

## **RIAA Ex. D-104-DP**

**Record industry reinvests 17% of turnover in new music : 19:4:2006**

*> Record companies reinvest 17% of revenue in new music*

*> Government league table puts music on par with pharmaceutical business for investment*

UK record companies invest proportionately more in research & development than the aerospace and defence industries, the car industry and even the computer industry, according to new data from record companies' trade association the BPI.

The figures will form part of the record industry's submission to the Gowers Review this Friday (April 21). The BPI argues that continued high investment in new talent is dependent on a strong copyright regime which allows companies to make their money back.

A comparison with government figures from the DTI shows that record companies are as high as the pharmaceutical industry in their commitment to R&D.

BPI chairman Peter Jamieson said, "We have long pointed out that record companies are the biggest investors in new music in the UK.

"This new data shows that in comparative terms the recorded music sector stacks up well against British industry as a whole and, surprisingly, against some of the most R&D intensive hi-tech sectors. Key to maintaining that investment is a strong copyright regime."

The BPI figures represent aggregate expenditure in the recording industry on A&R (Artists & Repertoire), its investment in artist development and recordings, the record industry's equivalent of R&D.

The audit of BPI members shows that the UK recording industry invested £207 million or 17% of turnover in A&R in 2004 - more than any other sector of the music industry.

High levels of investment have contributed to a boom in new British music from artists such as Arctic Monkeys, Corinne Bailey Rae, James Blunt and Kaiser Chiefs. Seven of the Top 10 best-selling albums for the first quarter of 2006 were debut albums.

Continued investment in new records has helped to secure Britain's place as Europe's most successful music exporter.

The UK recorded music industry is second only to the US in its share of exports of music around the world, with 8% of the US market and 12% of the German market in 2004.

Between 2000-2004, the UK market grew by 3.7% in value terms, at a time when the worldwide recorded music market declined by 15.4%.

Jamieson said: "We hear much from commentators about the transformation of the UK into a 'knowledge economy' based on creativity and intellectual property, but the recording industry is

actually putting it in to practice."

"The diversity and quality of the music being enjoyed by British music fans is directly attributable to the amount being invested by record companies."

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< Notes to Editors >

1. The BPI figures represent aggregate expenditure in the recording industry on A&R (Artists & Repertoire - the record industry's equivalent of R&D) of £206.7 million in 2004.

2. Estimated DTI Sector R&D Figures;

1. Pharmaceuticals; 16%
2. Aerospace; 8%
3. Software; 7.5%
4. Health; 7%
5. IT Hardware; 6%

Source;

[http://www.innovation.gov.uk/rd\\_scoreboard/top\\_compared.asp](http://www.innovation.gov.uk/rd_scoreboard/top_compared.asp)

3. Top 10 albums Q1 2006

\*\*\* 1. WHATEVER PEOPLE SAY I AM THAT'S WHAT I'M NOT  
ARCTIC MONKEYS (DOMINO RECORDINGS)

2. IN BETWEEN DREAMS  
JACK JOHNSON (UNIVERSAL ISLAND)

\*\*\*3. BACK TO BEDLAM  
JAMES BLUNT (ATLANTIC RECORDS UK)

\*\*\*4. CORINNE BAILEY RAE  
CORINNE BAILEY RAE (EMI RECORDS)

\*\*\*5. EYE TO THE TELESCOPE  
KT TUNSTALL (VIRGIN)

\*\*\*6. EMPLOYMENT  
KAISER CHIEFS (B UNIQUE/POLYDOR)

\*\*\*7. JOURNEY SOUTH  
JOURNEY SOUTH (RCA LABEL GROUP)

8. BREAKAWAY  
KELLY CLARKSON (RCA LABEL GROUP)

\*\*\*9. STARS OF CCTV  
HARD-FI (ATLANTIC RECORDS UK)

10. DEMON DAYS  
GORILLAZ (PARLOPHONE)

\*\*\*Debut album