

AARHUS MUSIC CITY

MUSIC IN NUMBERS

PROMUS

APRIL 2016



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01

PURPOSE & SCOPE



PURPOSE AND SCOPE

The first purpose is to identify the economic value created by the primary music industry in Aarhus.

In defining the primary music industry, we operate with a broad definition focusing on organizations whose existence is dependent on music. This includes the professional musician as well as the sales person in the local music gear shop providing the musician with equipment and instruments.

There is also a secondary music industry in Aarhus, where the main activity is not based on music, but music plays a vital role. An example is the film industry, where music and sound is important, but is not the main focus or output.

This report focus on the primary music industry and will give insights about it's economic size in terms of generated revenue and jobs in Aarhus within the primary music industry. Economic effects into other industries outside the primary music industry are not included in the reported numbers.

For the second purpose of this report, we interviewed 10 key people within the Aarhus music industry to provide insight in to these research questions:

- *Is Aarhus a Music City as defined in the report 'The Mastering of a Music City'?*
- *How do they perceive the business environment and culture policy in Aarhus?*
- *Who are the local suppliers for the primary music industry?*
- *Is there motivation in Aarhus' primary music industry for creating a local business cluster?*

02

METHOD -OLOGY



02 METHODOLOGY – DESK RESEARCH

In collaboration with PROMUS, Epinion have identified and analyzed the music industry in Aarhus. The process of mapping the industry in Aarhus have been carried out using multiple data sources from local music organizations combined with central Danish databases such as e.g. Statistics Denmark, The Central Business Register and KOB/Experian.

In this report, the **turnover** presented is the net turnover, meaning that it is the annual sales volume net of all discounts, VAT and other sales taxes.

Full-time-equivalent: The number of paid working hours (part time, full time, contracted) equivalent to one full-time employee in a year. In Denmark one unit FTE is equal to 1,924 paid working hours per year (holidays included).

02 METHODOLOGY, IN-DEPTH INTERVIEWS

In addition, Epinion have interviewed 10 key persons within the Aarhus music industry to provide an insight about the following research questions:

- Is Aarhus a Music City as defined in the report 'The Mastering of a Music City'?
- How do they perceive the business environment and culture policy in Aarhus?
- Who are the local suppliers for the primary music industry?
- Is there motivation in Aarhus' primary music industry for creating a local business cluster?

An ethnological interview approach was used with open questions in a discussion guide format in order for the respondents to be able to also provide information that Epinion did not have anticipated would be relevant.

The respondents were selected based on their connection to the music life in Aarhus. It is relevant to point out that the interviews have been conducted with key persons, who have some influence on the music life in Aarhus. Amongst others these include venues, educational institutions, event coordinators and technicians in relation to the music industry in Aarhus.

03

DEFINING THE MUSIC BUSINESS



03 DEFINING THE MUSIC BUSINESS

Delimitation of the primary music business

"Companies, organizations and private individuals, whose economic activities would not exist without the music."

Examples: Musicians, booking agencies and venues.

Delimitation of the secondary music business

"Companies, organizations and private individuals, where music adds value to their economic activities."

Examples: The gaming and film industry, add agencies, etc.

This report only focus on the primary music business, so all numbers related to revenue, number of jobs etc. only refers to the value created within the primary music business.



04

MAIN FINDINGS



04 MAIN FINDINGS

- The music industry in Aarhus has an aggregate turnover on DKK 1.8 billion
 - When the turnover is divided into smaller subgroups, “Music Equipment & Instrument Retail” is the industry that contributes with the largest turnover (>0.5 billion DKK)
- Besides the estimated 2,500 working professionally with music in Aarhus, the primary music industry employs 1,156 full-time employees (FTE)
 - The Music Equipment & Instrument Retail subgroup employs most people (218 FTE)
- 34.4% are one-man-businesses in the music industry
- Region Midtjylland receives 26 mio. in turnover from music rights, which is the highest amount for the regions in Denmark besides the capital region
 - 58% of the 26 million in turnover from music rights was received directly within Aarhus Municipality
- There is in general a positive attitude towards creating a music business cluster in Aarhus among important players in the music industry
 - They see possibilities in working together towards a common goal of developing the music industry in Aarhus and also the possibility of learning from each other within the industry



05

MUSIC IN NUMBERS





MUSIC AND AARHUS

Aarhus City

Aarhus has 325,000 inhabitants, which makes it the second-largest city in Denmark.

With 55,000 students, Aarhus is a young vibrant city with an average population age at 37.5 years

The University of Aarhus is ranked among top 50 in the world, which therefore attracts highly qualified work force in hi-tech industries, like wind power, shipping, agriculture etc.

Furthermore, Aarhus is an important cultural city with leading museums and theatres, festivals, dance, movies and television – and especially music.

WHY IS MUSIC IMPORTANT TO AARHUS?

Music supports the city's strategy for growth and expansion.

Culture and music attracts students and highly educated work force.

Music is a part of the strategy for growth from new creative businesses. It's an important part of the identity of a cultural city.

It's a common denominator for the creative sector in the city.

The music industry creates jobs and revenue in Aarhus and just as important; music attracts tourism.



PROFESSIONAL MUSICIANS & PERFORMERS

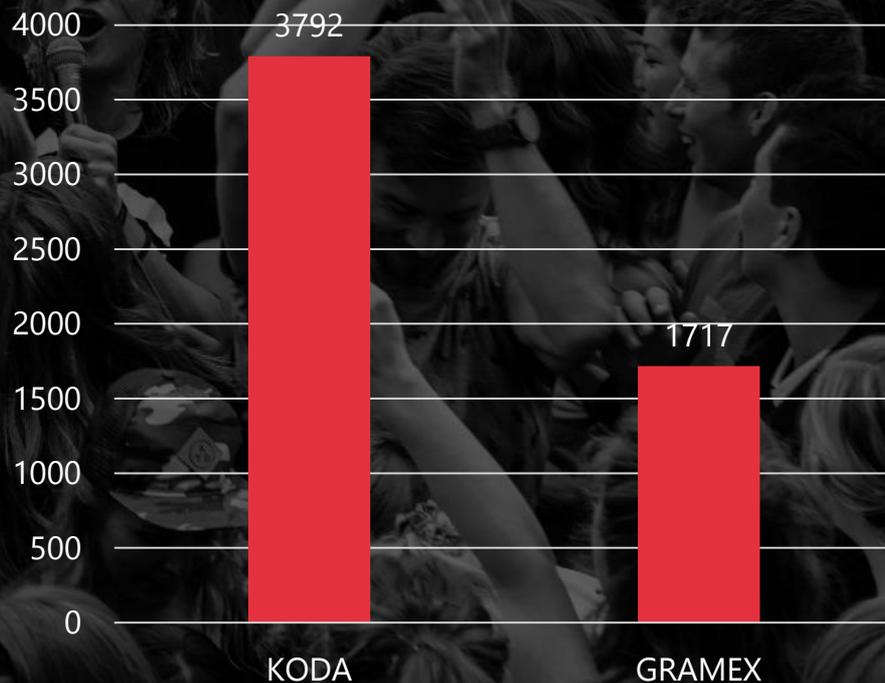
2,500 musicians are estimated to work professionally with music in Aarhus.

The musicians work within a broad field, e.g. as music teachers, classical musicians or they are involved in jazz, rock and other contemporary genres.

Most of them perform around Aarhus, many of them in Denmark, and some of them tour the world.

Many KODA-members are inactive, or no longer performing professionally, which explains why only 66% of them are estimated to work professionally with music

Members





MUSIC INSTITUTIONS & ORGANIZATIONS IN AARHUS

ROSA – The Danish Rock Council

MXD – Music Export Denmark (local office)

LMS – Music for Schools

DMF – Danish Musicians Guild (local office)

Aarhus Symphony Orchestra

Aarhus Jazz Orchestra

Danish National Opera (Den Jyske Opera)

AUT – Aarhus Unge Tonekunstnere

Aarhus Sinfonietta

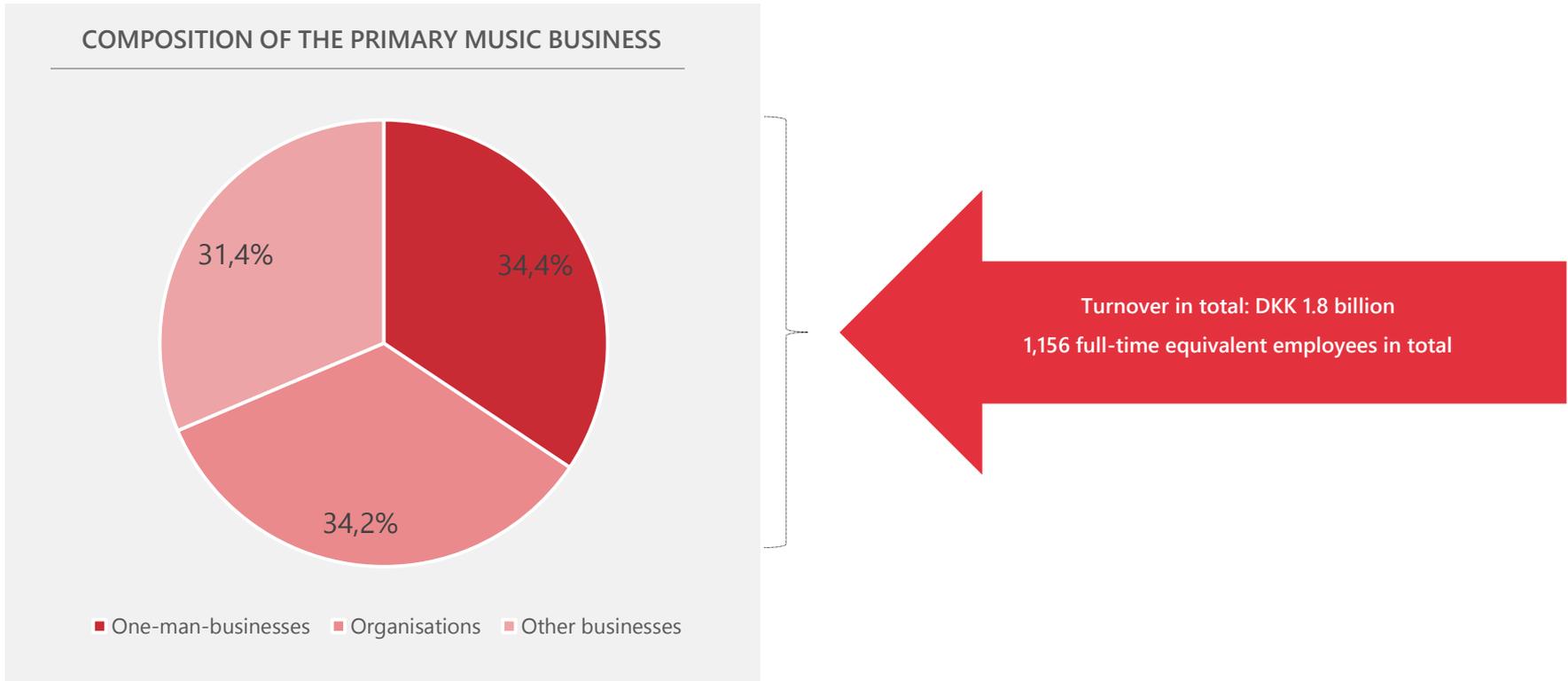
Aarhus Vocal Festival

SPOT Festival & SPOT+

PROMUS



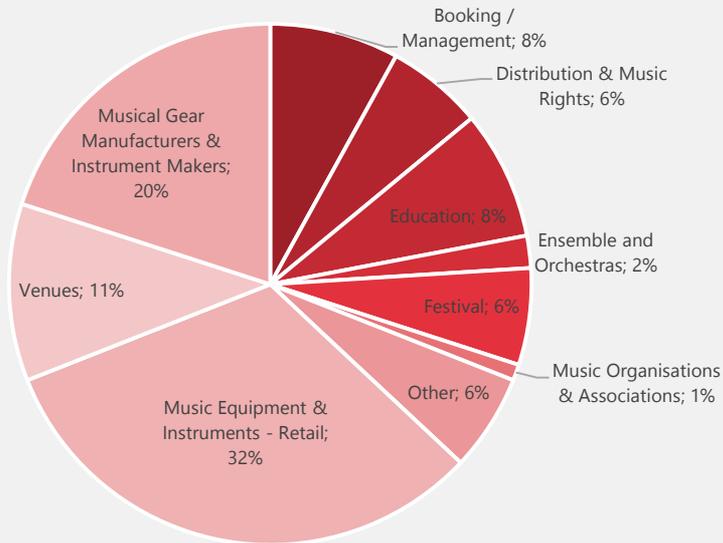
THE PRIMARY MUSIC BUSINESS IN AARHUS





TURNOVER IN THE PRIMARY MUSIC BUSINESS

TURNOVER DIVIDED INTO SUBGROUPS



COMMENTS

Music Equipment & Instruments Retail have a turnover of more than DKK 500 millions, which makes it the largest subgroup in music industry in terms of turnover.

The second largest subgroup is Musical Gear Manufacturers & Instrument Makers with 20%, followed by Venues, which hold 11% of the turnover.



JOBS IN MUSIC

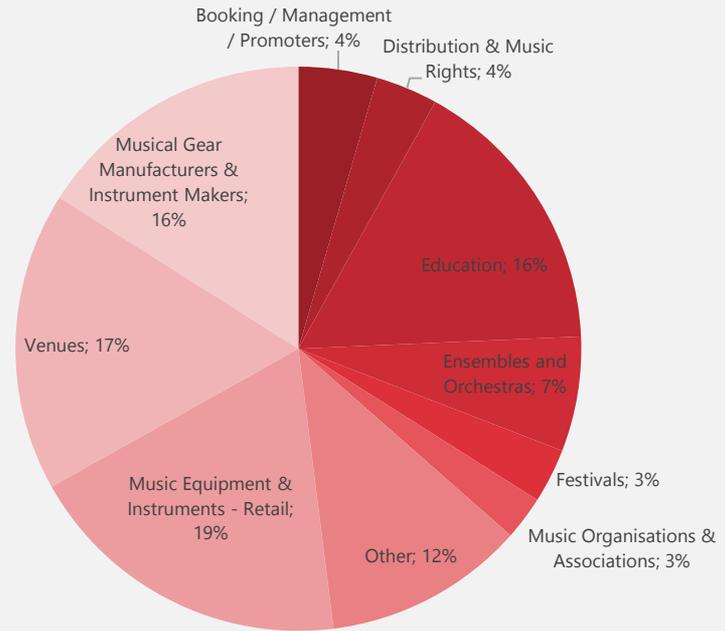
WHO IS INCLUDED

The total amount of people employed in the primary music business in Aarhus is 1,156 people measured as full time employees (FTE).

This number only include people working within organisations and companies. There is a large population of professional musicians in Aarhus, that is not included in this number.

Only exception is the relatively few musicians working at Aarhus Symphony Orchestra and similar orchestras and ensembles.

JOBS DIVIDED INTO SUBGROUPS





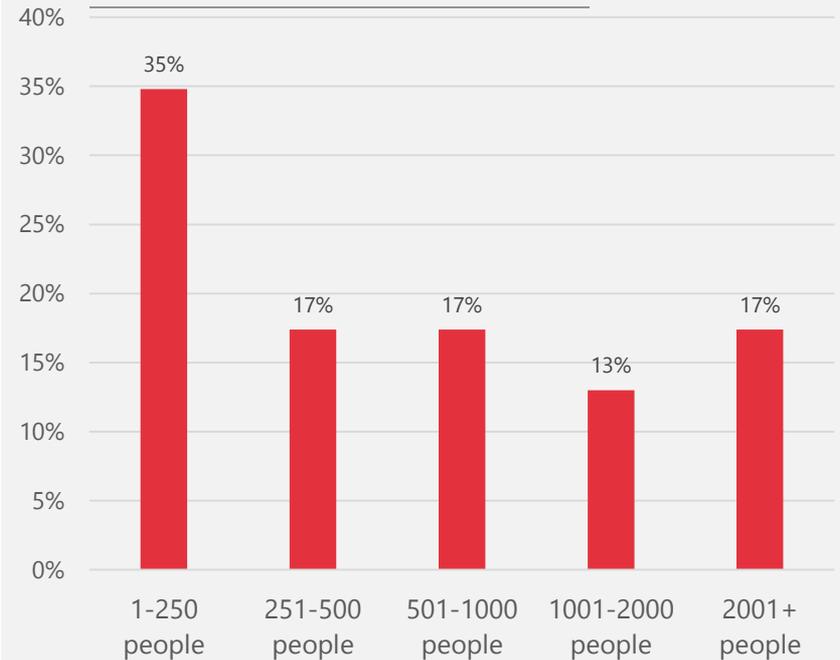
VENUES IN AARHUS

In Aarhus, the range of venue capacity goes from 50 people at Fairbar to a venue capacity on 50,000 people at Ceres Park.

The venues are a different mix of state/municipal-funded venues (regional venues, concert halls and arenas) and private venues.

Most venues in Aarhus have a capacity for 1-250 people, but more than a 1 out of 4 of all venues have capacity for 1,000 people or more.

VENUES AND CAPACITY





FESTIVALS AND OPEN AIR CONCERTS

Aarhus is the place of residence for many festivals and open air concerts in different sizes, variations and concepts. The festivals include all from the new and smaller open air concert, Summer.CHILL.OUT, to the continual and increasing Aarhus Festival.

The festivals are contributing to the local music industry by attracting and exploring new talents and is therefore an essential part in developing and running the local music industry.



06

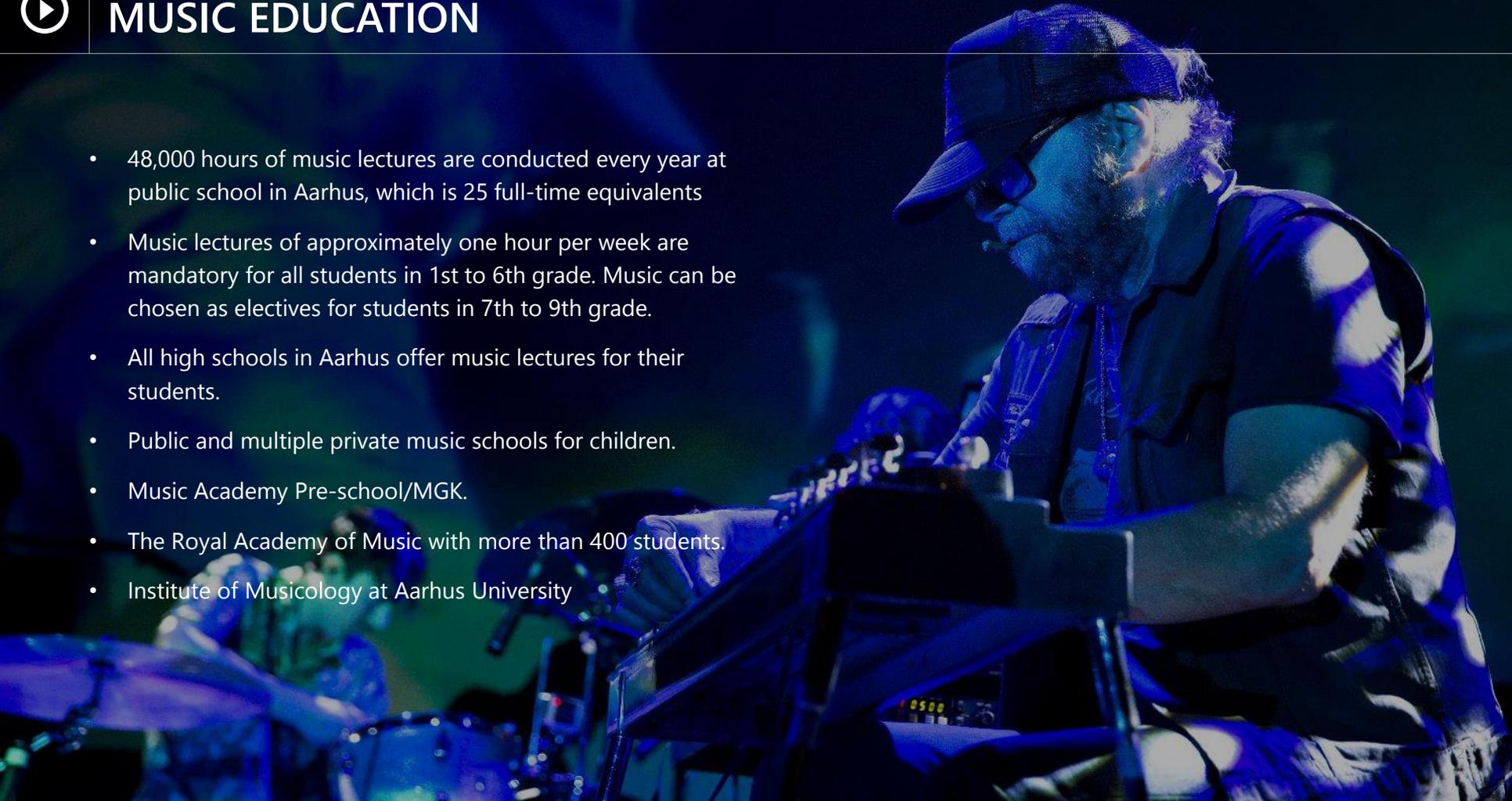
MUSIC EDUCATION





MUSIC EDUCATION

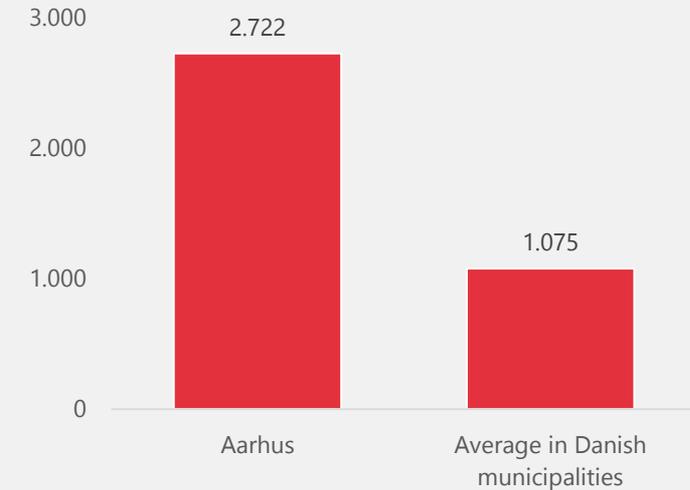
- 48,000 hours of music lectures are conducted every year at public school in Aarhus, which is 25 full-time equivalents
- Music lectures of approximately one hour per week are mandatory for all students in 1st to 6th grade. Music can be chosen as electives for students in 7th to 9th grade.
- All high schools in Aarhus offer music lectures for their students.
- Public and multiple private music schools for children.
- Music Academy Pre-school/MGK.
- The Royal Academy of Music with more than 400 students.
- Institute of Musicology at Aarhus University





MUSIC EDUCATION

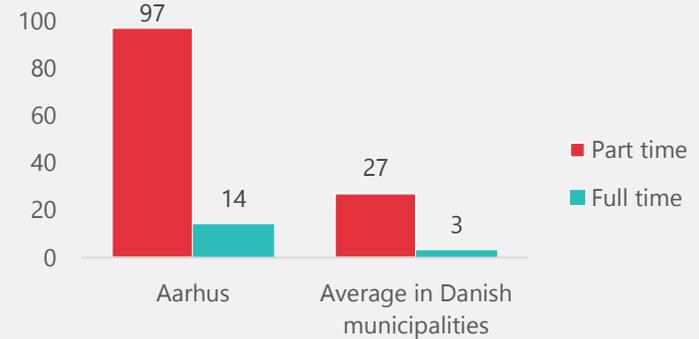
STUDENTS ENROLLED IN MUSIC SCHOOLS



Statistics Denmark

The municipality of Aarhus have more hours for each individual compared to the average Danish municipality. In Aarhus 25, there is one public music teacher for each 25 students – the average municipality have one public music teacher for each 35 students

EMPLOYEES IN MUSIC SCHOOLS



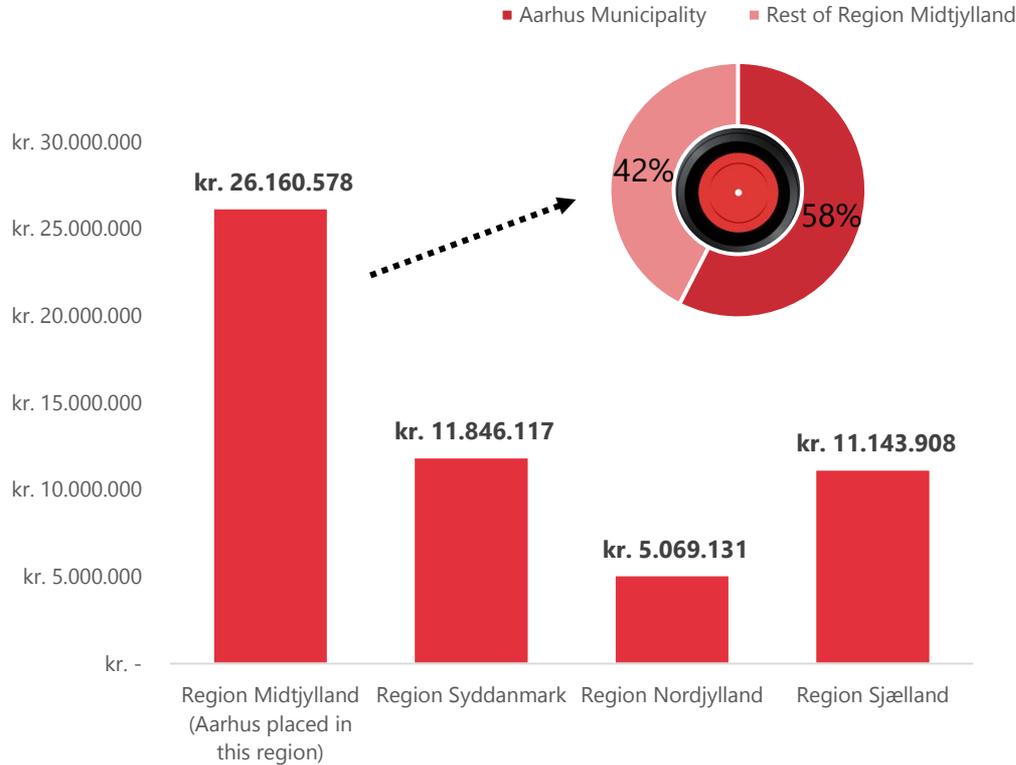
07

MUSIC RIGHTS





TURNOVER FROM MUSIC RIGHTS



Region Midtjylland earned the highest amount in music rights in 2014 in the non-capital regions. 58% was earned within the border of Aarhus Municipality

Note: The capital region received the highest amount with kr. 135,021,797 in turnover from music rights in 2014



PURCHASE OF MUSIC RIGHTS

Purchase of music rights in 2014 distributed on industries

	Region Midtjylland	Denmark	Share of DK
Publisher, TV and radio	21,674,788 kr.	667,806,669 kr.	3.25%
Culture	18,620,032 kr.	95,863,313 kr.	19.42%
Trade and transport	11,889,067 kr.	51,021,401 kr.	23.30%
Hotels and restaurants	14,029,517 kr.	71,568,889 kr.	19.60%
Public administration, defense and police	6,054,482 kr.	24,846,782 kr.	24.37%
Business services	1,091,222 kr.	5,261,735 kr.	20.74%
Communication	1,043,257 kr.	2,059,606 kr.	50.65%
Industry and construction	933,707 kr.	2,813,691 kr.	33.18%
Finansiering og forsikring	613,886 kr.	1,869,860 kr.	32.83%
Real estate and rental	263,408 kr.	2,102,510 kr.	12.53%
Agriculture, forestry and fishery	54,780 kr.	164,372 kr.	33.33%
Unidentified activity	30,606 kr.	645,500 kr.	4.74%
IT- and information services	22,815 kr.	165,642 kr.	13.77%
Total	76,321,567	926,189,970 kr.	

08

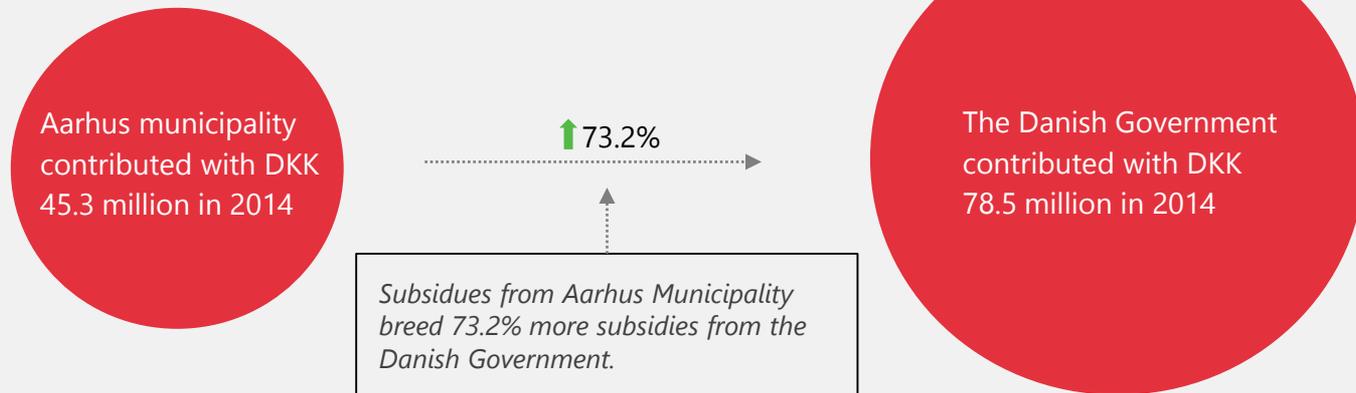
PUBLIC SUBSIDIES





PUBLIC SUBSIDIES

MUSIC RELATED SUBSIDIES RECEIVED FROM AARHUS MUNICIPALITY AND THE DANISH GOVERNMENT



09

IN-DEPTH INTERVIEWS



THE ECONOMICAL IMPORTANCE OF MUSIC IN AARHUS

All the major music industry businesses in Aarhus agrees that the music in Aarhus is important for the city. The diversity of the music life in the city makes Aarhus a great place to live – especially for young people and students.

“The fact that there is a music life in the city helps create a breeding ground for festivals, which can create an even bigger revenue and other derived effects for the tourism in Aarhus. Also it brings people to the city – both tourists and new citizens.” Carsten Heller

The music life in Aarhus also creates revenue by attracting tourists who use other services in the city, like public transportation, hotels and other services. The music industry also creates jobs which play a part in developing the musical scene in Aarhus.

“I think that it is worth remembering what music means in a broader context and not just look at the numbers. Music and the cultural life is somehow in the front row, because it attracts people to the city and makes it a great place to live.” ET mastering

A word cloud graphic where the word 'MUSIC' is the largest and most prominent, written in yellow. Below it, the word 'REVENUE' is written in large, dark green letters. To the right of 'MUSIC', the word 'IMPORTANT' is written in yellow. To the left of 'MUSIC', the word 'ATTRACTION' is written in red, with 'TOURISM' written in smaller red letters above it. To the right of 'MUSIC', the word 'TRANSPORT' is written in red, with 'THE' written in smaller red letters above it.

“The music is important in Aarhus. By mapping and making the music’s economical flow visible we have a stronger argumentation for an increased priority of the music in a cultural- and professional political sense.” TRAIN

SUPPLIERS IN AARHUS MUNICIPALITY

Most of the respondents use suppliers in Aarhus, however only for a smaller amount of their revenue. The larger venues mentions local restaurants and shops. Some also mentions local breweries, hotels and car rentals. These are typically services for performing actors and the daily run of the establishments. The smaller businesses buy equipment and services, like freelance technicians. The larger venues also mentions staff and supplies for their bars as the biggest expenses that they have in Aarhus.



The respondents approximate a local spend between 10%-15% in Aarhus municipality. For some of the local businesses they make a big difference:

"In our opinion, it is important to employee people, who live in the city. We also support the SPOT-festival and Aarhus Festival and that contributes to develop the local music industry" - Musikhuset Aarhus

A lot of the businesses also mentions their rent as a substantial expense. A lot of the businesses rent their office buildings through Aarhus municipality.

"My biggest supplier is an audio company, where I spend around 10%. Other than that my main expenses are rent" - ET mastering

THE LOCAL SUPPLIERS FOR THE PRIMARY MUSIC INDUSTRY

The following bullets sum up the key persons' top of mind comments on the local suppliers in Aarhus.



■ Hotels

The key persons often book the local hotels to performing artists. Many also mentions that music events attract tourists, who are likely to book hotel rooms



■ Car rental

Some of the music institutions mention that they rent cars to transport the musicians and gear



■ Rent

Many of the key persons mention their rent as a big expense. Most rent their facilities from Aarhus municipality



■ Employees

Many of the venues employ people in Aarhus for bartending, security, administration and other functions. Also some of the smaller mentions that they hire freelance technicians



■ Food and drinks

Many in the music business use local caterers and restaurants.



■ Gear

They rent and buy gear from local shops and suppliers around Aarhus

FIVE FACTORS THAT MAKES A GREAT MUSIC CITY

In general the central music businesses in Aarhus thinks Aarhus contains all five factors. They all mention the talent, the scene, the audience and the facilities. The most important factor is the mass of the talent because this factor generates the others. The factors that lacks and where the central businesses show doubt is in regard to music related companies and an open and engaged audience, because they think that the audience could be more outreaching.

"I think Aarhus has all five factors. I think the supply of live music is relatively big. Compared to Copenhagen Aarhus is still lagging behind in the number and variety of music related businesses. Also in terms of the talent mass Aarhus is lagging behind Copenhagen – but it's an up and going trend." Carsten Heller



"If we don't have some talent to work with, the rest doesn't matter. And if we don't have some good musicians, talent or original music, then we don't have any goods to sell and then it doesn't matter if the venues or the audience is engaged – so the mass of talent is by far the most important."

DMF

AARHUS AS A MUSIC CITY

The following bullets sums up the key persons comments on the five elements that makes a music city

- Almost all the interviewed key persons thinks that Aarhus has all five key elements that makes a music city.
- Especially the aspiring talent mass is highlighted
- The element where the key persons are less positive is in regard to the amount and diversity in the music related businesses in Aarhus.
- In that matter Aarhus is in great competition with Copenhagen, that has a bigger market when it comes to music related businesses – but some state that the people in the music industry are better at working together in Aarhus
- In general they have a positive attitude towards the audience but some of the key persons express that the audience could be more open-minded in terms of trying out different kinds of music and events



I think Aarhus has all five factors. However, as a provider of culture I would like if people would be more open to trying something new, but the audience that do attend is mostly open-minded and engaged.” Den Jyske Opera



“I think Aarhus is weakest in accordance to an engaged audience. It has to do with the fact that the concert culture is not satisfying. I do not experience the largest support everywhere. An example is the SPOT-festival, which I think is betting too much on more established bands.” ET mastering

DOING MUSIC BUSINESS IN AARHUS

When the businesses of the music industry in Aarhus were asked about their business conditions a lot of people mention insecurities about their working facilities. They point out that it is important that they can get facilities in the city, where they can perform their job which include loud music.

MUSIC **IMPORTANT**
REVENUE
 TOURISM **ATTRACTION** **TRANSPORT**

“Everything became much easier when Aarhus municipality created the event secretary. A lot of municipalities took that approach and made an effort to make it easy to create culture in the cities.” Muskelsvindfonden

“In my line of business the business environment is lagging behind compared to Copenhagen. The business is a bit more in a standstill, but of course, there is not as brought a mass as in Copenhagen. In Aarhus it is a lot about financial support when you need to bring a project to life. Therefore, you often end up with jobs not coming through, because the project did not end up getting the support after all. So you get the feeling that you should not sell the hide before the bear is shot” Audionation

The bigger businesses and venues also highlight the communication with the municipality of Aarhus in connection with getting permits for arrangements, events and festivals. It can be a challenge, because you need to get in touch with several offices. Some also points out that it has become easier with time and that the municipality of Aarhus tries to do great things for the music, but sometimes could do more or distribute their resources differently.

THE BUSINESS ENVIRONMENT IN AARHUS

The following bullets sums up the perceptions of the business environment and culture policy in Aarhus

- Some of the key persons mention that it is difficult to get the necessary permits from Aarhus Municipality when arranging or creating an event
- There are limited facilities – also the freelancers have expressed a wish for Aarhus municipality to provide suitable facilities in key locations at affordable rates and a guaranteed rental period



“It’s important that Aarhus municipality can facilitate good work spaces for the businesses in the music industry. It’s easier to maintain a good contact when people have the opportunity to just pop in and say hi”
Carsten Heller



“The conditions for musicians have been made more difficult throughout the last years. People who work freelance or is self-employed live from one job to another. In the music business, in general many musicians need to have one leg in music and one leg in another occupation to get their economy to work together.”
DMF



“I think there are many bands in Aarhus. I also think that there any many great initiatives in the city in relation to support of young musicians, like the Oppenheimer festival and SPOT-festival. In that sense, I think Aarhus is doing great compared to Copenhagen.”
Audionation

WORKING TOGETHER

The main businesses of Aarhus' music industry expresses interest in being part of a music business network in Aarhus. They see advantages in such a network and think that it will heighten the position of the music industry in the city. They see an organization of equal minded professionals as a great opportunity to share knowledge and work on taking the music industry in Aarhus to a higher level.



*“A music business cluster is a good idea in terms of creating a closer network among the providers of music and the local business life. We talk about Aarhus as the city of music, and therefore it is evident to create a business cluster around music. It creates more knowledge to each other and give us an opportunity to use the synergy between music and business.”
Musikhuset Aarhus”*

A network of the professional industry people in Aarhus will create a better knowledge between the industries many businesses – both externally and internally, which could have a positive effect on the competitiveness in the business.

Many also state that it is vital that such a network should consist of some of the biggest businesses and people in Aarhus' music industry, so the network can generate interest between different fields in the music industry.

“I can see why it is a good idea to work together and take advantage of each other's skills. However, it should not become too institutionalized; instead we need to remember what it is all about – playing, listening and presenting music.” DMF

MOTIVATION FOR CREATING A LOCAL BUSINESS CLUSTER?

The following bullets sums up the key persons comments on the motivation for creating a local business cluster

- Overall the key persons express a positive attitude towards an local business cluster for the music industry in Aarhus
- They see possibilities in working with each other across fields and learning from each other. They also see it as a great possibility to gain knowledge of other music business in Aarhus
- By working together it could be possible to create a better brand for music in Aarhus and also make the music industry stand stronger and be more competitive
- The key persons mention some barriers in creating a music cluster. Some express that it needs to be supported by some of the big players in the music industry in Aarhus to become a success. They also mention that time and the fierce competition in the industry could get in the way



I would definitely be part of such a business network. Both for the sake of competition, but also to find out that we are not only competitors and that we can work together and learn from each other. It would create some challenges if the municipality facilitated all of it. So it is all about who would facilitate it and where – it needs to be a private initiative with respected members of Aarhus' music industry to become a success." ET mastering



We can inspire each other across fields. Make new constellations for teamwork and become better at utilizing each other's skills in the city. We can rediscover the pride of Aarhus as a really strong and sound culture- and music city." Scandinavian Aarhus

10

CREDITS



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