

**SaskMusic
Economic Impact Assessment
of the Saskatchewan Music Industry
Final report
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kisquared



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Introduction

In April 2008, SaskMusic, the Saskatchewan Recording Industry Association, engaged **kisquared** to conduct an economic impact assessment of the Saskatchewan music industry, which had never before been thoroughly undertaken. A study of Saskatchewan's music industry was conducted in 2007 (Saskatchewan Music Industry Review); however, there are several key differences between the studies.

The 2007 music industry review provided rich data regarding the internal workings, practices and attitudes of music industry participants. Data included roles played, time spent on different activities, the importance placed on various types of funding support, satisfaction with the same supports, perceptions of the industry in Saskatchewan, relationships with service providers, promotional strategies, and participation in programs and activities.

This 2008 economic impact study builds on those results by providing data that was not collected in the 2007 study – namely, economic data that illustrates how activities of those same music industry players generate economic growth and employment in the province of Saskatchewan. Where the 2007 study was largely focused on the internal organization and perceptions of the industry, this study focuses on how the industry interacts with and generates economic growth in other industries.

This report illustrates who accounts for the bulk of that economic impact, where the money goes and how much is spent in-province, so the route of a hypothetical \$1 expenditure is traced from the industry to new jobs and economic growth in the province. This study is important for informing future decisions on funding and supports for the Saskatchewan music industry.

More specifically, this economic impact study collected the following data that was not collected in the 2007 study:

- Accurate estimates of the size of the Saskatchewan music industry, including the number of service providers, groups, and solo artists/songwriters;
- A detailed summary of the total revenues earned by music industry players, with an itemized breakdown by category;
- A reported list of funding sources, as well as sources of loans and credit used by music industry establishments;
- A detailed summary of the total expenditures incurred by music industry players, with an itemized breakdown by category;
- A detailed summary of the total *in-province* expenditures incurred by music industry players, with an itemized breakdown by category;
- Employment, in number of full-time equivalent positions, generated by the industry with a breakdown into both music-related and non-music related employment;
- Total wages and salaries earned by direct music industry employees;
- GST remittances and refunds earned by music industry establishments; and

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- An estimate of indirect economic impact, or spin-off, associated with music industry activity in the province of Saskatchewan in the form of contribution to GDP and provincial employment.

kisquared, with assistance from SaskMusic, developed the music industry sample, based on existing industry databases, organizational and guild membership lists, contact directories, and other secondary sources. In addition, “snowball” recruiting was used throughout interviewing to elicit as many contacts as possible and thereby expand the total sample to achieve a reliable population estimate.

kisquared, working in close consultation with SaskMusic, designed a comprehensive questionnaire administered to industry participants, which was subsequently validated through consultation sessions with artists and service providers.

Music industry revenue and expenditures data was collected for 2007 in the belief that respondents overall are best able to conceive of and provide figures for a standard calendar year (a best practice used in three other economic impact studies conducted by **kisquared** to-date).

kisquared completed a total of 446 telephone interviews, comprised of 160 solo artists (of an estimated population of 1,150 for a margin of error of $\pm 6.67\%$), 121 group artists (of an estimated population of 394 for a margin of error of $\pm 6.17\%$), and 165 service providers (of an estimated population of 542 for a margin of error of $\pm 5.31\%$). The overall margin of error for the study, based on the three population estimates, is $\pm 4.95\%$ at the 95% confidence level. The combined margin of error for both solo and group artists, findings for which are combined through most of the report, is $\pm 4.78\%$.

Readers should also note that, unless otherwise indicated, all figures in the body of this report are weighted to the music industry population size of 2,087, the derivation of which is discussed in *Appendix B: Study parameters*. This report is structured as follows:

- **Introduction** – overview of project objectives, methodology and terminology.
- **Executive summary** – overview of principal study findings.
- **Saskatchewan music industry profile and economic impact** – comprehensive findings regarding size of the industry; employment and wage data; estimates of impact on aggregate demand.
- **Industry revenues and expenditures** – comprehensive findings regarding revenue and expense data by category and industry role, and discussion of results.
- **Sources of financing** – comprehensive findings detailing sources of financing data by category and industry role; discussion of results.
- **Recommendation for ongoing data collection** – recommendations for future data collection and data management.
- **Appendices** – Appendix A: Comparative review of past music industry studies, Appendix B: Study parameters (background and objectives, methodology, reporting); Appendix C: Respondent profile; and Appendix D: Questionnaires.

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Executive summary

In April 2008, SaskMusic, the Saskatchewan Recording Industry Association engaged **kisquared** to conduct an economic impact assessment of the Saskatchewan music industry. Results are based on 446 interviews with members of the Saskatchewan’s music industry. Except where noted, figures are weighted to the music industry population size of 2,087.

Size of the Saskatchewan music industry

- The estimated population of the Saskatchewan music industry is 2,087 (counting both artists and service providers).

Figure 1 SASKATCHEWAN MUSIC INDUSTRY – COUNTS BY CATEGORY

Category	Sub-category	Count
Artists (1,544)	Solo artists	1,150
	Groups	394
Service providers (542)	Accounting, consulting, writing and legal services	23
	Booking agencies and management	38
	Gear, instruments and media (sales, service and manufacturing)	59
	Media, design, promotions and technical services	43
	Music instructors	156
	Music organizations	20
	Production, publishing, distribution and record companies	65
	Recording studios	52
	Talent buyers	39
	Venues	47
Total		2,087

Note: The figures in this table should *not* be interpreted as full-time equivalent (FTE) employment counts. Totals may not equal the sum of their components due to rounding.

- In terms of industry role, 55% are solo artists, 19% are members of groups, and 26% represent service providers. Fifty-eight percent have been in the music industry for more than ten years, while five percent have been in the industry for less than two years. Thirty-eight percent are based in Regina, while thirty-six percent are based in Saskatoon.
- The gender ratio is 71% male to 29% female. The average respondent is 42 years old.

Economic impact

Overall

- Saskatchewan music industry revenues in 2007 total \$82.8 million. Service providers together earn \$65.6 million, while artists earn the remaining \$17.2 million. Expenditures total \$81.3 million (including \$18.8 million in salaries and wages).
- Of all expenditures, \$63.9 million or 79% is spent in Saskatchewan, directly benefiting Saskatchewan suppliers. Service providers typically spend a higher proportion of their total expenditures in Saskatchewan (80%) than do artists (74%), but when salaries are excluded, the share is 72% for both artists and service providers.

Impact on Saskatchewan GDP

- The sum of both direct and indirect (“spin-off”) effects constituted \$26.2 million or 0.05% of the province’s \$50.96 billion GDP (in current dollars) in 2007.

Impact on labour income and employment

- The Saskatchewan music industry spent \$18.8 million in wages and salaries in 2007. Service providers account for 96% (\$17.9 million), while artists account for 4% (\$0.8 million).
- Venues are the largest generators of music-related wages and salaries, at \$7.9 million, or 42% of total industry music-related wages and salaries.
- Direct and indirect effects of music industry spending produce \$19.4 million in Saskatchewan labour income. This represents 74% of the industry’s positive impact on GDP.
- Employment generated by the industry totals 1,314 person-years when music industry employment (759 FTEs) is combined with the direct and indirect effects of its expenditures (555 person-years). Note that the units (FTEs and person-years) are not perfectly equivalent.

Impact of one dollar of spending by the Saskatchewan music industry

- Each \$1 expenditure made by the Saskatchewan music industry increases Saskatchewan’s GDP by 32¢ when direct and indirect economic effects are considered. Of this 32¢, 24¢ is in the form of additional Saskatchewan labour income. Of every \$1 spent by the industry, 21¢ is spent outside of Saskatchewan.
- The number of jobs created by the industry is 6.8 person-years per \$1 million expenditure.