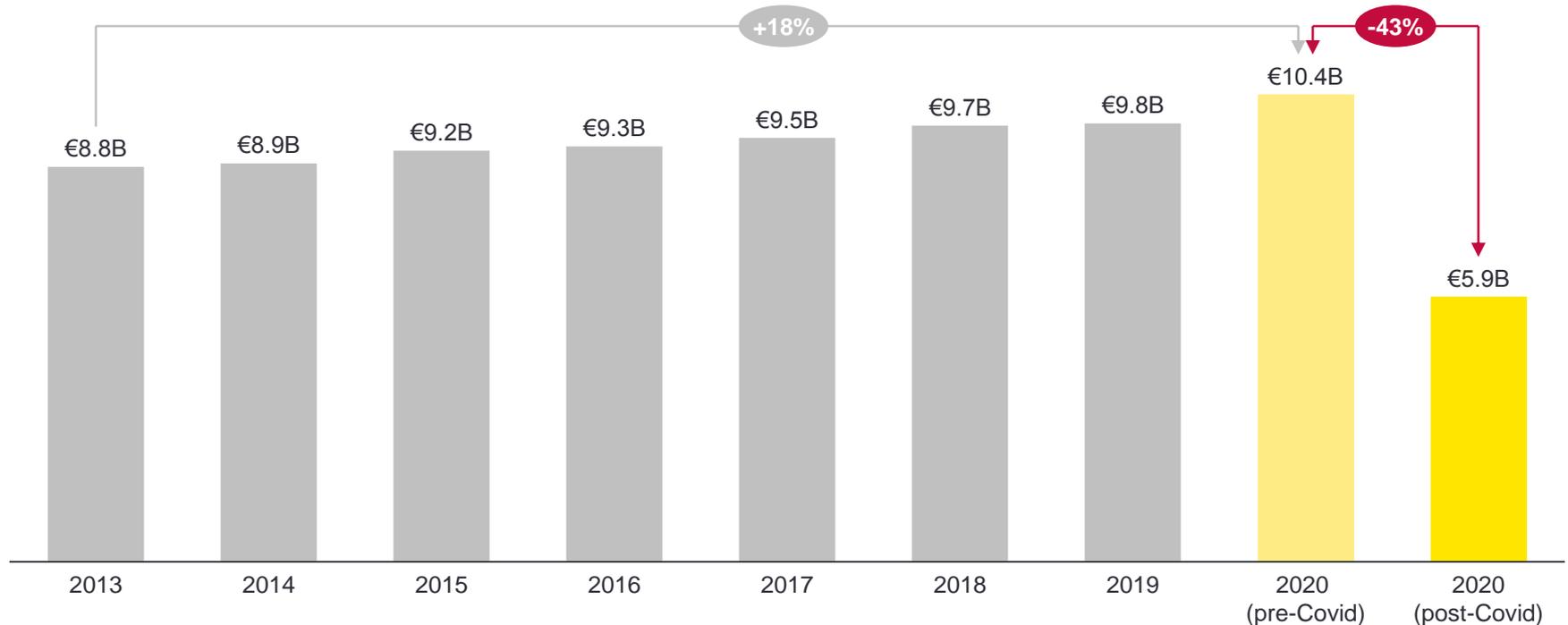
The loss of revenue due to the COVID-19 crisis for the year 2020 represents about **43%** of the forecast revenue for the sector, that is nearly **€4.5 billion** in losses, depending on the scenario.



In lost revenue for the music industry in 2020

The revenue shortfall for the music industry is projected at €4.5 billion by the end of 2020

Total revenue (direct and related) for the music industry (in billions of euros)

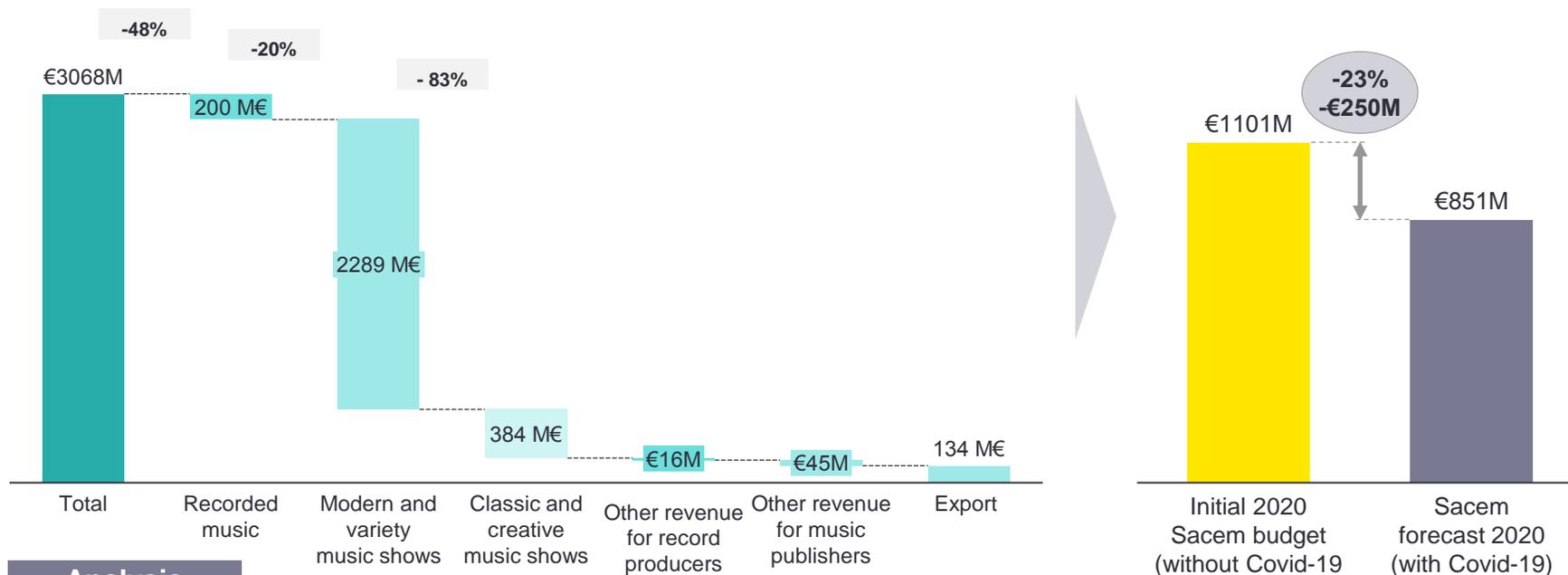


- ▶ In 2020, total revenue (direct and related) for the music industry would have reached around **€10.4 billion** without the crisis, continuing a steady increase since 2013.
- ▶ The impact of Covid-19 will lead to a **43% drop in revenue by December 31st 2020**, a loss of **€4.5 billion**. Economic, financial and social difficulties will continue well beyond the 2020 financial year.

Out of the 4.5 billion, losses for the 'core' markets in the music industry will amount to €3 billion by the end of 2020

Breakdown of revenue losses in 2020 for the 'core' music markets

Focus on authors' rights losses (Sacem) in 2020



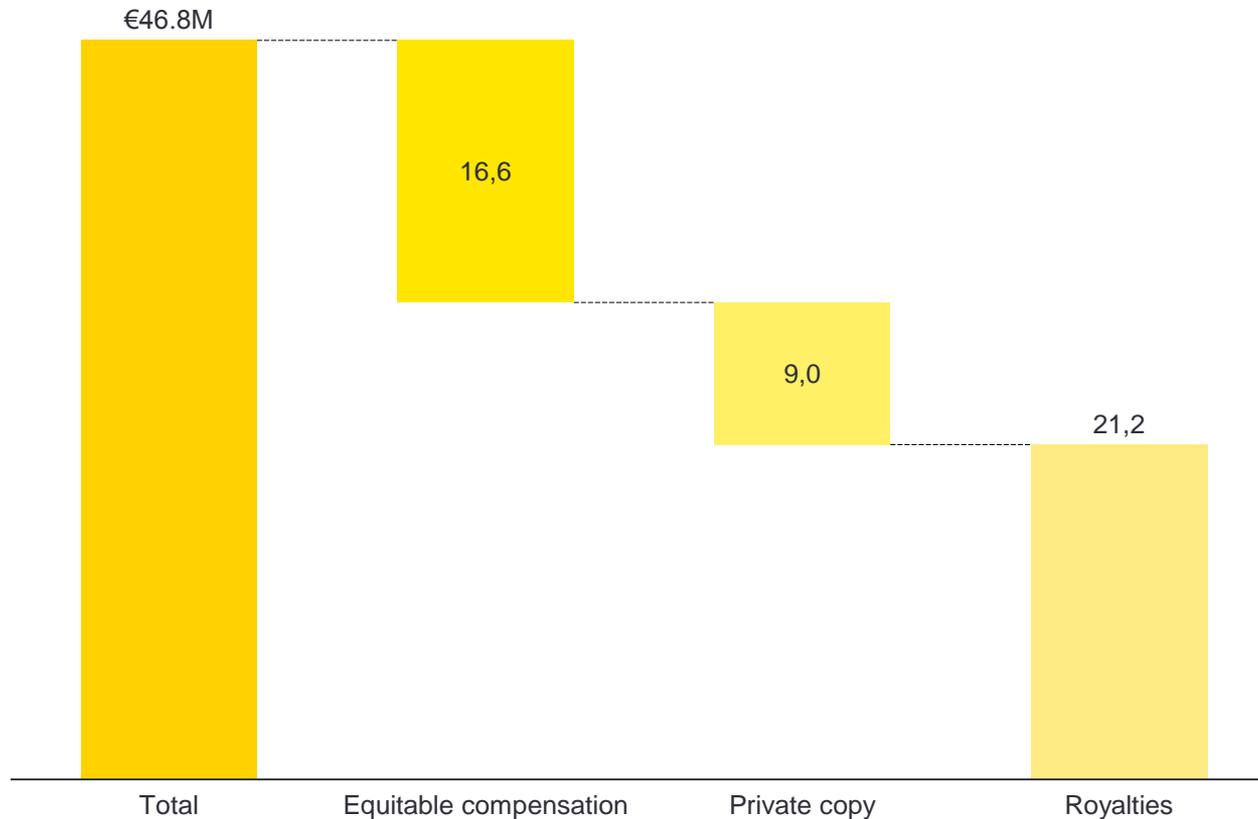
Analysis

- ▶ Lost revenue for the core music markets will amount to **€3 billion** in 2020, or **48%** of projected revenue, including €2.3 billion for the live sector, followed by classical and creative music with €384 million, as a consequence of the cancellation and postponement of nearly **15,000 shows over the period**.
- ▶ As income declines for the entire industry, authors' rights and related rights are also affected, impacting authors, composers, artists, performers, musicians, producers and publishers. For the rights managed by Sacem alone, **almost €250 million will not be collected**, and therefore not distributed. For certain professions such as authors and composers, this will mean a drop in income of the same order - a very sharp blow.

Sources: EY CCI Barometer (EY-France Créative, 2019), EY analyses

Artists and performers will suffer a loss of around €46.8 million, excluding losses related to the cancellation of several thousand dates

Projected losses for artists and performers in 2020 by source of income (in €M)



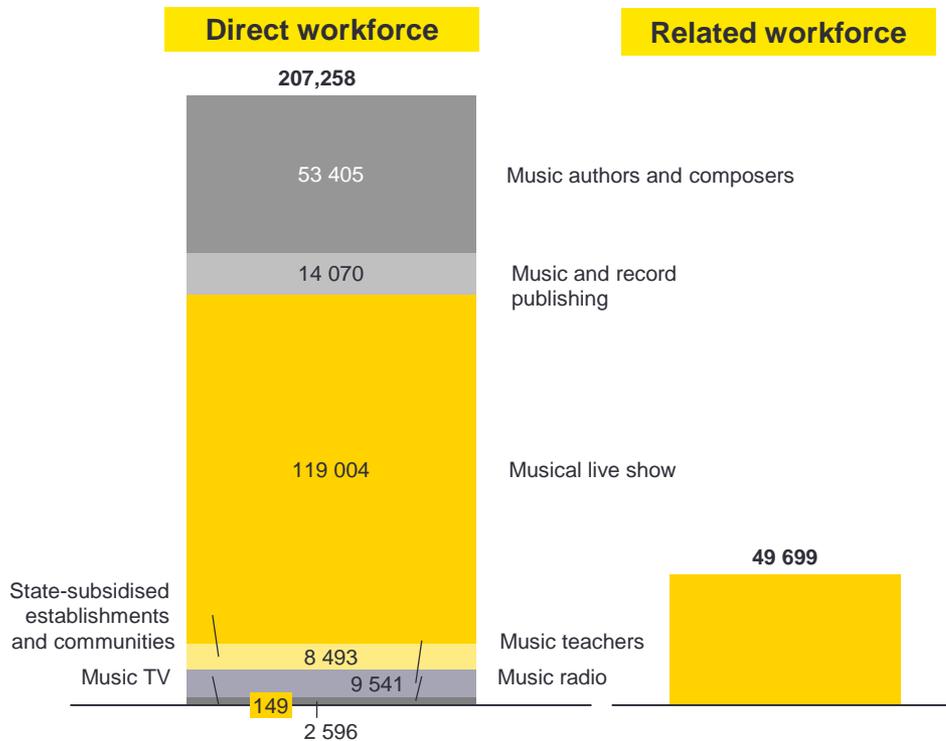
- ▶ Every year, between 60,000 and 80,000 artists and performers put on shows in France.
- ▶ All sources of income for artists and performers are affected, foremost royalties (-€21.2 million), followed by losses related to equitable compensation (€16.6 million).
- ▶ Note that **this figure does not take into account earnings losses linked to the cancellation of tens of thousands of performances over the period**, many of which cannot be rescheduled.

Source: ADAMI

The music industry employed more than 257,000 people before the crisis

Direct and related workforce in the music industry in 2018

A range of talents, professions and profiles



- ▶ The music industry employed **257,000** people (in direct and related jobs) in 2018, making it the 2nd most important cultural industry in terms of jobs.
- ▶ The sector includes nearly 25,000 music performers whose activity will be greatly reduced by the interruption of live performances.
- ▶ Music industry jobs are characterised by **their local nature**, and by profound changes in professions and required skills as a result of the economic and technological transformation of the past ten years.
- ▶ Given the fragility of certain jobs, as well as the financial risks for private and public employers, **the 43% drop in projected income could have a lasting impact on the social structure of the industry.**
- ▶ While the state's partial unemployment programme has played a role in limiting the social impact, particularly for permanent jobs, many part-time workers were not able to benefit from the system*.
- ▶ **The remuneration for authors will be severely impacted from now on**, and in the medium to long term, taking into account the time it takes to collect and distribute royalties (whether for authors' rights or neighbouring rights).

Sources: Panorama of CCI (EY-France Créative, 2019), EY analyses, * according to a SNAM - CGT study as of 30 April 2020, 63% of artists surveyed had not benefited from the government's partial unemployment programme.

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