

Authors gain foothold in online business – modest success for now

Over the past year, SUISA again experienced an increase in revenue from copyrights. Overall, copyright earnings from domestic and international business totalled CHF 141.3 million, which equates to an increase of 4.1% over the previous year. Trends in the digital sphere have also contributed to this increase, including additional receipts from the smartphone compensation tariff, growing revenue from the online segment and the widespread use of digital and time shifting TV. Thus, technological advancements are gradually having a positive, albeit modest, impact on authors as well. That said, there is still a need for action, especially in the online segment, to ensure that music rights holders receive fair compensation.

Zurich, 28 May 2015 – 2014 was a good year for composers, lyricists and music publishers, as shown in the 2014 Annual Report published by SUISA, the Cooperative Society of Music Authors and Publishers. As a result of the agreement reached in July 2014 concerning the use of music copied to smartphones for private use, artists finally received the compensation owed to them for the past few years. Retroactive payments by manufacturers and importers of smartphones for the period between 2010 and 2014 generated additional revenue of approximately CHF 3.6 million.

Rapid growth in the streaming segment

The online sector has seen rapid growth as well. Copyright revenue from downloads and streaming grew by 32% in 2014, amounting to CHF 6.1 million (previous year CHF 4.6 million). However, this increase in the download sector is partially due to greater demand for downloadable products. As SUISA issues licenses for the whole of Europe in the online segment, revenue growth from downloads is primarily due to the increase in the number of areas to which these licenses are issued. In the case of streaming, copyright revenue has increased nearly fivefold from CHF 315,000 to CHF 1.5 million.

Continued need for action – especially in the online segment

While consumers and technology companies have been the main beneficiaries of the trend in the digital sector up to now, the online segment is gradually becoming more attractive to composers, lyricists and publishers of music as well. However, the good result in 2014 and the trend in the digital segment should not obscure the fact that there is still a major need for action in the field of copyright law and online business in particular. For streaming, compensation is still very low when compared to the high click rate, meaning that negotiations need to continue with leading providers such as YouTube and Spotify. Appropriate regulations for the increasing use of music in the cloud are also necessary. Here, too, it is imperative that rights holders receive fair compensation for music that is being used to generate profit for the providers of cloud-based technologies.

Increasing revenue from copyrights

In 2014, revenue from royalty collections in Switzerland and abroad rose by 4.1% to CHF 141.3 million (previous year CHF 135.7 million). When secondary income of CHF 10.3 million is included, the total turnover amounts to CHF 151.6 million (previous year CHF 144.9 million). The administrative costs in 2014 totalled CHF 28.1 million, while the average cost deduction dropped to 12.3% (previous year 12.47%). In turn, SUISA passed on nearly 88 francs out of every 100 collected to authors and publishers of music.

Digital and time shifting TV on the rise

In the previous year, retroactive payments for the use of music copied to smartphones resulted in a CHF 4.5-million increase in revenue from compensation entitlements to CHF 8.6 million in total. This includes compensation for set-top boxes (including time shifting TV), which increased in 2014 by 43% over the previous year to CHF 1.3 million (previous year CHF 0.9 million). The rise of digital time shifting TV is also reflected in the

amount of revenue earned from programme distribution across cable networks. Last year, revenue in this field increased by CHF 0.9 million over the previous year to CHF 16.8 million in total.

Positive change in revenue from private radio and TV

Last year, revenue from broadcasting rights increased by 5% to a total of CHF 64 million (previous year CHF 60.8 million). The positive result can also be attributed to additional revenue earned from private radio and television, which rose by 21% over the previous year to CHF 11.4 million in 2014. However, this significant increase is also related to retroactive payments arising from disputes with private radio stations. In 2014 SUISA was able to collect on previous years.

Concert market at a stable level – production of sound storage media continues to decline

In terms of performance rights, SUISA experienced a slight decrease for rights billed for concerts. Concert-related revenue totalled CHF 44.1 million (previous year 47.2%). This decline was expected, as the 2013 financial year included supplementary settlements for 2012. It is therefore not possible to infer a decline in the concert market as a whole. The negative trend in revenue generated from the production of sound storage media continued in line with expectations in 2014.

The SUISA 2014 Annual Report is available online at www.suisa.ch/annualreport.

A detailed analysis of the SUISA Annual Report is available here (in German): <http://suisablog.ch/de/analyse-der-jahresrechnung-2014-der-suisa/>

Key figures from the SUISA 2014 Annual Report (in 1000 CHF):

	2014	2013	+/-%
Royalty collections (domestic)	130,255	124,793	4.4%
Royalty collections (international)	11,064	10,929	1.2%
Total royalty income	141,319	135,722	4.1%
Secondary income	10,298	9,270	11.1%
Total income	151,617	144,992	4.6%
Operating expenses	28,097	26,926	4.3%
Less allocation from cost compensation fund	-418	-738	-43.4%
Less secondary income	-10,298	-9,270	11.1%
Net operating expenses	17,381	16,918	2.7%
in % of royalty income	12.3	12.47	-1.4%

SUISA collections in Switzerland and Liechtenstein (in mn CHF):

	2014	2013	+/-%
Broadcasting rights	64.0	60.8	5.3%
Performance rights	44.1	47.2	-6.6%
Mechanical rights	7.5	8.1	-7.4%
Online	6.1	4.6	32.6%
Fair compensation revenues	8.6	4.1	109.8%
Total	130.3	124.8	4.4%

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About SUISA

SUISA is the cooperative society for composers, lyricists and music publishers in Switzerland and Liechtenstein. Its 34,000 members include music professionals from all disciplines. In Switzerland and Liechtenstein, SUISA represents the music repertoire of two million authors and publishers worldwide. It grants licences to use this repertoire to more than 90,000 customers.

With approximately 200 employees in Zurich, Lausanne and Lugano, SUISA generates a turnover of some CHF 152 million. As a non-profit organisation, it distributes the proceeds from licences to music authors and publishers after deducting the administrative costs. www.suisa.ch