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DIRECT COPYRIGHT REVENUE STREAMS IN CREATIVE INDUSTRIES IN FINLAND

EVALUATION MODEL

FINNISH COPYRIGHT SOCIETY Finnish Copyright Institute

Publications No 30 (2010)

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EVALUATION MODEL

The study was commissioned by the Finnish Copyright Society, and was carried out by Ms Tarja Koskinen-Olsson, Olsson & Koskinen Consulting. This study is a contribution by the Finnish Copyright Society to the larger national project to establish a methodology to assess the functioning and performance of the copyright and related rights system.

FINNISH COPYRIGHT SOCIETY Finnish Copyright Institute

Suomen Tekijänoikeudellinen Yhdistys ry
Upphovsrättsliga Föreningen i Finland rt
Established 1965

The Finnish Copyright Institute was founded in 1993 as a library, information service, research and publication division within the Finnish Copyright Society.

Graphic design: Petteri Lehtinen

Printing Works: Libris, Helsinki 2010

ISSN 1237-5071
ISBN 978-952-9855-29-2
Publications No 30 (2010)

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For the Reader

This evaluation, commissioned by the Finnish Copyright Society, is part of a general assessment of the functioning and performance of the copyright and related rights system in Finland. An overall methodology for this assessment is being developed by the Foundation for Cultural Policy Research (CUPORE), commissioned by the Ministry of Education and Culture.

Management of copyright and related rights is an essential part of a well-functioning system. Rights can be exercised individually or managed collectively, depending on the case.

This evaluation takes as a point of departure different creative industries and tries to identify areas where direct copyright revenue streams are paid. The concept of direct copyright revenue is not a clear-cut issue. This evaluation model therefore makes a first attempt to describe which income streams can be classified as direct copyright revenue, and on what basis. It is an invitation for discussion.

In some cases, figures in the evaluation are based on available statistics or other available public data. Various associations representing stakeholders have been helpful in assisting to make an assessment of their sector.

In some other cases, estimates are based on assumptions, and in those cases I have described the underlying information and assessment basis, to facilitate scrutiny.

In all cases where direct copyright revenue streams are identified, it is made for the sole purpose of the model. The figures and shares bear no value in negotiations and other dealings between stakeholders. Neither can conclusions be drawn on the relative importance of copyright in the respective sectors, as the model of doing business plays a decisive role in the results. Where business is based on licensing, rather than sale of physical goods, sectors show high figures; such as in software and database industries.

One of the most challenging issues is the question of how to evaluate income from digital delivery of copyright protected material. Whereas income from physical sales, for instance books, does not amount to direct copyright income, digital equivalent does, as this trade is based on the concept of licensing. Views differ in different creative sectors, and this issue merits discussion. I have chosen to use an in-between solution, where income from digital sales is identified as 50 % direct copyright revenue. It could as well be 100 %, but most stakeholders had difficulties using that as a basis.

Using the same classification as the World Intellectual Property Organisation (WIPO) does in surveying the economic contribution of the copyright-based industries was a conscious choice. This classification does not, however, cover all industries that deal with copyright.

In the industries that are included, there are certainly many more areas where direct copyright revenue streams could be identified. Therefore, the figures can be regarded as a conservative estimate.

The model as it stands is a beginning. All comments and considerations are welcome to finalize the model. Equally, all hints of additional information sources are most welcome.

June 30, 2010,
Tarja Koskinen-Olsson

Evaluation Model

1. General on Terminology

Creative industries can be defined as a generic term for copyright and cultural industries.

This evaluation uses the most workable and recognisable definition, that of the copyright-based industries. In the WIPO Guide on Surveying the Economic Contribution of the Copyright-Based Industries (2003), the core copyright industries are defined as follows:

> *The core copyright industries are industries that are wholly engaged in creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works and other protected subject matter.*

The relevant segments based on this definition are:

- Creation, including perfor-mances (C)
- Production and manufacturing (P)
- Performance, broadcast, communication and exhibition (E)
- Distribution and sales (D)

These segments include revenue streams that can be identified as direct copyright revenue. In the evaluation model, the direction – who pays to whom – is described using piles. For example, C ← P indicates that creators receive copyright revenue from producers as remuneration for their creative work.

The term "copyright" is used to cover copyright and related rights.

2. Identification of Creative Industries

WIPO lists the following as core copyright industries in its survey methodology:

- Press and literature
- Music, theatrical production, opera
- Motion picture and video
- Radio and television
- Photography
- Software and databases
- Visual and graphic arts
- Advertising
- Collective Management Organizations

In this evaluation, collective management organizations (CMOs) are listed under the sector, which they serve, such as music. They are also presented together in section 9 to give a comprehensive picture of their activities. All CMO figures show gross revenue and thus include the share of administrative costs.

Each industry can include several subsections. They are analyzed separately and grouped together under the main industry.

3. General Information on Creative Industries and Subsections

Under the heading "Stakeholders and the Market" general information on each creative industry/subsection includes the following:

- Number of stakeholders and references to their associations;
- For international comparison, these figures could be calculated as an index, per thousand inhabitants, as proposed in the Intellectual Property Audit Tool of WIPO;
- Key findings illustrating end-use and user habits;
- Market figures of the creative industry/subsection.

There are many measurements illustrating the size of most creative industries. In those cases, different figures are presented citing the information source and year. The reader hopefully gets a general picture of the market and can make his/her own judgement.

4. Identification of Direct Copyright Revenue Streams in the Value Chain

Creation and performance of works or other protected subject matter customarily involves direct copyright revenue, for instance royalties to writers, fees to freelance photographers and salaries to employed authors. Whereas royalties are 100 % direct copyright revenue, the share of salaries needs to be estimated. In the latter case, representatives of various associations have used fairly diverging estimates. To a large extent the figures provided by the stakeholders are used in the evaluation, indicating the source of the information.

Permissions and licenses to use material protected by copyright involve direct copyright revenue. All rights based exploitations involve direct copyright revenue, for example remuneration paid by television companies for broadcasting rights.

Whereas the sale of physical goods, such as books, does not constitute direct copyright revenue, licensing and digital delivery are based on rights and involve direct copyright revenue according to the chosen methodology. Copyright plays a decisive role also in the sale of physical goods, as without an effective copyright system this trade would be subject to unauthorized duplication. Therefore, no conclusions can be drawn of the importance of copyright as such in any given sector.

Under the heading "Copyright Revenue in the Value Chain", the analysis proceeds in the order of the value chain – creators, producers, exhibitors, distributors and end users – as the case may be. The tables indicate the direction: who pays to whom. This approach could be used as a foundation for a value chain analysis.

5. Evaluation of Copyright Share

Some revenue streams can be classified in total as copyright revenue, such as revenue collected by CMOs. In some cases the share of copyright revenue is low and/or difficult to judge, such as the salary of employed journalists in newspaper publishing. All estimates are indicative, not absolute figures.

The estimates concerning the share of direct copyright revenue can be interpreted in the following way:

- Low (1-19%)
- Medium (20-49 %)
- High (50-100%)

Estimates could also be called "copyright factor", "copyright intensity" or "weighting"; terms that the WIPO methodology uses describing the level of dependence on copyright material.

6. Evaluation of Direct Copyright Revenue

In each industry/subsection, the information includes:

- Revenue type by using generic terms;
- Calculation basis of copyright revenue in M€ or %;
- Copyright share in %;
- Copyright revenue in M€.

The following generic revenue types are used (examples mentioned in brackets):

- Royalty (writer's royalty from a publisher)
- Salary (journalist's salary paid by a newspaper publisher)
- Fee (photographer's fee for the

use of a photograph in a magazine)

- License (exclusive or non-exclusive permission to use a photograph/ work of art in a calendar)
- Right (performing right for musical works, licensed by TEOSTO)
- Remuneration (remuneration right collected by GRAMEX for public performance of phonograms)
- Other revenue (such as private copying compensation)

The above classification is not a clear-cut issue and additional information is given when and where appropriate.

Cross-sector information, when applicable, is identified by listing the revenue under the most relevant sector, and repeating it under other possible sector(s) by reference (in brackets). This is done to avoid double-counting.

7. Preliminary Results

The year of the evaluation is 2008. All revenue figures are in millions of Euros (M€).

The total of identified direct copyright revenue streams is 2 022.4 M€.

PRESS AND LITERATURE	116 M €
MUSIC, THEATRICAL PRODUCTIONS & OPERA	89.9 M €
MOTION PICTURE AND VIDEO	114.7 M €
RADIO AND TELEVISION	224.4 M €
PHOTOGRAPHY	61.5 M €
SOFTWARE AND DATABASES	1 364.4 M €
VISUAL AND GRAPHIC ARTS	6.5 M €
ADVERTISING	45.0 M €
GRAND TOTAL	**2 022.4 M €**

Direct copyright revenue streams in creative industries in Finland

PRESS AND LITERATURE

Book Publishing
Newspaper/Magazine/Periodical/Journal Publishing
CMOs in the Literary Field

Book Publishing

Stakeholders and the Market

Creation (C)

- The Union of Finnish Writers: 600 fiction writers
- Society of Swedish Writers in Finland: 197 writers
- The Finnish Union of Authors writing for children, youngsters and young adults
  - 125 writers of all genres
- The Finnish Association of Non-Fiction Writers: 2.500 non-fiction writers
- The Finnish Association of Translators and Interpreters
  - 300 translators of fiction and non-fiction; in total 1.800 translators and interpreters
- The Finnish Comic Professionals: some 100 members

Production (P)

- Finnish Book Publishers Association
  - More than 100 publishers (80 % of commercial publications)
- Finnish Technical Publishers Association: 9 member companies
- Finnish Small Publishers Association: some 60 publishers

Distribution (D)

- The Organisation of the Booksellers' Association in Finland
- Libraries: 936 public libraries and 202 bookmobiles

End-Use & Usage habits (U)

Book buying habits according to the 2008 Study "Finland Reads" by the Organisation of Booksellers' Association in Finland and Finnish Book Publishers Association

- 22 million books per year bought privately (excluding teaching materials)
- Average 4,2 books per inhabitant

- 77 % of the adult populationbuys at least one book a year
- 80% of Finns use public libraries: 12 visits and 20 loans per inhabitant

Market

- Fennica-Unesco-Statistics (2008)
  - Total number of new publications: 10 899
- Finnish Book Publishers Association (2008)
  - Number of new titles: print 4.648, digital 535 (80 % of commercial publications)
  - Net sales excluding VAT 292 M€ (print, audio, digital) (90 % of total)
  - Net sales excluding VAT 324 M€ (total)
- 559 M€ value of book sales (Facts and Figures, 2007)
- 566 M€ turnover (Mass media market volume, Statistics Finland, 2008)

Copyright Revenue in the Value Chain

Relation C ← P

Writers customarily conclude a publishing contract with publishers and their copyright revenue is based on a royalty scheme, varying in different business sectors. Royalties are 100 % direct copyright revenue. Figures (net sales without VAT) are based on the statistics of the Finnish Book Publishers Association and represent 90 % of the turnover of commercial publications. The share of technical material is an estimate of the Finnish Technical Publishers' Association. A majority of non-fiction publications is published by others than members of the Finnish Book Publishers Association, for example by public authorities, companies, associations, sport clubs, families, self publications, etc. No figures of the turnover are available for that share.

Average royalty rates are based on the following estimates:

- Fiction, including children and youngsters : royalty range 19 – 26 %, average 22 %
- Non-fiction: average royalty 20 %
- Teaching material: average of 20 %, sometimes lower in this category
- Technical materials: royalty range 16.5 – 22 %, average royalty 19 %.

Translators receive a fee for literary translations. This revenue is regarded as 100 % direct copyright revenue by the representatives of the association. An average fee is based on a 175 page publication, totalling 3 500 €. The number of titles comes from the statics of the Finnish Book Publishers Association. Moreover, translators receive royalties ranging from 2.5 to 4 % from audio and digital rights, leading to minor revenue at this stage.

Relation C ← P in book publishing:

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
BOOKS (print, audio and digital)					
Fiction	**43**				
Original 60 %	2.8	Royalty	22 %	100	5.7
Translated 40 %	17.2	Fee	1.1 M €	100	1.1
		Royalty (audio...)	2.5-4 %	100	0.1
Children, youngsters	**33**				
Original 25 %	8.3	Royalty 22 %	22 %	100	1.8
Translated 75 %	24.8	Fee	2.8 M €	100	2.8
Comic Books	**16**	Fee (estimate)	1.0	100	1.0
Non-fiction	**108**				
Original 87 %	94.0	Royalty	20 %	100	18.8
Translated 13 %	14.0	Fee	4.0 M €	100	4.0
Teaching Material	**90**	Royalty	20 %	100	18.0
Technical Material	**6**	Royalty	19 %	100	1.1
TOTAL	**296**				**54.4**

Relation C ← D: Libraries

The revenue from public lending comes partly as a **culture based allocation** from the State Fund, and this is not regarded as direct copyright revenue. The copyright based **public lending remuneration** is included in the CMO figures, as the revenue is paid by three CMOs.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
LIBRARIES					
Libraries		Budget allocation	2.9 M €	0	0
		Lending right	3.0 M €	100	(3.0)
TOTAL					**0**

Relation P ← U: Digital sales

Digital sales are based on the concept of **licensing**. This licensing income is estimated to be 50 % direct copyright revenue. The turnover (net sales) statistics from the Finnish Book Publishers Association include both print and digital publications, and the share of the latter is calculated as the difference between total and print. The share of technical material is an estimate of the association.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
BOOKS (digital)					
Digital sales	**290**	License	11.1 M €	50	5.6
Digital sales (technical)		License	2.0 M €	50	1.0
TOTAL					**6.6**

Newspaper/Magazine/Periodical/Journal Publishing

Stakeholders and the Market

Creation (C)

- Union of Journalists in Finland
  - 15.379 members (including radio and television)
  - 5 915 employed press journalists
  - 1.650 press freelancers
- Finnish Association of Science Editors and Journalists: 880 professionals involved in science communications

Production (P)

- Finnish Newspaper Publishers Association
  - 128 publishers and 36 other companies
  - 197 newspapers - print and online
- Finnish Periodicals Publishers' Association
  - 271 publishers
  - 557 magazines and periodicals in all genres: consumer magazines, business and association magazines and customer magazines (print and online)
- Association for Scientific Publishing in Finland: 87 member organizations

End-Use & Usage habits (U)

Newspaper consumption

- Circulation 3.1 million paper newspapers daily (0.6 newspapers per person)
- 57 % of persons read online newspapers (15 years and over)

Magazines/periodicals

- Circulation 11.6 million copies/ year (2.2 copies per person)

Market

- Newspaper publishing end-user turnover (print and digital) 1.300 M€
- Magazines/periodical publishing end-user turnover (print and digital) 760 M €
- Total 2.060 M €

Relation C ← P

The majority of journalists are employed by newspaper publishers. They conclude a labor agreement with the employer, based on a collective labor agreement negotiated between the relevant organizations representing journalist and employers. Figures are based on the survey of the Union of Journalists (April 2008). The average (middle figure) salary was 3.281 €/month, i.e. 39.372 €/year. The share of direct copyright revenue is estimated to be 7 % of the journalists' salary. This is an estimate made by the Union of Journalists.

Freelancers customarily receive a fee for their contribution. The average invoicing in 2008 was 25.000 €/year (survey of 2009). Whereas there are different ways to classify this fee, it is regarded by the Union of Journalists in the same way as the salary of employed journalists: 7 % as direct copyright revenue.

There is no information regarding the fees that are paid to scientific authors. The figure is estimated to be minor, and consequently not included in the figures.

Relation C ← P in newspaper, magazine, periodical and journal publishing

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
NEWSPAPERS/MAGAZINES/PERIODICALS/JOURNALS (print and digital)					
Newspapers, etc.					
Journalists, employed		Salary	232.9 M €	7	16.3
Freelancers		Fee	41.1 M €	7	2.9
Journals					
Scientific authors		Fee			
TOTAL					**19.2**

Relation P ← U (digital sales)

The turnover figures include both print and digital sales. The number of internet newspapers is high, 164 of 197 (2008). For magazines, the corresponding figure is 248 of the total of 557. The share of digital sales is estimated to be 2 % of the total turnover and the share of direct copyright revenue 50 % thereof.

Relation P ← C in digital sales for newspapers, magazines, periodicals and journals

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
NEWSPAPERS/MAGAZINES/PERIODICALS/JOURNALS (digital)					
Digital	**2.060**	License	41.2 M €	50	20.6
TOTAL					**20.6**

CMOs in the Literary Field

Remuneration collected by CMOs is 100 % direct copyright revenue.

The relevant CMOs in the literary field and their respective licensing areas are:

- KOPIOSTO (Joint Finnish Copyright Organization)
  - Reprography and certain digital uses
- SANASTO (Copyright Organization for Literary Works)
  - Public lending remuneration, literary works
  - Licensing of literary works
- Writers' Unions
  - Broadcasting right, to be managed by SANASTO in 2010

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
LITERARY WORKS (print and digital)					
KOPIOSTO	**23.6**	Reprography	12.9 M €	100	**12.9**
SANASTO	**3.0**	Lending right	2.2 M €	100	**2.2**
		Other licensing	0.01 M €		**0.01**
Writers' Unions	**0.1**	Broadcasting	0.1 M €	100	**0.1**
TOTAL	**26.7**				**15.2**

TOTAL FOR PRESS AND LITERATURE: 116 M €

- Book publishing: 61 M €
- Newspaper/magazine/periodical/journal publishing: 39.8 M €
- CMOS in the literary field: 15.2 M €

MUSIC, THEATRICAL PRODUCTIONS & OPERA

MUSIC

Live Music

Recorded Music

Sheet Music

CMOs in the Field of Music

THEATRICAL PRODUCTIONS & OPERA

MUSIC

Stakeholders and the Market

Creation (C)

- TEOSTO: 20.000 composers, lyricists and music publishers
- GRAMEX: 40.000 performing artists and record producers
- Finnish Musicians Union: 3.300 performers

Production (P)

- The Finnish Music Publishers' Association: 40 music publishers with 70 % market share
- The Finnish National Group of IFPI: 23 phonogram producers with 86 % market share

End Use & Usage habits (U)

- 69 % of Finns listen to music daily, only 2 % do not listen at all

Market

- 700 M € (includes 240 M € education)(Music Business 2009)
- 532 M € for music, theatrical production, opera in 2008 (Economic Contribution of Copyright Industries in Finland 2005 – 2008)

Copyright Revenue in the Value Chain

Relation C ← E: Live Music

TEOSTO grants a non-exclusive license for the use of musical works, including for live performances, on behalf of composers, lyric writers and music publishers.

Performers in orchestras, including opera, receive their salary on the basis of the terms of collective labor agreements. The share of recording remuneration of the salary is estimated to be 6 % by the Finnish Musicians Union.

Live performances are occasionally broadcast and freelancer performers receive remuneration for such broadcasting. The share of one percent is an estimate.

The turnover of live performances is 200 M € according to Music Business Report of 2009.

Relation ←E: live music

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
LIVE MUSIC					
Concerts & festivals	**200**				
Creators		Performing right	5.8 M €	100	(5.8)
Performers/Orchestras		Fee	35 M €	6	2.0
Performers/Freelancers		Fee	50 M €	1	0.5
TOTAL	**200**				**2.5**

Relation C ←P: Recorded Music

TEOSTO/NCB grants a license for recording of musical works on behalf of composers, lyric writers and music publishers.

Musicians receive salary for the recording of their performances to be used in sound recordings, based on collective labor agreements. The share of copyright revenue in the salary is estimated to be between 30 and 50 %, with an average of 40 % (Finnish Musicians Union).

Soloists receive royalties for recording of their performances, and these royalties are direct copyright revenue (the Finnish National Group of IFPI).

The turnover of recorded music is 90 M € according to Music Business Report 2009, national turnover being 30 M €.

Relation C←P: recorded music

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
RECORDED MUSIC					
Record sales	**90/30**				
Creators		Mechanical right	9.6 M €	100	(9.6)
Musicians		Salary	0.5 M €	40	0.2
Soloists		Royalty	3.1 M €	100	3.1
TOTAL	**90/30**				**3.3**

Relation P ← P: Recorded Music

In phonogram production, the sale of master files plays an increasing role. The master file is produced by an artist or a producer who then sells the rights to another producer for release to the market. Phonogram producers also license third parties to use recorded music in other phonograms and in compilations and music games. The sale of master files and rights are estimated to make 10 to 15 % of the turnover for recorded music. According to the Finnish Group of IFPI, the turnover excluding VAT was 41.8 M € in 2008.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
RECORDED MUSIC					
Master files, licensing, compilations, games	41.8 M €	Right, license	12.5 %	100	5.2
TOTAL					**5.2**

Relation P ← D: Recorded Music/Digital Sales

Digital sales are based on licensing. Based on the discussions with the representatives of the Finnish Group of IFPI, this evaluation uses 50 % as the share of direct copyright revenue.

The turnover of digital sales is 10 M € according to Music Business Report 2009.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
RECORDED MUSIC					
Digital Sales	**10**		2.6 M €		
Downloads		Royalty	1.9 M €	50	1.0
Mobile		Royalty	0.65 M €	50	0,3
Subscriptions		Royalty	0.02 M €	50	0,01
TOTAL	**10**				**1.3**

Relation P ← D: Sheet Music

Music publishers grant permissions for the use of sheet music. Music usage outside the mandate given to TEOSTO is licensed directly by music publishers, including some foreign rights. The share of reprography is included in the figures of KOPIOSTO.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
MUSIC PUBLISHING					
Music Publishing	**10/7**				
Sheet music	**3.6**	License	0.22 M €	100	0.2
Grand rights		Right	0,11 M €	100	0.1
Synchronisation		License	0.14 M €	100	0.1
Foreign rights		Right	0.39 M €	100	0.4
Reprography		Right	0.26 M €	100	(0.3)
TOTAL	**10**				**0.8**

CMOs in the Field of Music

TEOSTO licenses the use of music on behalf of composers, lyric writers and music publishers in Finland, and receives income from foreign equivalents for the use of Finnish music abroad. Moreover, TEOSTO pays the share of music from public lending revenue to its members.

NCB represents mechanical rights for Nordic and Baltic rightsholders on behalf of national relevant organizations, such as TEOSTO.

GRAMEX collects remuneration for public performance of recorded music on behalf of performers and phonogram producers. Moreover, GRAMEX administers certain reproduction rights. Some Finnish performers collect foreign income directly, outside the scope of GRAMEX and its reciprocal agreements.

The compensation for private copying for music is given as a joint amount, which is distributed by TEOSTO and GRAMEX respectively.

CMOs in the filed of music

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
MUSICAL WORKS AND SOUND RECORDINGS					
TEOSTO	39.0	Performing right	39.0 M €	100	**39.0**
	3.0	Foreign income	3.0 M €	100	**3.0**
	3.0	Public lending	0.3 M €	100	**0.3**
TEOSTO/NCB	9.6	Mechanical right	9.6 M €	100	**9.6**
GRAMEX	16.2	Remuneration	16.2 M €	100	**16.2**
Direct collections	0.6	Foreign income	0.6 M €	100	**0.6**
Private copying	13.0	Music share	3.8 M €	100	**3.8**
TOTAL					**72.5**

THEATRICAL PRODUCTIONS & OPERA

Stakeholders and the Market

Creation (C)

- The Finnish Dramatists' Union: more than 470 writers (theatre, film, multimedia)
- The Union of Finnish Theatre Directors: some 330 members
- The Union of Finnish scene and costume designers: 250
- The Union of Finnish Actors: 1.750 actors (in different media)
- The Union of Finnish Dance Artists

Exhibition (E)

- Association of Finnish Theatres: 44 member theatres

End-Use & Usage habits (U)

- 46 % of Finns have attended a theatrical performance (theatre, ballet, opera) during the last year (2007)
- 3.9 million visitors; 0.7 visits inhabitant (Theater Statistics, 2008)

Market

- Ticket sales 50 M €, including opera (Theatre Statistics, 2008)

Copyright Revenue in the Value Chain

Relation C ← E

Writers and dramatists customarily receive royalties for the use of their plays in theatres, the typical royalty rate being 12 % of ticket sales (excluding VAT). The majority of Finnish drama writers are represented by the Finnish Dramatists' Union (FDU), with gross revenue of 1.3 M €. Nordic Drama Corner (NDC) represents foreign and Finnish writers, with gross revenue of 3.0 M € (includes 1.8 M € for musicals).

Music publishers license performances of music in theaters (grand rights); the revenue is included in the share of music.

Performers receive salary and certain royalties which are included in live performances for music.

Artistic staff in theatres receives salary based on collective labor agreements. Occasionally they receive copyright revenue for recordings and royalties, but the amount is minor and no estimate exists. The share of the salaries of artistic staff in theatres is 39 M €, 49 % of the total 80 M €.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
THEATRICAL PRODUCTIONS & OPERA					
Writers		Royalty (FDU) Royalty (NDC)	1.3 M € 3.0 M €	100 100	1.3 3.0
Music publishers		Grand rights	0.1 M €	100	(0.1)
Performers/orchestras		Salary/royalty			
Artistic staff		Salary	39 M €	-	-
TOTAL					**4.3**

TOTAL FOR MUSIC, THEATRICAL PRODUCTIONS & OPERA: 89.9 M €

- Subtotal music: 85.6 M €
- Subtotal theatrical productions & opera: 4.3 M €

MOTION PICTURE AND VIDEO

Feature Films

Other Audiovisual Productions

CMOs in the Audiovisual Field

MOTION PICTURE AND VIDEO

"Motion picture and video" includes feature films and other AV-productions, such as short films, documentaries and video productions, as well as independent productions produced for television companies. Games could also be classified under "motion picture and video". In this evaluation they are however presented under software (section 6).

Stakeholders and the Market

Creation (C)

- Animation Clinic – Finnish Animation Association
- The Association of Finnish Film Directors: ca. 100 film directors
- Association of Swedish Speaking Actors in Finland
- The Finnish Dramatis' Union: 470 writers (theatre, film, multimedia)
- Finnish Society of Cinematographers
- Finnish Union of Dance Artists
- Union of Finnish Actors: 1.750 actors in different media
- Union of Finnish Film and Video Employees
- Union of Finnish Scenographers and Costume Designers

Production (P)

- The Central Organization of Finnish Film Producers: 47 companies
- Association of Independent Producers in Finland (SATU): 106 companies
- Finnish Animation Producer's Association (Finnanimation): 34 companies

Distribution (D)

- The Finnish Film Distributors' Association/the Finnish Chamber of Films
  - 169 motion picture releases (19 domestic first releases)
  - Films in distribution 391 (market share of domestic films 23 %)

Exhibition (E)

- The Finnish Cinema Exhibitors' Association/the Finnish

Chamber of Films
• Cinemas (196 cinemas, operating in 148 different towns)
• Gross box office 54.5 M € (2008) (Facts and Figures
• Creative Industries Finland)

End Use & Usage Habits (U)

- 6,9 million cinema admissions: 1.3 admission per capita (Facts and Figures 2008, the Finnish Film Foundation)
- 62 % of the population watches a feature film at least once a year in cinema
- 27 % of the population watches a film at least once a month on DVD

Market

- 377 M € (2006) (Facts and Figures –Creative Industries Finland)
- 510 M € (2008) (Economic Contribution of Copyright Industries in Finland 2005 –2008)

Copyright Revenue in the Value Chain

Feature Films

Relation C ← P

The total budget for feature films in Finland is estimated to be 25 M € in 2008. It is calculated on the basis of an average budget (1.53 M €) and the number of new releases (16).

Writers negotiate an individual agreement with a film producer. They receive customarily a fee for the screenplay, and certain royalties based on additional uses. Both are considered to be 100 % copyright revenue. According to the Central Organization of Finnish Film Producers (SEK) writers receive from 20.000 to 50.000 € for a manuscript (average 35.000 €).

Directors conclude an employment contract based on a collective labor agreement, which however does not have a generally binding effect. They receive salary, combined with certain royalties. According to SEK, directors' salary varies between 30.000 and 50.000 € (average 40.000 €). Based on a survey made by the Theater and Media Employees in Finland (TeMe), the share of royalties varies between 10 and 25 %. According to SEK's estimate, royalties vary between 20 and 50 %. Based on these estimates, a 25 % royalty rate is used in the calculation.

The principle of salary and royalty applies also to cinematographers, scene and costume designers, with a royalty between 0 and 15 % (average 7%).

Actors conclude an employment contract, based on a collective labor agreement. The maximum amount of copyright revenue is according to the agreement 28 %, which is used in this evaluation. The average number of shooting days for a feature film is 35. No statistics are available on paid salaries to actors; 2.5 M € is thus an estimate.

Relation C ← P: feature films

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
Feature Films (Domestic)					
Production	**25 M €**				
Writers		Fee, royalty	0.6 M €	100	0.6
Directors		Salary, royalty	0.7 M €	25	0.2
Other artistic persons		Salary, royalty	1.0 M €	7	0.1
Performers		Salary, royalty	2.5 M €	28	0.7
TOTAL					**1.6**

Relation C ← E: Music in Feature Films

TEOSTO licenses public performance of music in cinematographic works through an agreement with theaters. Composers receive 1.1 % of ticket sales. This amount is included in TEOSTO's turnover, presented in the table CMOs in the musical field. In case of commissioned music, the film producer pays remuneration directly to the composer, and mechanical royalties through TEOSTO.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
EXHIBITION (Theatrical releases)					
Ticket sales	54	Music rights	54 M €	1,1	(0,6)
TOTAL					

Relation P & D ← E: Theatrical Releases

Feature films are marketed by film distributors. The share of five big distributors is more than 92 %. Total ticket sales collected by cinema theatres are 54 M € (including VAT). For foreign films (77 % of turnover), distributors receive some 45 % for "film rental" (the Finnish Chamber of Films).

According to SEK, the total for Finnish Feature films (23 % of turnover) consists of the following shares: VAT (8 %), theatres (52 %), distributors (6 %) and producers (34 %).

Relation P & D ← E: theatrical releases

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
DISTRIBUTION (Feature Films)					
Ticket sales, foreign	38.5	Distributor share	17.3 M €	100	17.3
Ticket sales, domestic	11.5	Distributor share	0.7 M €	100	0.7
		Producer share	3.9 M €	100	3.9
TOTAL	**50.0**				**21.9**

Relation P←D: Rental and Sales (DVD and Blue-Ray)

The turnover for rental and sales of DVDs is 92 M € according to the Finnish Chamber of Films. Sales represent 89 % and rental 11 % of the trade. Rental is based licensing and thus 100 % copyright revenue.

The market share of domestic releases of rental and sales is roughly 14 %. For DVD sales, Finnish producers receive a royalty which is estimated to be 30 %.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
RENTAL AND SALES (DVD, Blue-Ray)					
Rental and sales	**92.0**				
Sales	81.6	Royalty/producer	11.4 M €	100	3.4
Rental	10.4	Rental right	10.4 M €	100	10.4
TOTAL	**92.0**				**13.8**

Other Audiovisual Productions

Copyright Revenue in the Value Chain

Relation C ← P: Other AV-Productions

An average budget for short films is 140.000 € and for documentaries 160.000 €. These productions may include direct copyright revenue for writers, directors and other artistic persons. The share is however minor and no direct copyright revenue is calculated in this evaluation.

For television productions produced by independent producers, authors and performers customarily conclude an employment contract, without royalties. There are also contracts with royalties, but as this is rarer, no direct copyright revenue to creators is included in the evaluation.

Relation P - E: Independent Productions for Television

Independent producers produce a major part of television programs, in particular for commercial channels. According to the estimate of the Association of Independent Producers in Finland (SATU), the producers receive from 60 to 70 M € (average 65 M €) from television channels for their exhibition rights. This revenue is by its nature copyright income. Moreover, the producers receive minor extras for copyright (estimate for royalties 1 M €).

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
EXHIBITION (Independent Television Productions)					
Television	66	Exhibition rights	66	100	66.0
TOTAL					**66.0**

CMOs in the Audiovisual Field

The relevant CMOs in the audiovisual field and their management areas are the following:

TUOTOS (Copyright Association for Audiovisual Producers in Finland) represents some 500 producers. Moreover, TUOTOS represents some 7000 foreign producers in the area of retransmission of broadcasts, based on its cooperation agreement with AGICOA (Association for the International Collective Management of Audiovisual Works).

It manages the following rights and remuneration:

- Private copying compensation (producers' share)
- Retransmission of broadcasts (collected by KOPIOSTO)
- Educational copying of radio and television programs
- Other licensing

KOPIOSTO (Joint Copyright Organization in Finland) has 44 member organizations and through them some 40 000 individual mandates.

It manages the following rights/ remuneration:

- Private copying compensation (audiovisual authors and performers' share)
- Recording of radio and television programs
- Retransmission of broadcasts

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
AUDIOVISUAL WORKS					
TUOTOS	1.0	Private copying	0.4 M €	100	0.4
		Retransmission	0.3 M €	100	(0.3)
		Other licensing	0.2 M €	100	0.2
KOPIOSTO	23.6	Private copying	5.8 M €	100	5.8
		Recordings	1.9 M €	100	1.9
		Retransmission	3.1 M €	100	3.1
TOTAL					**11.4**

TOTAL FOR MOTION PICTURE AND VIDEO: 114.7 M €

- Subtotal feature films: 37.3 m €
- Subtotal other av-productions: 66.0 m €
- Subtotal cmos in the field of av: 11.4 m €

RADIO AND TELEVISION
Nationwide Radio and Television
Local Radio
Cable and Satellite

RADIO AND TELEVISION

Section “Radio and Television” overlaps among others with music and motion picture/ video, its two major contents. Cross references are used to indicate these overlaps. Broadcasters are both producers for in-house programs and exhibitors for outside productions.

Nationwide Radio and Television

Stakeholders and the Market

Creation (C)

- Union of Journalists in Finland
  - 5.039 employed TV-journalists
  - 400 freelancers

Production & Exhibition (P & E)

- YLE, a public-service broadcaster
- MTV3, a commercial Broadcaster
- NELONEN, a commercial broadcaster

End Use & Usage Habits (U)

- 92 % of Finns had a television, and 98 % of them readiness for digital television (2008)
- The majority of watching takes place real time, and only 10 % consists of recorded programs (Finnpanel)
- Television reaches 72 % of the population daily
- Radio reaches 78 % of the population on an average day (from nine years up)
- Daily time spent on television was 2 hours 57 minutes (from four years up)
- Daily time spent on radio was 3 hours 15 minutes

Market

- Total turnover for radio and television 1.076 M € in 2008 (Economic Contribution of the Core Copyright Industries in Finland 2005 - 2008)
- Television broadcasting 948 M € in 2008 (Statistics Finland/ Media Statistics)
- Radio broadcasting 53 M € in 2008 (SF/Media Statistics)
- YLE turnover 381 M € (YLE, Annual Report 2008)

Relation C ← P

In-house productions are produced by employed staff and freelancers. There are 5.039 employed journalists working in radio and television. In 2008, the medium salary for RTV-journalists working for YLE was 2.942 € and for MTV3 and NELONEN 3.724 € (some 10 % work for the latter two), resulting in 3.015 €/month or 36.182 €/year. An estimated share of 7 % is dedicated to direct copyright revenue (Union of Journalists).

Freelancers customarily receive a fee for their contribution. The average invoicing in 2008 was 25.000 €. There are some 400 freelancers working for radio and television, resulting in 10 M € in freelance fees. An estimated share of 7 % is dedicated as direct copyright revenue (Union of Journalists).

Relation C ←P: nationwide broadcasts

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
Broadcasting programs (In-House)					
Production					
TV-journalists		Salary, royalty	182,3 M €	7	12.8
Freelancers		Fee, royalty	10.0 M €	7	0.7
TOTAL					**13.5**

Relation P ← E: Independent productions

Independent producers produce a major part of television programs, in particular for commercial channels. According to an estimate of the Association of Independent Producers in Finland (SATU) producers receive 66 M € for exhibition rights and minor royalties from broadcasters. This revenue is direct copyright revenue, included in the figures of motion picture and video (repeated here for cross reference).

Broadcasters finance the production of Finnish feature films, and to minor extent documentaries. A typical pre-sale amount for television rights entails 200.000 €, which sum makes part of the film's budget (an estimate by SEK). While this is part of financing from the film producers' perspective, the investment is made to in order to get exhibition rights to the releases. It can thus be regarded as direct copyright expenditure from the broadcasters' perspective. The estimate give is 3.2 M € for feature films and 0.8 M € for documentaries, totaling 4.0 M €.

Broadcasters buy rights for foreign programs. It is estimated that acquiring broadcasting rights for foreign productions makes approximately 15 % of the costs of the broadcasting companies. MTV Media buys rights for foreign productions with some 44 M €.

Relation P ← E: independent productions

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
Broadcasting rights					
Production		Broadcast right	66 M €	100	(66.0)
TV-journalists		Broadcast right	4.0 M €	100	4.0
Freelancers		Broadcast right	142.2 M €	100	142.2
TOTAL					**146.2**

Relation C ← P & E: Music Rights/Remuneration

Broadcasters pay for the use of music in their programming to TEOSTO and GRAMEX: performing and mechanical rights of musical works to TEOSTO and remuneration rights to GRAMEX. These sums are included in the figures of CMOs in the field of music, but mentioned here by cross-reference.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
MUSIC IN BROADCASTING					
TEOSTO	48.6	Rights	21.8 M €	100	(21.8)
GRAMEX	16.2	Remuneration	10.5 M €	100	(10.5)
TOTAL					**(32.3)**

Relation P ← D: Sale of Radio- and Television Programs

Broadcasters sell their programs as audio and video recordings to institutions and individuals. YLE and KOPIOSTO have agreed on the following copyright remuneration for 2008: 23 € /C-cassette, 47 €/VHS-Cassette and 56 €/DVD. A similar agreement is also concluded between MTV3 and KOPIOSTO. The collected copyright revenue is included in the figures of

KOPIOSTO in CMOs in the Audio-visual Field.

YLE Archive Sales, a department within YLE, supplies content for use outside the organization, in Finland and abroad. Customers include both institutions and private individuals. The customer receives a license to use the material in a clearly defined manner and context and the ownership remains with the broadcaster. The income is direct copyright income. Ready in the archive, there are 3 697 hours of audio recordings and 8298 hours of video recordings covering 100 years. Details stipulations, including remuneration, cover their area of activity.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
SALES (Audio and Video Recordings)					
Program sales/Yle	1.8	Right	1.8	100	1.8
Archive sales/Yle		License	0.5	100	0.5
TOTAL					**2.3**

Local Radio

Stakeholders and the Market

Creation (C)

- There were 91 radio-journalists employed by local radio stations in 2008.

Production & Exhibition (P & E)

- Commercial radio broadcasting in Finland begun in 1985
- RadioMedia (the Association of Finnish Radio Stations) has 49 commercial radio stations as its members

End Use and User Habits (U)

- 3.6 million Finns listen to local radio programs weekly

Market

- Radio turnover was 53 M € (Cultural Statistics 2008)
- Radio advertisement income was 50.5 M € in 2008, and the share of local radio stations 30 % (15 M €)

Copyright Revenue in the Value Chain

Relation C ← P & E

Information on RTV-journalists includes journalists who work in local radio stations; 91 employed journalists. Salary and fee income is included in the figures of nationwide broadcasting.

Remuneration for music paid by local radio stations is included in the figures of nationwide broadcasters.

Cable and Satellite

Stakeholders and the Market

Distributors/Exhibitors (D & E)

- The Finnish Federation of Communications and Teleinformatics (FiCom) is the cooperation organization for the Finnish ICT industry
- Cable-TV companies are members of FiCom

End-Users and User Habits (U)

- 1.37 M households were connected to cable of the 2.2 M total (62 %) (FiCom Review, September 2009)
- 315.000 households have paid television services (22 % of cable households)
- 406 000 channels packages were sold in 2009 (1.3 package per household)
- Number of IPTV customers was 20.000

Market

- The subscription fees and other income for television (antennas, cable and satellite) was 293 M € in 2008 (Cultural Statistics)
- The share of subscription fees was 208 M € and the basic fees of cable-TV 85 M €
- The amount paid by the household is dependant on the number and combination of channels

Copyright Revenue in the Value Chain

Relation P ← E

There are very few, if any, national cable originated programs. Different packages of channels consist of foreign programs. These programs are either foreign broadcasts retransmitted simultaneously and unchanged or foreign program packages. For the first, copyright remuneration for all rightsholders is collected by KOPIOSTO and included in the figure for CMOs in the audiovisual field. For the latter, subscription fees for other channels totaled 208 M € in 2008. The share of exhibition rights is estimated to be 30 % of the total revenue, i.e. 62.4 M €.

Relation P ← E: cable and satellite

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
CABLE AND SATELLITE					
Subscriptions	208	Exhibition rights	62.4 M €	100	62.4
Broadcasts	(85)	Retransmission	3.1 M €	100	(3.1)
TOTAL	**293**				**62.4**

TOTAL FOR RADIO AND TELEVISION: 224.4 M €

- Subtotal nationwide radio and television: 162.0 m €
- Subtotal local radio (included in nationwide)
- Subtotal cable and satellite: 62.4 m €

PHOTOGRAPHY

Photography

CMOs in the Field of Photography

Photography

Stakeholders and the Market

Creators (C)

- Central Association of Photographic Organizations (FINNFOTO)and its members associations
- In total, 5.800 members
- Professional Nature Photographers in Finland
- Press Photographers in Finland (Finlands Pressfotografer)
- The Union of Camera Associations
- Nature Photographers in Finland
- Advertisement Photographers in Finland
- Professional Photographers in Finland
- Photography Students

The Union of Journalists in Finland

- Professional press & media photographers as members

Artists Photographers in Finland is a member of Artists' Association of Finland

- The Artists' Association has some 2 800 members

Producers & Distributors (P & D)

- Photo agencies: more than 50 photo agencies in Finland representing photographers

Exhibitors (E)

- Photo archives and museums: The Finnish Museum of Photography/photo archive

Market

- Turnover 113 M € (2008) Economic Contribution of Copyright Industries in Finland 2005 – 2008

Copyright Revenue in the Value Chain

Relation C ← P & D

Photographers market their works themselves or use photo agencies as their representatives. They customarily grant a license (non-exclusive or exclusive) for the use of the photograph. License terms are often based on the recommendation of the association. In case of commissioned works, an exclusive license is customary, at least for a period of time. The license defines the media included in the price. Additional remuneration is paid for additional media and time exceeding one year. The license fees are considered as 100 % direct copyright revenue. The estimated invoicing is 25.000 €/year for 1.500 photographers.

Photo agencies license photographs for different uses, such as advertising and media companies. Their turnover is estimated to be 40 M €. After deduction of an agency fee, estimated at 40 %, the revenue to photographers is 100 % copyright revenue.

Relation C ← E

Photo archives/museums grant permissions to use photographs in their collections. The turnover is included in the estimate for photo agencies.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
PHOTOGRAPHY					
Photographers	37.5	License	37.5 M €	100 %	37.5
Photo agencies	40.0	License	60 %	100 %	24.0
TOTAL					**61.5**

CMOs in the Field of Photography

- FINNFOTO and the Union of Journalists are members of KOPIOSTO (Joint Copyright Organization)
- Artists Association of Finland/Union of Artist Photographers is a member of KUVASTO (Visual Artists Copyright Association)
- KOPIOSTO, reprography 12, 9 M €, of which the share of illustration including photography is some 15 % (1.9 M €), included in revenue for literary works
- Artist Photographers are members of KUVASTO, included revenue for visual and graphic arts

TOTAL FOR PHOTOGRAPHY: 61.5 M €

SOFTWARE AND DATABASES

Software
Databases
Games

Software

In this evaluation, software includes software development and sales of software products by licensing or as services.

Stakeholders and the Market

Creators and Producers (C & P)

- IT- sector employees 44 000 in total; 33 000 employees with software as the main business
- IT-sector companies 8 000 in total
- 18 000 professionals and 600 companies as members of the Finnish Information Processing Association (FIPA) at www.ttlry.fi
- 1 050 software development companies (2007) (source: The Federation of Finnish Technology Industries (FFTI) at www.teknologiateollisuus.fi)

Market

- 2 320 M € turnover of Finnish software industry (source: FFTI, 2009)
- 7 558 M € for software and databases (2008) (Economic Contribution of Copyright Industries in Finland 2005 – 2008)

Copyright Revenue in the Value Chain

Relation C ← P

Software developers are customarily employed by software-producing companies and their copyright rights are transferred to the employer on the basis of the law, unless otherwise agreed between parties. This evaluation takes as a point of departure that rights reside with the employers, i.e. software development companies, and no direct copyright revenue is estimated in the relation C ← P.

Relation P ← U

The Finnish software firms can be divided into eight categories:

- *Software product firms* offering their own software products using the traditional licensing model (classified as copyright revenue);
- *ASP and SaaS firms* offering their software over the internet using either an Application Service Provision (ASP) or Software-as-a-Service (SaaS) arrangement (classified as copyright revenue);
- *Development service firms* providing software development services (development rental) or custom development projects (classified as copyright revenue);
- *Deployment projects* offering installation, customization mainly for ready software products (not classified as copyright revenue);
- *Software consulting firms* offering consulting and testing (no copyright revenue);
- *Hardware firms* offering hardware with embedded software (no copyright revenue);
- *Content and ads firms* offering software-related services (no copyright revenue);
- *Non-software firms* offering general consulting and IT support services (no copyright revenue).

The estimated turnover of firms that deal with copyright revenue ranges from 1.100 M € to 1.500 M €. This represents some 55 % of the total turnover. As business in this category is in the main based on licensing, rather than sale (transfer of ownership), 90 % of the turnover is regarded as direct copyright revenue. Some sectors of consumer trade, such as sale of packaged software off the shelves and sale of software in conjunction with hardware, are borderline cases. The prevailing business model is based on selling a license and thus corresponding turnover is included in this evaluation, but only up to 90 % of the trade.

Relation P ← U: software

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
SOFTWARE (Products and Services)					
Software	**2 340**				
Products and services	1 300	License	1 170 M €	100	1 170
TOTAL					**1 170**

Databases

Database processing and publishing

This section includes a great variety of different services. There is no single industry with a given turnover figure. The Economic Contribution of Copyright Industries in Finland 2005 – 2008 indicates 7 558 M € for software and databases in the year 2008. On the basis of this, an estimated turnover for database processing would lead to some 5 200 M €.

Stakeholders and the Market

Central players in database processing and publishing are the following:

- Creators and publishers who create the documents;
- Database producers, who process documents into databases and produce bibliographic data describing the documents;
- Database vendors, online vendors, who acquire one or several databases for online availability;
- Data communication services who provide for the connection to the databases;
- Intermediaries or information professionals who help end users in finding documents;
- End-users, either using the services or intermediaries or using the databases themselves.

Copyright Revenue in the Value Chain

Relation C ← P: Databases

Creators and publishers of the underlying material create the content on the basis of the same rules and logistics that apply to the particular category of works. This relation is dealt with in the proper context, for instance literature, music or photographs.

It is assumed that the copyright rights of database developers are transferred to the employers, and consequently no direct copyright revenue is identified in relation C ← P.

Relation P ← E: Online vendors

Remuneration collected for the use of copyright protected material in online databases cannot easily be grouped under one heading, as the business model is dependant on the transmitted content. Legal online music services, for instance, are reported under music. Databases including technical standards, for instance, are reported under literature (technical materials).

At this stage, no estimate is given for direct copyright revenue in database processing and publishing.

Games

Games and other interactive software are in this evaluation grouped under software and databases. As indicated earlier, they could also be grouped under "Motion Picture and Video".

The game sector can be divided into four segments, depending on their platform: console, PC, online and mobile.

Stakeholders and the Market

Creators and Producers (C & P)

- The Finnish Game Developers' Association, c/o NEOGAMES
- NEOGAMES, Finnish National Center of Game Business Research and Education in conjunction with Technology Center HERMIA
- 45 - 60 game developers and game service providers
- Turnover of game development is 87 M €, including 75 M € export revenue

Producers and Distributors (P & D)

- Finnish Games and Multimedia Association (FIGMA): 11 member companies, in charge of distribution and sales
- Turnover of FIGMA members 87 M € at resale price value with VAT (2008)
- Non-FIGMA members 20 M €, totaling 107 M €

Market

- Turnover 171.2 M € in total, including hardware and accessories (FIGMA Press Release2009)

Copyright Revenue in the Value Chain

Relation C ← P

In game development, direct copyright revenue is paid to the developers. Rights are transferred to the employer directly based on the law, unless otherwise agreed by the parties. This evaluation takes as a point of departure that no copyright revenue is paid to the individuals working in development companies, neither to outside individuals.

Relation P & D ← U

The total turnover excluding hardware and accessories is 107 M €. This trade is based on the nation of licensing of usage rights and included as direct copyright share in this evaluation.

Relation P & D ← U

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
GAMES					
Games	**194.4**				
Development	**87.0**	Royalty/license	87.0 M €	100	87.0
Distribution	**107.0**	Licensing	107.0 M €	100	107.0
TOTAL					**194.4**

TOTAL FOR SOFTWARE AND DATABASES: 1 364.4 M €

- Subtotal software: 1 170 m €
- Subtotal databases: no estimate
- Subtotal games: 194.4 m €

VISUAL AND GRAPHIC ARTS

Visual arts

Graphic arts

CMOs in the field of visual arts

Visual Arts

Stakeholders and the Market

Creators (C)

- Artists' Association in Finland has in the following member organizations: 2.300 members
- Finnish Interdisciplinary Artists Association (MUU)
- Association of Finnish Sculptors
- Union of Finnish Visual Arts Associations
- Finnish Artistic Graphic Designers
- Finnish Painters' Union
- Finnish Artists Photographers
- Employed labor force in visual arts (sculptors, painters and related artists) 4.160 in 2005 (Facts and Figures)

Distribution and Exhibition (D & E)

- In retail sale of art and art gallery activities: 208 enterprises with 205 employees in 2006 (Facts and Figures, Creative Industries in Finland)
- The Finnish Art Galleries Association: 33 members
- Art rental: 22 members in the association (www.taidelainaamot.fi): a monthly rental fee depending on the price of the art work
- Auction Houses: 2.132 works sold at Finnish art auctions with the sales of 7 M € and average price of 3.292 € in 2007 (Facts and Figures)
- Art museums: 63 museums in 2006, representing 20 % of all museums (Facts and Figures)

End Use and Usage Habits (U)

- The most popular Art Museum, the Museum of Contemporary Art Kiasma, had some 232 000 visitors in 2006 (Facts and Figures)

Market

- Turnover 22 M € in 2006 (Facts and Figures)
- Turnover 22 M € for visual and graphic arts in 2008 (Economic Contribution of Copyright Industries in Finland 2005 – 2008)

Relation C ← D & E & U

Works of visual arts are sold to users directly by the artists themselves and by art galleries. Works may also be commissioned by the acquirer.

Artists get sales income for direct sales. Works sold through galleries on commission also generate sales income. This income is not regarded as direct copyright income. The same applies to remuneration for commissioned works.

Sales through art galleries is estimated to be 16 M €, and a typical commission 30 %. As works in galleries are owned by artists, galleries do not pay copyright revenue for exhibition of works on site or through internet.

Art rental is a relatively new phenomenon which in the majority of case leads to sale; works are rented for a period of time and sold thereafter to the same person. Only in case of institutional users, such as film producers, works of art are rented for the project. Based on that, the estimate for rental is very small.

Sales through auction houses of works of art are estimated to be 7 M € according the Statistics Finland (2007). Resale right remuneration is in the CMO figures.

Relation C ← D & E & U

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
VISUAL ARTS					
Galleries	16.0	Commission sale	11.2	-	-
Art rental	1.0	Sale/rental right	0.1	100 %	0.1
Auction sales	7.0	Resale right	0.2 M €	100 %	(0.2)
TOTAL					**0.1**

Graphic Arts

Stakeholders and the Market

Creators (C)

- GRAFIA, Association of Professional Graphic Designers in Finland: 900 professionals as members
- Illustrators in Finland: 230 members

Market (M)

- Joint turnover 23 M € for visual and graphic arts (2007)

Copyright Revenue in the Value Chain

C ← P

Graphic designers work in the following areas: corporation graphics, publication graphics, advertisement, and illustrations. Graphic designers can be employed, work through their own companies or as freelancers. They get a salary or a fee for their work. According to the Statistics Finland, salaries paid for graphic design were 7.2 M € in 2008. Part of the salary can be dedicated as direct copyright revenue. License fee can be regarded as 100 % copyright revenue. It is estimated that 100 freelancers invoice 15.000 € yearly.

Illustrators conclude a license agreement wit the user. A Recommendation Agreement drafted by Illustrators in Finland consists of general terms and terms of commission. Fees paid to illustrators are considered as direct copyright revenue. Illustrators in Finland estimate that some 250 – 400 illustrators work professionally and get part of their income from illustrations (invoicing 15.000 €/year). As illustrators and graphic designers are partly overlapping, the estimate is based on 250 persons.

Relation C ← E: graphic designers, illustrators

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
GRAPHIC ARTS					
Graphic designers		Salary	7.2 M €	7 %	0.5
		Fees	1.5 M €	100 %	1.5
Illustrators		Fees	3.7 M €	100 %	3.7
TOTAL					**5.7**

CMOs in the field of Visual and Graphic Art

The relevant CMOs in the field of visual and graphic art are the following:

- KUVASTO (Visual Artists' Copyright Association)
- KOPIOSTO (Joint Copyright Organisation): public lending remuneration for visual art and photography
- KOPIOSTO: reprography remuneration includes also revenue for visual and graphic artists (included in the figures of CMOs is the literary field)

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
CMOs					
KUVASTO	0,4	Exhibitions	0.1 M €	100 %	0.1
		Reproductions	0.1 M €	100 %	0.1
		Resale right	0.2 M €	100 %	0.2
KOPIOSTO	23.6	Public lending	0.3 M €	100 %	0.3
TOTAL					**0.7**

TOTAL FOR VISUAL AND GRAPHIC ARTS: 6.5 M €

- Subtotal visual arts: 0.1 m €
- Subtotal graphic arts: 5.7 m €
- Subtotal cmos in the field of visual and graphic arts: 0.7 m €

ADVERTISING

"Advertising" includes information on agencies and buying services. The WIPO Methodology of 2003 specifies that the price of advertising should not be included.

The broader concept "Marketing Communication" includes the following subsections (with the percentage of turnover in 2008):

- Media advertising (42.1 %)
- Direct marketing (24.0 %)
- Sales promotion (33.9 %)

Stakeholders and the Market

Creators (C)

- Creative professionals employed by advertising agencies
- 5 852 persons working in 2 465 advertising agencies with total salary of 236 M € in 2008 (Statistics Finland)

Producers of Audio-Visual (P/AV)

- Association of Independent Producers in Finland (SATU)
- 32 companies
- 7 companies in sound advertising

Producers - Distributors (P & D)

- 102 enterprises with 1 500 employees in MTL Finnish Association of Marketing Communication Agencies

Exhibitors (E) (Advertisers)

- Some 400 member companies in the Association of Finnish Advertisers

Market

- Turnover 1 662 M € and 8 128 employees (Economic contribution of the copyrights-based industries inFinland, 2008)
- Turnover 1 500 M € and 6 823 employees in 2 827 enterprises (2006) (Facts and Figures/ Creative Industries in Finland 2009)
- Print and electronic media advertising 1 334 M € (2008) and 1 263.4 M € (2009) (Statistics Finland)
- The share of print media advertising was 61.7 %, electronic media 35,4 % and that outside/vehicle advertising 2,9 % (2009) (Press release January 21st, 2010, Finnish Advertising Council MNK)

Relation C ← P & D

Some 2 000 persons work in MTL member companies with a salary of 3 515 €/month (42 180 €/year). The copyright rights are customarily transferred to the employer and no direct copyright share is estimated in this evaluation.

Relation P/AV ← P & D

Ad films include productions for television, video, cinema, internet or mobile. According to the general conditions for adverting films by SATU, The commissioner gets the right to transmit the ad in television (or the agreed forum). A separate agreement is due for wider usage rights, such as other media, extra copies, sowing outside Finland. Remuneration for extra rights is agreed between parties. The film producer is responsible for any third party content used in the film, such as music. In case the commissioner is an advertising agency, the company has the right to transfer the usage rights to the advertiser. The trade is based on the concept of exclusive licenses, and the ownership to the material (film) stays with the ad producer. The turnover of ad films is estimated to be 45 M € and it is regarded as 100 % direct copyright revenue.

The fees paid for third party content, such as music, is included in the section for music; TEOSTO in the case of musical works.

Relation P/AV ← P & D: film producers & advertising agencies

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
AD FILMS					
AV producer	45.0	License	45.0 M €	100 %	45.0
TOTAL					**45.0**

Relation P & D ← E

According to the general conditions agreed between the advertising agencies and advertisers, the advertiser gets ownership rights to the material it has commissioned. The advertising agency is responsible for any third party content used in the advertisement. No direct copyright revenue is included in this relation.

Fees paid for third party content, such as photographs, are included in the relevant section.

TOTAL FOR ADVERTISING: 45.0 M €

COLLECTIVE MANAGEMENT ORGANISATIONS

This section includes summary information on the revenue collected by CMOs. It is included for reference purposes only, as the figures are presented in the sector which the CMOs serve. All figures concerning the revenue collected by CMOs are gross figures, including the share of administrative costs.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
CMOs					
TEOSTO	44.2	Right	44.2 M €	100 %	(44.2)
TEOSTO/ncb	9.6	Right	9.6 M €	100 %	(9.6)
GRAMEX	18.1	Right	18.1 M €	100 %	(18.1)
KOPIOSTO	23.6	Right	23.6 M €	100 %	(23.6)
TUOTOS	1.0	Right	1.0 M €	100 %	(1.0)
SANASTO	2.3	Right	2.3 M €	100 %	(2.3)
TOTAL	**102.1**				**(98.8)**

SUMMARY

This section includes a summary of direct copyright revenue streams identified in each of the eight industries included in the evaluation. As said at the outset, this is a first assessment and a model, rather than any absolute figure.

The total of identified direct copyright revenue streams for 2008 is 2 022.4 M €.

PRESS AND LITERATURE: 116 M €

- Book publishing: 61 M €
- Newspaper/magazine/periodical/journal publishing: 39.8 M €
- CMOs in the literary field: 15.2 M €

MUSIC, THEATRICAL PRODUCTIONS & OPERA: 89.9 M €

- Music: 85.6 M €
- Theatrical productions & opera: 4.3 M €

MOTION PICTURE AND VIDEO: 114.7 M €

- Feature films: 37.3 M €
- Other av-productions: 66.0 M €
- CMOs in the field of av: 11.4 M €

RADIO AND TELEVISION: 224.4 M €

- Nationwide radio and television: 162.0 M €
- Local radio (included in nationwide)
- Cable and satellite: 62.4 M €

PHOTOGRAPHY: 61.5 M €

SOFTWARE AND DATABASES: 1 364.4 M €

- Software: 1 170 M €
- Databases: no estimate
- Games: 194.4 M €

VISUAL AND GRAPHIC ARTS: 6.5 M €

- Visual arts: 0.1 M €
- Graphic arts: 5.7 M €
- CMOs in the field of visual and graphic arts: 0.7 M €

ADVERTISING: 45.0 M €

GRAND TOTAL: 2 022.4 M €

With the available turnover estimates, the share of direct copyright revenue streams is as follows:

Industry	Turnover estimates	Direct copyright revenue
Press and literature	2 600 – 5003*	116
Music, theatre and opera	532* - 700	89.9
Motion picture and video	377 - 510*	114.7
Radio and television	1 076* - 1 294	224.4
Photography	113*	61.5
Software and databases	2 513 - 7 558*	1 364.4
Visual and graphic arts	22*	6.5
Advertising	1 662*	45.0

*The figurers marked with * are based on the findings of the Economic Contribution of Copyright-based Industries in Finland 2005 – 2008.*

As said at the outset, no conclusions can be drawn of the relative importance of copyright as such in any given sector. Licensing-based business models are expected to grow in the future, and as business models evolve, the figures will change. This evaluation shows a snapshot of the year 2008. The results show a conservative estimate.

NOTES

DIRECT COPYRIGHT REVENUE STREAMS IN CREATIVE INDUSTRIES IN FINLAND

EVALUATION MODEL

The study was commissioned by the Finnish Copyright Society, and was carried out by Ms Tarja Koskinen-Olsson, Olsson & Koskinen Consulting. This study is a contribution by the Finnish Copyright Society to the larger national project to establish a methodology to assess the functioning and performance of the copyright and related rights system.

Publication Series of the Finnish Copyright Institute

The Finnish Copyright Institute, established within the Finnish Copy-right Society, publishes in its Publication Series studies, articles, research reports etc. Furthermore, the Institute publishes materials on legislation, preparatory legislative documents and case law.

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