

RECENT CHANGES AND THE FUTURE  
PERSPECTIVES OF MUSIC PUBLISHING IN  
FINLAND

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Abstract <p>The aim of the study was to examine the changes and the future perspectives of the Finnish music publishing industry in the 21<sup>st</sup> century. Therefore, the tasks, status, changes and the future perspectives of the Finnish music publishing industry were examined without forgetting the international context. The thesis was assigned by Elements Music Ltd. / Tommi Tuomainen.</p> <p>A total of five industry professionals representing different operators were interviewed for the study. A qualitative research method in the form of theme interviews was used to conduct the empirical part of the study. The interviews were implemented in two phases so that their accuracy and structure could be evaluated during the process. In addition, themes were used in analyzing and representing the results.</p> <p>The Finnish music publishing industry differs significantly from the international by its relatively small size. In the recent years the greatest changes in the industry have focused on the new technologies, EU-legislation and the more modern nature of the business. Even though the industry is small, with only few professional operators, the study showed that the music publishers are seen as an important part of the Finnish music industry. In the recent years, the international markets and export of music have become more important to the industry. The role of publishers in exploiting songs and networking in the international business is essential. Therefore, in the domestic markets their importance has increased as well, since professionalism is required when aiming at the international market. In addition to the role in internationalisation, the study showed that future changes and opportunities lie in the developing online markets, synchronisation and game music. Based on the results, more operators are wanted as well as needed for the industry. The new operators should consider focusing on specialising on the above mentioned new markets.</p>		
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Tiivistelmä <p>Opinnäytetyön tavoitteena oli tutkia suomalaisen musiikkikustantamisen muutoksia 2000-luvulla sekä alan tulevaisuuden näkymiä. Opinnäytetyössä perehdytään musiikkikustantamisen tehtäviin, asemaan, muutoksiin ja tulevaisuuden näkymiin Suomessa kuitenkin kansainvälistä kontekstia unohtamatta. Opinnäytetyön toimeksiantajana toimi Elements Music Oy/ Tommi Tuomainen.</p> <p>Opinnäytetyötä varten haastateltiin yhteensä viittä musiikkialan ammattilaista. He edustavat asiantuntijoita, jotka toimivat musiikkialan eri tehtävissä. Tutkimuksessa käytettiin laadullista tutkimusmenetelmää teemahaastatteluiden muodossa. Haastattelut toteutettiin kahdessa vaiheessa, jotta niiden tarkkuutta ja rakennetta voitiin arvioida prosessin edetessä. Analysointi sekä tulosten esittely toteutettiin teemoittelun avulla.</p> <p>Musiikkikustannusala Suomessa on verrattain pientä toimintaa ja eroaa näin merkittävästi kansainvälisestä alasta. Viime vuosina alan suurimmat muutokset ovat keskittyneet uusiin teknologioihin, alan modernisoitumiseen sekä EU-lainsäädäntöön. Tutkimus osoitti, että vaikkakin ala on pieni ja ammatillisia toimijoita vähän, musiikkikustantajat koetaan tärkeänä osana musiikkialaa ja etenkin sen vientiä. Viime vuosina musiikkialan viennistä on tullut yhä tärkeämpää. Kansainvälisesti musiikkibisneksessä kustantajat ovat avainasemassa töiden esille saattamisessa sekä verkostoitumisessa ja ovat sen vuoksi myös Suomessa tärkeitä toimijoita kansainvälisille markkinoille tähdättäessä. Kansainvälisen roolin lisäksi tutkimus osoitti, että tulevaisuuden muutokset ja mahdollisuudet ovat hyvin paljon kehittyvissä online-markkinoissa, synkronoinnissa sekä pelimusiikissa. Tutkimuksen perusteella alalle kaivataan selvästi uusia toimijoita, joiden tulisi keskittyä enemmän uusiin markkinoihin.</p>		
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# 1 Introduction

The topic of the thesis and focus on the Finnish music publishing industry arose from my personal interest towards the industry. I wanted to use the thesis for studying and understanding the industry, especially in Finland. The lack of numerous previous studies in the field was, for me, one of the reasons to choose the topic on the Finnish music publishing industry and start researching it.

Music publishing industry is rather an unknown business and profession in Finland, even though it was part of the global music industry before the time of recordings. Over the years, music publishing has changed and nowadays it is much more than publishing sheet music, which was the original function of a music publisher. The subject of the thesis, the Finnish music publishing industry and its recent changes was selected for examining the profession and the Finnish industry in more depth.

In the thesis the Finnish music publishing industry in the 21<sup>st</sup> century until the present and in the near future is examined. Like the music industry in general, the music publishing industry has had to develop itself and adapt to the changing markets and industry conditions. The changes and the core of the music publishing industry are examined in the thesis. The perspective for music publishing is mainly on the mainstream music, but also classical music publishing is glanced.

To give foundation for the subject, the central areas of music publishing and the Finnish music publishing industry are presented in the literature review. After the literature review the method of the interviews executed for the thesis is explained. Later the interviews are examined and the interviewees are briefly introduced in the Method and Findings sections. Under the Discussion section the results of the study are presented and the limitations and reliability of the thesis are discussed. The final part of the thesis is the Conclusion where the results from the literature review and interviews are summarised and the perspectives for the future developments of the industry are discussed. In ad-

dition, in the Discussion and Conclusion sections the final answer for the research question is provided.

The thesis was assigned by Elements Music Inc. / Tommi Tuomainen. Elements Music is a leading independent Finnish company in music publishing and producer/songwriter management. It was founded in 2005 and it is located in Helsinki, Finland. At the beginning in 2005 Elements Music was founded as a '360-degree' company, which is a music business' model for a one-stop-shop where all the artist's rights are administered by one company and collective business interests are under one roof (Rutter, P., 2001, 95 & 275). However, since 2009 Elements Music has focused only on music publishing. At the moment Elements Music represents writers such as Risto Asikainen, Axel Ehnström and Millionaire Men who have written songs for Finnish artists such as Robin, Isac Elliot and Cheek. (Elements Music website)

### **Research Objectives**

The aim of the thesis was to study the Finnish music publishing industry comprehensively and examine the changes and trends affecting the business. The research question which guided the study along the way was: **What are the changes in the Finnish music publishing industry in the 21st century and what are the prospective changes within the next few years?** Since music publishing is a firm part of the music industry, the focus of the research covers not only music publishing but the music industry as well. This perspective was also used for answering the research question. In the literature review section the objectives were to study the profession, industry and the milieu of music publishing. Based on this basic knowledge the empirical part focused more on the current situation, changes, trends and future perspectives of this industry.

## 2 Literature Review

### 2.1 Basis of Music Publishing

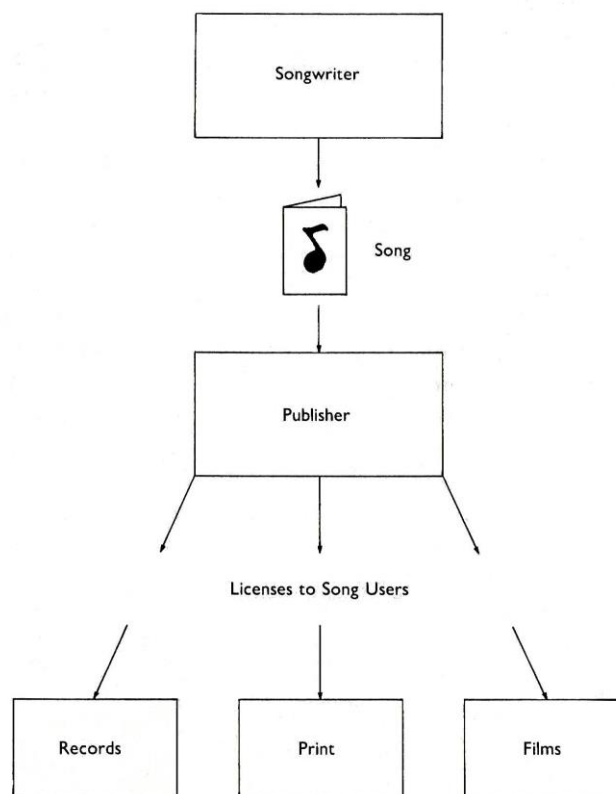
*'Music publishers develop and promote songwriters and songs and collect and disburse fees and royalties for the use of those songs.'*  
(Anderton, C., Dubber, A. & James, M., 2013, 45)

Music publishing is, for many, an unknown territory in the music business. However, music publishing is a quite traditional form of the music business. It has been part of the music industry from the 17<sup>th</sup> century (Baskerville 2006, 50) and before the time of the singer-songwriter culture music publishing was the core of the music business (Barrow & Newby 1995, 44). Nowadays, the role of a music publisher is more and more stepping into filling the gap in A&R (Artists and Repertoire) functions (Gammons 2011, 51). A&R is a function of a record company for finding new talents, writers and artists as well as making the decisions whether or not the record company should invest in these newcomers. A&R managers work with the artists after signing on the repertoire of the artist. (Barrow & Newby 1995, 63, 69) At present, the major music companies want more market-ready material for their rosters. Therefore, the guidance and development of an artist is nowadays a greater part of the publisher's profession than before. (Gammons 2011, 51)

The music publisher term includes everyone and everything from a one-person company to a multinational record company with its affiliates (Baskerville 2006, 52). It depends on the type and size of the publisher what the nature of the business is. (Barrow & Newby 1994, 50) Wixen defines music publishing as owning and exploiting music copyrights as well as controlling the rights. Therefore, music publishers are rights holders and licensors. (Wixen 2005, 1) The job of a music publisher varies with the size of the publishing company, the nature of the signings and catalogues and the aim of the publisher. Some of the publishers specialize by searching for certain kinds of writers whereas other publishers invest in quantities and hope that as many of the songs in the catalogue as possible will make profit. (Barrow & Newby 1995,



50) The core of a music publisher's job consists of, in a nutshell, registering and administering copyrights, protecting the copyrights and moral rights, acting to generate income from the copyrights, collecting and accounting royalties, issuing licenses and marketing and promoting the writers and the catalogue (Gammons 2011, 59). When discussing music publishing, the core of the business is the catalogue. In the world of music publishing, catalogue is a collection of music songs (Wixen 2005, 148). FIGURE 1 shows quite simply the structure of the music publishing industry. The basic idea, very simply put, is that a songwriter writes a song and transfers the rights to a publisher who licenses the song to the song users.



*Figure 10. Publishing industry structure.*

**FIGURE 1. Music Publishing Industry Structure (Passman 2008, 254)**

In Finland music publishers are grouped in the intermediary stage of music business. As FIGURE 2 shows, music publishers are seen to be in the same group as composers, lyricists and arrangers. However, all three groups, live

music, works and recordings, are connected to each other, and therefore music publishers work mainly within the works group and yet, are connected to the other areas as well.

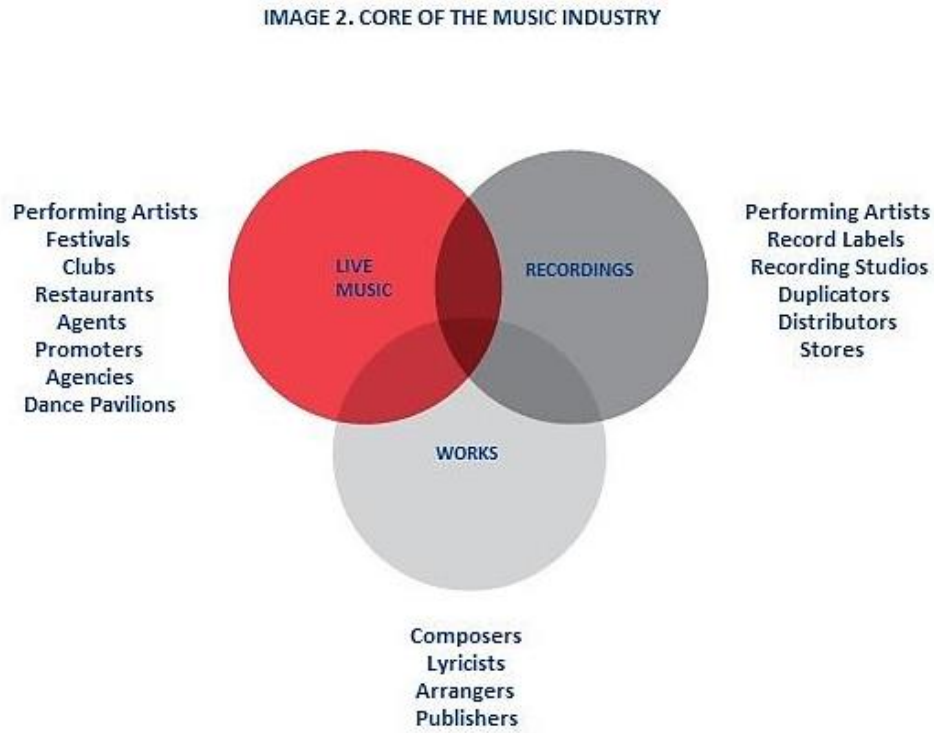


FIGURE 2. Core of the Music Industry; Translation from Image Musiikkialan Ydin (Tolppanen 2013, 8)

### 2.1.1 Five Primary Functions of a Music Publisher

In order to clarify what music publishers really do and to help understand the branch, a definition of the tasks of music publishers is most likely in place. According to Beall (2004, 6), music publishing can be divided into five primary functions which form the foundation of the music publisher's profession. The functions are exploitation, administration, collection, protection and acquisition (Beall 2004, 6).

For many writers **exploitation** is the main reason to hire a publisher. Exploitation in the world of music publishing describes the process from finding a song

and placing it in the market for the audience to find it. Finally, the song will start to generate income for the writer and, of course, for the publisher as well. As one of the most important tasks of a music publisher pitching the songs is an essential part of exploitation, and usually this task, in large companies, falls under the creative department. It is also good to remember that in music publishing, exploitation as a word has no negative connotations. (Beall 2004, 6-7)

**Administration** is the next one in the original functions of a music publisher. This is the area which consists of paperwork. The use of the copyrights, registering copyrights, issuing licences and negotiating reduced royalty rates are all areas which need paperwork. Many smaller publishers have an administration deal with a larger publisher in order to concentrate more on, for example, the exploitation. (Beall 2004, 7)

The ultimate aim of the music industry and music publishing is to make money with songs/compositions. When the catalogue generates income, the money needs to be **collected**. A music publisher will keep a record on all the various incomes from copyright use, then collects the royalties and distributes the writer's share to the writer. (Beall 2004, 8) Collection societies are part of this collection process. If a publisher is a member of a collection society, the collection society takes care of collecting the royalties on behalf of the publisher to a certain extent and then distributes the royalties to the publisher.

The catalogue and its songs need to be **protected** from copyright infringements, in other words, from unwanted exploitation and unauthorised use or alteration of the song. Naturally the publisher, as the copyright holder, is responsible for protecting the copyright material from these. However, protecting the catalogue has another direction as well. The writer, whom the publisher represents, might face accusations of plagiarism, and in these cases it is the publisher's task to take care of the settlement process. (Beall 2004, 8)

Scouting new talents and copyrights and making **acquisitions** is what keeps the publisher in business and the music publishing industry running. By acqui-

sition the publisher signs new authors and keeps the catalogue updated in the ever changing world of business and customer tastes. (Beall 2004, 9)

### **2.1.2 Types of Publishers & Global Market Shares**

As every branch so does music publishing have different types of players. Passman (2008, 257) divides publishers roughly into four types. First of all, there are the **major publishers**. These are familiar to everyone who has heard of the music industry, and they are ruling the business. The majors are companies such as Universal Music Publishing or Warner/Chappelle. The connection to record labels seems obvious from the names of the majors, and every major record label nowadays has its own publishing division. In addition, some of the major film companies, especially in the USA, have music publishing divisions of their own. (Passman 2008, 257)

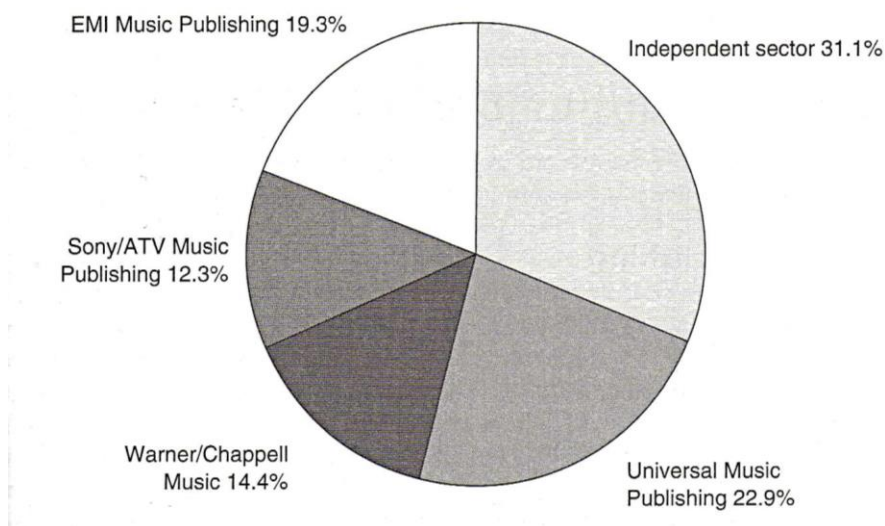
The second type of a publisher is somehow in between an independent publisher and a major publisher. This type is an **independent publisher working as an affiliate to a major**. Usually, this means that the administration of the publishing company is externalised and handled by a major. The extent of the affiliation can be for a certain territory only or globally. (Passman 2008, 257)

As opposite to the majors, the next publisher type is the stand-alone publisher. These **stand-alone publishers** are independent publishers and, unlike an affiliate to a major, these publishers have decided to have all functions within the company. However, a stand-alone publisher can licence some territories to a major but this is a matter of its own and has to do with sub-publishing. (Passman 2008, 258)

The final publisher type is a **writer-publisher**. As the name indicates, this publisher type means songwriters who have their own publishing business and are working as their own publishers. (Passman 2008, 258) Due to the Finnish taxation regulations, this publisher type is quite common in Finland.

Therefore, this type of publishing can be seen financially attractive by the Finnish writers.

An easy and quick way of understanding the business situation in an international scale is to look at the market shares. Just like the recording industry, also the music publishing business is mainly ruled by the majors globally. A few years ago, in 2010, only approximately 1/3 of the market share was ruled by the independent sector whereas the rest was held by the majors. At the moment, compared to the situation in 2010, the situation has slightly changed since EMI Music Publishing was sold to Sony/ATV in 2011 (Anderton, Dubber & James 2013, 56). Therefore, Sony/ATV holds now over 30 % of the global music publishing market share which is more than the independent sector. (See FIGURE 3)



**FIGURE 3. Global Music Publishing Market Shares 2010 (Anderton, Dubber & James 2013, 55)**

### **2.1.3 Income Streams**

As any other business, music publishing is essentially aiming to make money and gain profit. In this business there are several income streams which together form the revenue. Performing rights, mechanical rights, synchronisation and print rights are the traditional income streams of publishers (Gammons 2011, 9). Income streams have been changing over the recent years while the

industry has changed, and they have brought additions to the traditional incomes. These income streams are divided as 'new' income streams and other income streams. (Anderton, Dubber & James 2013, 58-59).

Next the areas of income streams are discussed a little more in depth. The traditional income streams include performing and mechanical rights, synchronisation and sheet music. The performing rights and probably the mechanical rights are in general the best known income streams. As the definition of performing rights already states, the income from a publicly played song falls under the performing rights, and every time the song is played in public, the writer and publisher will earn money. Performing income can come from, for example, a radio or television programme or an everyday place like a club or a store. The mechanical rights generate income in cases when the song is recorded, and the recording is sold to a customer. Sheet music is one of the oldest ways of generating income in the music publishing industry and it still is. In addition, synchronisation income is in global music publishing one part of the traditional income streams of a publisher. Synchronisation royalties are generated when a song is used in an audio-visual context such as a TV-commercial or film. In synchronisation, the permission for the use of a certain version of the song is permitted not only by the publisher but the master owner as well. (Anderton, Dubber & James 2013, 58-59)

'New' income streams and new media are increasing their importance as part of the music publishing business with new opportunities to exploit songs. Games are one of the 'new' platforms for exploiting music and generating publishing income. Nowadays, games contain more and more music, and video games such as the Guitar Hero or Sing Star are built around music. Together with games, mobile phones have entered the music publishing industry in the 21<sup>st</sup> century. (Anderton, Dubber & James 2013, 59) In 2012 the value of the global game industry was approximately 65 billion US dollars, and it has been the fastest growing area in the entertainment business in the 21<sup>st</sup> century. The game industry has passed the selling of recorded music, worth approximately 30 billion US dollars, and it is reaching the film industry, worth of approximate-

ly 84 billion US dollars. In Finland the total value of the game industry in 2012 was approximately 350 million euros. For the year 2013, Neogames, the association of the Finnish game industry, has estimated the total value of the industry to be nearly 1 billion euros and with the Supercell deal the value will rise for approximately 2 billion euros. In Finland, 90 % of the game industry's productions end up in export. (Neogames Website: Tietoa toimialasta)

At the moment, smart phones are able to play music with good sound. Therefore, mobile phones can be a vital way of exploiting music nowadays. (Anderton, Dubber & James 2013, 59-60) Mobile phones are also used as a platform for online music streaming services, such as Spotify. This is increasing their potential as a new platform for exploiting music. According to the IFPI (International Federation of Phonographic Industry), subscription services, such as Spotify, are the fastest growing area of digital music. These services are driven by, for example, bundle deals with mobile service providers. In 2012 Spotify had over 5 million paying subscribers. In Europe, Spotify is one of the largest services in the digital music markets and in Finland, Norway and Sweden it is the largest. From 2011 to 2012, the number of subscribers converting from the unpaid 'regular' version to the premium version of Spotify increased by 20 %. The investments to subscription services are globally worth millions. In addition, the Global Head of Digital Business of Universal Music Group International, Francis Keeling sees the opportunity in the digital markets and says that they are paying attention to mobile phones. (IFPI Digital Music Report 2013: Engine of a Digital World, 2013, 14-15)

Other possible income streams, modified by the transition of the industry, are somewhat connected to sampling. Sampling, which in its original form, means using parts of a song combined with a new song, is one of the additional income streams that music publishing has these days. (Anderton, Dubber & James 2013, 60-62)

#### **2.1.4 Copyrights and Music Publishing**

Copyrights are extremely important to the music industry and they are a part of the very essence of it. Copyrights protect the intellectual property which the music business is based on. Without copyrightable works the music business would be very different from how we know it. Copyrights generate great amount of, for example, license fees and royalties in several industries, publishing being one of them. The value of the copyrights to music publishing business is evident. (Shippey 2002, 19)

The general guideline for copyright protection is the protection of the original expression of ideas. However, copyright does not protect the ideas as such (Shippey 2002, 3). A copyrightable work is a creative work which is represented in a fixed form, for example, recording, printed form or performance (Copyright). Copyright protection has a defined term as well, and it varies from country to country, depending on the legislation. It usually varies in terms of the lifetime of the author plus 50-70 years. (Shippey 2002, 3) The Berne Convention guarantees the protection of the copyright during the author's lifetime plus 50 years in the member countries of the convention (Berne Convention 1886). In Finland, the term of the copyright is the lifetime of the author plus 70 years (Copyright).

Copyrights are divided to exploitation rights/economical rights and moral rights. Economical rights consist of the right to distribute and reproduce the work. The connection of economical rights to music publishing is that these are the rights which are transferred from the writer to the publisher. In fact, the moral rights cannot be transferred to anyone. Moral rights protect the paternity rights of the writer as well as the right to be respected (Anderton, Dubber & James 2013, 167). Due to the moral rights, the song cannot be used in an insulting or abusive connection or a connection which has been prohibited by the writer. Paternity rights give the writer right to be mentioned as the writer of the work.



## **Master Recordings**

Alongside of copyrights, in music publishing, the master rights are worth paying attention to as well. Master rights are part of the neighbouring rights. Neighbouring rights protect the performance of the work, whereas copyrights protect the work itself. For music publishing, the importance of the master rights owner comes in place in synchronisations. In synchronisation the permission for use is needed both from the author and the master owner. The royalties from the licensing for synchronisation are divided between these parties as well.

Passman (2008, 78-79) defines a master recording as the original recording of a composition. The master owner is usually the major investor who has spent money on the arrangements needed for the recording. If the artist is signed to a label, it is highly likely that the label is the master owner, since it has paid for the recording in advance. (Gammons 2011, 21)

### **2.1.5 *The Role of the Collection Societies***

Collection societies are part of the music publishing industry globally. In general, collection societies are divided into two parts: collection societies which collect the income from performing rights and collection societies of mechanical rights. The purpose of the collection societies is to collect royalties from the performing rights and mechanical rights to the rights holders, and represent local rights and provide reciprocal protection and collection in the society's territory. Therefore, collection societies provide for the collection of royalties as well as protection in intellectual property matters. (Gammons 2001, 34) In Finland, the performing rights society is Teosto and mechanical rights society is Gramex.

The performing rights collection society of Finland Teosto r.y. was established in 1927 by composers and publishers. At the moment, Teosto represents over 270 000 Finnish and over 3 million international composers, lyricists, publishers and arrangers. (Vuosikertomus 2012: Säveltäjien tekijänoikeusjär-

jestö Teosto r.y. 2013, 4) In order to register as a publishing client for Teosto, the publisher needs to continuously practice publishing operations. Teosto has some licensing rights which are transferred when registered as a client. These rights cover public performances, renting, recording and collecting royalties. (Asiakkuussopimus, 1) This leaves such functions as synchronisation and translation rights out of the jurisdiction of Teosto and they are left to the right owners (Tolppanen 2013, 18).

### **Pan-European Licensing and Online Licensing**

In Europe, there are either one or two collection societies per country. They take care of the collection of royalties from the usage of music and therefore manage the performance and mechanical rights as well as issuing licenses. In 2005, the European Commission wanted to ease the issuing of licenses for the online music markets. Hence, it introduced a system where any of the European national collection societies could issue Pan-European licenses for the online music markets. (Dyson, S. n.d.)

After the system was introduced, the major music publishers and some of the largest collection societies in Europe started to create hubs for issuing licenses. This was mainly for the Anglo-American repertoires of the majors but for Latin and American repertoires as well. The independent publishers followed the example set by the majors and started to team up with collection societies. Therefore, multi-territory online services deal with both: national collection societies as well as the hubs or collection societies signed by the publishers, in order to have the required licenses. Only nationally working online music services will most likely have the licenses from the national collection society. (Dyson, S. n.d.)

Although, the system was originally introduced by the European Commission to ease the licensing and increase the growth in online music markets in the European territory, the system is sometimes seen as time consuming and even holding back the digital music markets. The development towards the

hubs issuing Pan-European licenses for online markets has raised concerns in small European collection societies as well. They are concerned about the raising competition between the collection societies across Europe when larger collection societies can provide more royalties to its members and lower costs. (Dyson, S. n.d.)

## ***2.2 Music Publishing as a Part of the Finnish Music Industry***

Music publishing is an essential branch of the music industry and therefore it is important to examine the context of the Finnish music industry. The music industry in Finland is rather small compared to other countries, since Finland as a nation is, in a global scale, one of the smallest. Although, the Finnish music industry is small, it generates millions of euros every year.

In the Finnish music industry the use of the internet and online services is growing more and more. The versatility, in terms of distribution, is partially causing changes in the industry and, on the other hand, offering new platforms for music distribution. For the first time in 2012 the income from online services was able to cover the loss in physical sales. The sale of physical product decreased by 7.5 % in 2012 whereas the sales of the digital services increased by 35 %. Therefore, the year 2012 was an important year for the digital music markets' development in Finland. (Vuosikertomus 2012: Säveltäjain tekijänoikeusjärjestö Teosto r.y. 2013, 24)

### ***2.2.1 The Value of the Finnish Music Industry***

For examining the size of an industry and its current state, the value of the business is observed. The following numbers are presented as values without education, if not mentioned otherwise. From 2011 to 2012 the value of the Finnish music business increased by 2.4 %, with education the increase was 1.6 %. In 2012 the value of the business was 567.2 million euros whereas in 2011 it was 553.7 million euros. Therefore, in one year the whole business

increased by over 10 million euros. All of the areas in the Finnish music industry increased from 2011 to 2012, but live music was the area with the greatest increase. In addition, record sales increased in 2012 for the first time since 1999. This was the result of digital recordings and streaming services compensating the ever declining physical record sale. The Finnish music industry concentrates very much on live performances and the value of live performances in 2012 was 413.8 million euros, which is 71 % of the total value of the Finnish music industry. (Tolppanen 201, 12-13 & 20)

To give a comparison with regard to the size the Finnish music industry, some values and statistics from the Swedish music business can be presented. In Sweden, the value of the total music industry, in 2011, was a little over 705 million euros<sup>1</sup>, which is approximately 150 million euros or almost 30 % more than the business in Finland. 51 % of the total value of the Swedish music business was from the performance income with approximately 358 million euros<sup>2</sup>, whereas the mechanical income was nearly 157 million euros<sup>3</sup> and 22 % of the total value. Copyright income was 190 million euros<sup>4</sup> and 27 % of the total value. In 2011, the same kind of a trend for increasing online sales was seen in Sweden as in the Finnish markets. In Sweden, the increase of online sales was noticed in the both domestic and international markets. (Musicbranschen i siffror: Statistik för 2011)

### ***2.2.2 Recent Discussions in the Finnish Music Industry***

Recently the music business in Finland has had few recognisable areas of discussion and development. For music publishing, these areas of discussion are important as well since the publishing business is a fixed part of the music industry. These recent changes and discussions are related to the modernising of the business, technical advancements and international business.

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<sup>1</sup> 6.3 billion SEK; 1€=8.9261SEK (Suomen Pankki Website: Exchange Rates 6.12.2013)

<sup>2</sup> 3.2 billion SEK; 1€=8.9261SEK (Suomen Pankki Website: Exchange Rates 6.12.2013)

<sup>3</sup> 1.4 billion SEK; 1€=8.9261SEK (Suomen Pankki Website: Exchange Rates 6.12.2013)

<sup>4</sup> 1.7 billion SEK; 1€=8.9261SEK (Suomen Pankki Website: Exchange Rates 6.12.2013)

For the whole Finnish music industry and especially for music publishers, the area of discussion in late 2013 was the deal between Teosto and YouTube streaming service. In October 2013, Teosto announced long-awaited news. They had closed a deal with YouTube concerning copyright royalty payments to the writers of the songs, used in YouTube's internet service. (Teosto ja YouTube solmivat lisensointisopimuksen, 2013) The agreement was an important milestone in the new music markets. The agreement is also significant to the music publishing industry in Finland since now one of the most widely used streaming services will provide royalty income for the rights holders. (Teosto ja YouTube solmivat lisensointisopimuksen – kysymyksiä ja vastauksia, 2013)

With regard to the audio-visual context, games and especially game music have generated discussion in the industry recently. Game music is under a microscope in the Finnish music industry for its opportunities for the future of music business. Usually the music for games is produced based on work-for-hire type of agreements. Currently Teosto and Tekes (The Finnish Funding Agency for Technology and Innovation) with the Finnish game music professionals are joining their forces to draft new guidelines for the game music business. The aim of the project is to separate the game music as its own entity which can generate new income streams for the writers and the music industry. (Pelimusiikki tähtää vientihitiksi, 2013) Therefore, it could be that in the future game music will spread more into the music business and perhaps vice versa.

As the life style these days, so is the music business moving more and more towards the digital form. In summer 2013 Warner Music Finland published most of their catalogue online. The catalogue can be listened to and searched via the suomalaisenmusiikinhistoria.fi website. In order to listen to the songs the user must download the Spotify streaming service. Warner Music is the owner of basically all recorded Finnish music from the 1920's to the 1970's. The service contains some recordings that were unavailable to the audience before. Since the catalogue is so vast the digitalisation now contains a part of

the cultural history. (Valtaosa katalogista nyt digitaalisesti saatavana, 2013)  
The digitalisation of the Warner Music Finland catalogue is one example of the digitalisation of the Finnish music industry.

Final important area of development is the export of music. Finland is currently investing the exporting of Finnish music. The internationalisation and export of the music business has been going on for years and yet is nowadays seen as a great opportunity in the future. There is a Finnish association called Music Finland which is promoting and exporting Finnish music abroad. The value of the Finnish music export in 2012 was in total 35.8 million euros (Suomalaisen musiikkiviennin markkina-arvo ja rakenne 2011–2012, 2013). The Finnish minister Alexander Stubb states that the government is on its behalf encouraging the Finnish music export and sees it as an important part of the national economy. Stubb sees the synchronisation of the music as an important part of the future of exporting Finnish music as well as online services. (Stubb haluaa nähdä suomalaisen musiikin nousevan huipulle, 2013)

## *2.3 Music Publishing Business in the 21<sup>st</sup> Century Finland*

### *2.3.1 Setting of Music Publishing*

In Finland the music publishing industry often seems blurred even to professionals working in the music industry. It is not completely clear what a music publisher does and what the tasks of a music publisher are. Even though the music publishing industry is unclear, it is seen as an important part of the music industry in Finland, especially in the global exploitation of music and exporting artists abroad. (Ahokas & Frisk et al. 2004, 36-37)

The music publishing business in Finland is very fragmented. There are music publishers who are professionally practising the business and, on the other hand, there are writer-publishers who are publishing their own works without a professional publisher. In addition, the growing game industry is usually using

work-for-hire type of agreements where in exchange of a onetime payment the copyrights are transferred to the company. According to Taloussanommat and Pitkänen's article (2012), in the game industry the writer receives a one-time payment for writing a song, and even though Teosto is collecting the royalties, they are not paid to the writers. This is the consequence of a work-for-hire agreement.

At the moment there are approximately 40 music publishers who are currently members of the Finnish Music Publishers' Association. The music publishing industry in Finland is employing approximately 40 people. (Tolppanen & Tuomainen 2012, 30) The number of publishers has been the same for a few years now since in 2011 there were approximately 40 members of the Finnish Music Publishers' Association, and at the moment the number is very much the same (Tolppanen & Tuomainen 2012, 30). Compared, for example, to Sweden the number of publishers in Finland is very small. At the moment the Swedish Music Publishers' Association has over twice as many members as the Finnish Music Publishers' Association (Musikförlagarna: Medlemmar). On the other hand, according to the annual report of Teosto, in 2012 Teosto had in total 680 publisher clients, which was 18 publishers more than in 2011 (Vuosikertomus 2012: Säveltäjain tekijänoikeusjärjestö Teosto r.y. 2013, 14-15). The difference between the Finnish Music Publishers' Association's number of publishers and Teosto's publishing clients can be partially explained by the fact that the Finnish Music Publishers' Association accepts as its members only publishers who are professionally and actively working as music publishers. The association does not accept writer-publishers, who are publishing only their own music, as their members. (Yhdistyksen säännöt 2008, 1) There is also a possibility that a small part of the publisher members of Teosto are foreign publishers.

Hence, it would seem that most of the music writers in Finland tend to establish a company with sole purpose to publish their own songs instead of using a professional music publisher. Eicca Toppinen states that the publisher's share was too much compared to the publisher's work which, to him, meant mainly

collecting performance and mechanical royalties. This was the reason why he started his own company, just like many other Finnish music writers. (Lehtinen 2011, 207-208) This reflects the Finnish music industry quite well, since it is often seen that music publishing is something that a writer can do on one's own, and the publisher's job is only the collection of royalties. It might be that the whole picture of the elements that are connected to the music publisher's tasks is not perceived well, and that it is experienced as an expensive service.

At the moment the most significant publishing companies in Finland are Warner/Chappelle, which owns the largest catalogue of the Finnish music copyrights, and Universal Music Publishing. Both Warner/Chappell and Universal Music are multinational major labels. What makes the presence of Warner Music Group even larger in the Finnish music publishing scene is that HMC (Helsinki Music Company) is part of Warner Music Finland. HMC together with Elements Music is, in addition to the majors, one of the most significant music publishers in Finland. Fennica Gehrman is considered a significant publisher in Finland and it is focused on publishing classical music whereas the other companies are focusing more or less on popular music. (Tolppanen 2013, 18)

In some cases, music publishers operating in Sweden are in charge of the whole Scandinavian territory, including Finland. For example, BMG Chrysalis is operating the whole Scandinavian operations from Sweden. Therefore, some music publishing companies are not based in Finland but they are operating in Finland.

### **2.3.2 *The Finnish Music Publishers' Association***

The Finnish Music Publishers' Association is a national association representing Finnish music publishers. The aims of the association is to improve the music publishing industry in Finland, follow the changes in legislation, inform the members about the changes, represent the members in official connection such as with government, organise training for its members and inform about



music publishing and licensing in general. (Finnish Music Publishers Association's website)

The Finnish Music Publishers' Association accepts as its members only companies which are practising the music publishing business professionally. Professional music publishing is defined in the bylaw of the association as a publisher who owns copyrights for the published material and is administering these rights as well as using them to gain profit. The mission and aims of the publisher should not be limited to one writer's gain in taxation. Therefore, the association does not accept writer-publishers as member of the association because they only publish their own works. (Yhdistyksen säännöt 2008, 1)

### **2.3.3 Music Publishing Contracts in Finland**

The aim of a music publishing contract is to increase the economic value of a song as well as its publicity and usage. Via a music publishing contract the writer of the song transfers copyrights, which in this case are the economical rights, to the publisher. Via the contract, the publisher has rights for synchronisation, finding a performer for the work, publishing the work in a printable form, collecting royalties, granting licenses and the right for the publisher's share. (Lehtinen 2011, 199)

In order to give guidelines and information to the writers and publishers, Teosto, the Finnish collection society, has set a guideline for the publisher's share. The publisher's share is  $\frac{1}{3}$ , in percentages 33.33 %, with works published by one publisher. With works in which only the lyrics or the melody is published by the publisher, the share is 16.67 %. Nevertheless, the author and the publisher can negotiate on a different publisher's share if needed or wanted. (Lehtinen 2011, 205)

In Finland the Finnish Music Publishers Association, the Finnish Composers' Association and ELVIS ry. have negotiated a template for music publishing contracts which is recommended to be used. Teosto has also determined in

its customer agreement which rights are transferred to Teosto and which, therefore, cannot be transferred to a publisher. (Lehtinen 2011, 201) The general guideline is that Teosto grants collective licenses, and publishers handle individual licensing.

The Finnish Copyright Act sets its own limitations and rules for music publishers as well. According to the Finnish Copyright Act, an author transfers to a publisher, via a publishing contract which gives the right to publish and reproduce the work by printing or in ways that can be compared to printing. The publisher must publish the work within a reasonable time. In musical works, a reasonable time is defined as within four years from the date the author has submitted the work to the publisher. After the four years the author of the work has the right to keep the earned remuneration and determine the publishing contract, even if the publisher has not breached the contract. Therefore, the determination of the contract can be done only if the publisher has failed to publish the work within four years' time, otherwise it is a matter of contract law. The publisher has to, within nine months from the end of the year, render an account to the writer for the remuneration of the income from rental or sale income, if such has happened during the fiscal year. (Tekijänoikeuslaki 1961, 31§, 33§, 34§ & 35§)

#### ***2.3.4 Income Streams in the Finnish Music Publishing Business***

It would seem, compared to the size of the business that the few publishers working in Finnish music industry are at the moment somewhat successful. In 2012 both performance and mechanical royalties paid to the members of the Finnish Music Publishers' Association increased. The performance royalties increased by 5.3 % from 2011 and were worth over 2.1 million euros. The mechanical royalties, on the other hand, increased by 7.8 % from 2011, and the value of the royalties was a little over 850 000€. The performance royalties also included the royalties from grand rights and stage works, and the mechanical royalties included synchronisation income. (Esitys- ja mekanisointikorvaukset kääntyivät nousuun, 2013) In 2012, the direct licensing by music

publishers decreased by 15.8 %. This was partially explained by the decline in the sale of physical recordings which brought down the mechanical royalties. The other part of the explanation is a company acquisition where a Finnish textbook publisher was sold and, consequently did not report its numbers to the Finnish Music Publishers' Association anymore. Even though direct licensing went down, its value was still 3.4 million euros in 2012. (Tolppanen 2013, 18).

### **2.3.5 *Changing ambience of music publishing***

Synchronisation, digitalisation and game music have been interesting recent developments in the music publishing business. In Finnish music publishing, developments come somewhat later than internationally. Therefore, it is interesting and useful to compare the situation in Finland to the international situation. By comparing, perhaps, some future developments of the industry can be predicted.

Globally the value of synchronisation in music industry is growing. According to Music Week, the International Federation of Phonographic Industry's (IFPI) annual Record Industry in Numbers (RIN) 2013 stated that the global synchronisation revenues increased by 2.1 % in 2012 (IFPI: Global Sync Revenues Up 2.1 % in 2012). The number of synchronisation deals is rapidly growing in the global scale. According to IFPI's Investing in Music Report 2012, synchronisation in music business is not only growing in terms of income but it is also increasing its popularity among the writers/musicians. The reason why the synchronisation deals have become the mainstream is that the right synchronisation deal can speed up the success of an artist. Synchronisation deals provide financial security for the artists as well and partially explain the popularity of them. (Investing in Music Report 2012, 25) In Finland the amount of synchronisation revenue from the total recorded music revenue is small. As seen in TABLE 1, in 2012 the trade value of synchronisation in Finland was 200 000 US\$. In addition, it decreased by over 50 % from 2011 when the value was 500 000 US\$. (RIN-Sample Page-2013)

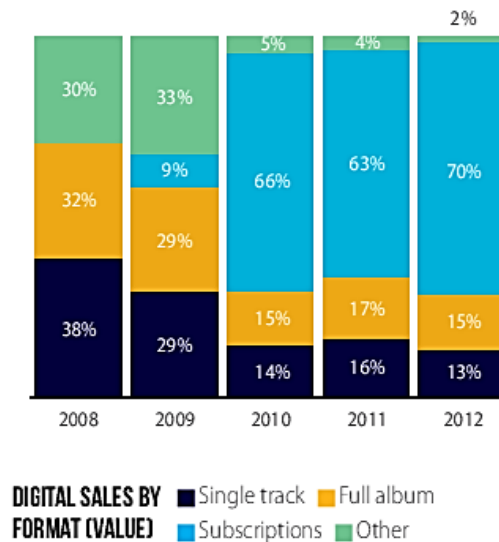
**TABLE 1. Recorded Music Revenue, Finland 2012 (RIN-Sample Page-2013)**

RECORDED MUSIC REVENUE (US\$ MILLION, TRADE VALUE)							
	Physical	Digital	Performance rights	Synchronisation revenue	Total (US\$)	Total (EUR)	Total % change
2012	41.3	15.3	11.4	0.2	68.2	53.2	+2.6%
2011	44.7	10.8	10.4	0.5	66.5	51.8	-2.2%
2010	47.5	10.6	9.6	0.3	68.0	53.0	-2.9%
2009	56.4	5.6	8.0		70.0	54.6	-16.3%
2008	70.4	3.9	9.3		83.6	65.2	-0.2%

Note: 2011 figures revised.

Even though synchronisation is a growing part of the music business in a global scale, it is not the same in the Finnish music business. Synchronisation is part of a music publisher's tasks and it might be that, since the music publishing business as part of the Finnish music industry is fairly unknown to some extent, it is reflecting a possible growth of the industry.

Digital sales of music have been showing signs of the revival of the whole music industry and starting to cover the losses of the declining physical sales. As it was mentioned earlier in the research, the digital environment is interesting field for the whole music market. It seems that consumers are consuming music more and more via digital platforms. The physical sales have been constantly declining in Finland from 2008 to 2012, according to the RIN 2013 sample page. On the other hand, the digital sales have been increasing. As FIGURE 4 shows, the number of subscriptions' of the total digital sales in Finland has been growing rapidly. From 0 % in 2008 to 70 % in 2012 is a big leap in the music business. At the same time the sales of full albums and single tracks are diminishing. On the other hand, the digital platforms provide a larger market for synchronisation as well. For example, according to Teosto, the royalty incomes from YouTube are commercial incomes generated by commercials linked to the music videos (Teosto ja YouTube solmivat lisensoin-tisopimuksen).



**FIGURE 4. Digital Sales by Format (RIN-Sample Page-2013)**

In Finland the importance of game music has already been noticed, as pointed out earlier. Globally the development in the 21<sup>st</sup> century has been that music publishers have acquired game companies' music catalogues or they have merged and started new publishing in the field of game music. In 2004 EA Games and Cherry Lane Music founded a new music publishing company called Next Level Music (EA, Cherry Lane Forms Pubbery). In 2007 Microsoft and Warner/Chappelle, two major companies, signed an administration deal where Microsoft's several thousand compositions were signed to be administered by Warner/Chappell (Warner/Chappelle Inks Microsoft Deal). In Finland game music is seen as an opportunity at the moment. Teosto is trying to lift the game music industry since it is seen as a future development. Game music and the royalty collections and licensing are tried to be modified so that game music can succeed as its own entity and not just part of games (Pelimusiikki tähtää vientihitiksi). It would seem that the game music industry was globally recognised in the music industry already in the early 2000's. For some reason it is still not a fixed part of the music industry or music publishing even though the game industry is having a major global success at the moment, such as that of Angry Birds.

### 3 Methodology

When deciding the research method for the study, two matters of the research area were looked closely: the amount of previous research and the size of the industry. The area of the research, the Finnish music publishing industry, is very limited because of the small size of the business. In addition, previous research in the field is very limited. *Sävelten Markkinat – Musiikinkustantamisen historia Suomessa* by Vesa Kurki is the most comprehensive previous study in the field. Due to the small size of the industry and previous research, using a quantitative research method would have been difficult, and the small target group would not have given reliable results. In addition, the lack of previous studies would have been problematic with a quantitative research method. Therefore, in quite early stage qualitative research method was selected for the study. According to Hirsjärvi, Remes & Sajavaara (2004, 152), the basis of qualitative research is to describe real life, and the research target should be studied as comprehensively as possible. Instead of using numbers and statistics, qualitative research uses words and sentences. Qualitative research aims to reflect and understand a phenomenon as well as give a meaningful interpretation. (Kananen 2008, 24) Considering the aim of the research which was to study the changes and future perspectives of the Finnish music publishing industry, qualitative research method suited to the nature of this study and was selected. A qualitative research method suited to the study since it gave the tools for studying the phenomenon as well as for using a smaller target group.

Interviews were found to be the most suitable and efficient way for collecting data for the study. Interviews allowed data collection in two stages and studying the subject from various points of view. The empirical part was executed in two phases with pre-interviews and final interviews. As Hirsjärvi & Hurme (2000, 72) have stated, pre-interviews are important for perceiving experiences and factors such as the choice of words by target group. The idea was also to find suitable and reasonable questions, edit the questions and decided on their possible order for the final interviews. One important task for pre-

interviews was, as well, to see how long the interviews would approximately take. (Hirsjärvi & Hurme 2000, 72)

### **Interviews**

All of the interviews were held as theme interviews. The structure of the interviews was close to one another. The first phase of the empirical study was based on relying more on the themes whereas the questions in the second phase were more structured. The questions and the structure of both interviews can be seen in the appendices of this study (Appendix 1: Pre-interview Questions and Appendix 2: Final Interview Questions).

The interviewees were selected so that they would represent the Finnish music publishing industry from many perspectives. Especially when selecting the first interviewees, it was highly important to select professionals who had high knowledge of the field, who were personally interested in the industry as well as dealing with it on a daily basis. For the final interviews it was important to broaden the perspective and select operators from different areas connected to the field of study. The final decision about the participants was made with Tommi Tuomainen.

All of the interviews were recorded and notes were made to ensure that the answers would be available even if something happened to the recording and to ensure as unbiased analysis and results as possible. As such the situations and conversations were relaxed. In the second phase the questions were sent in advance to two participants at their own request. All of the participants knew the topic of the research before accepting to take part in the study and before the interviews took place. There was no significant difference between the people who knew the questions beforehand and with those who only knew the topic of the research. The time spent on the individual interviews varied from approximately 30 minutes to an hour depending on the participant. All of the interviews took place at the end of the year 2013. The first phase was executed in late November and the second phase took place in early December. As

interview venues the interviewees' own offices were used so as to decrease the trouble for them as well as to use a familiar site for a more relaxed situation.

As an interviewer I aimed to be as objective as possible and drafted the frame of the interviews well beforehand and paid attention to the layout of the questions. I tried to avoid leading questions in order to ensure as reliable results as possible. Therefore the planning of the interviews was an important phase. However, obviously the material collected for the literature review and the aim of the study influenced on the interview situation and partially on the objectivity as well because of the possible unintentional assumptions based on previous knowledge. As an interviewer I tried not to restrict the flow and the direction of the conversation too much in order to ensure reliable and extensive data. On the other hand, I felt that my role as a researcher was then to obtain accurate information and results from the interview data, and for this reason to collecting all the relevant information available was essential.

At quite an early stage the saturation of the sample, where same themes started to repeat themselves in the different interviews, started to show. Due to the saturation and its development, the total number of the interviewees was limited to five since most likely with more interviewees no significant new information would have been found and, hence, the study would not have gained any significant added value.

The method used for the analysis of the interview data was analysing and dividing the results under themes. A thematic analysis was a logical and natural way to progress since the interviews were built around themes. The division of the interview results followed the themes of the interviews very closely since it was a clear way to divide and analyse the data. In the Findings sections the analysed data is presented by means of summaries and quotations which are grouped under the themes.



## **Interviewees**

### *Tommi Tuomainen, the CEO of Elements Music*

Tommi Tuomainen is currently working as the CEO of Elements Music and he is the founder of the company. He has worked in the music industry since the 1990's. He has several years of experience from the industry and work experience from diverse jobs in the industry. In addition, he is currently the chairman of the Finnish Music Publishers' Association.

### *Pekka Sipilä, the Executive Director of the Finnish Music Publishers' Association*

Pekka Sipilä has over 30 years of experience from the Finnish music industry and he is currently working as the executive director of the Finnish Music Publishers Association. Earlier he has worked for Musiikki Fazer and Warner/Chappell as well as Edition Wilhelm Hansen.

### *Satu Mättö, Teosto*

Satu Mättö is currently working at Teosto, the Finnish collection society, as a Head of Beneficiary Services. She also has several years of experience in music industry.

### *Sami Häikiö, Music Finland*

Sami Häikiö is at the moment the Head of International Affairs in Music Finland. He joined Musex, Music Export Finland which was turned into Music Finland, in 2007. In addition, he has several years of experience of working in versatile jobs in the music industry including radio and record label jobs.

### *Marja Kortelainen, Warner/Chappell Finland*

Marja Kortelainen is at the moment working in Warner/Chappell's office in Finland as a Creative Manager. In addition, she is a board member of the Finnish Music Publishers' Association.

## 4 Findings

### 4.1 Pre-interviews

#### **The Branch of Music Publishing as Part of the Music Industry**

The branch of music publishing is an important part of the music industry also in Finland. Traditional sheet music publishing is still important, but the focus has and is changing over time. The music publishing business as part of the music industry, in general, was according to both Sipilä and Tuomainen, based on publishing the sheet music and was still seen as an important part of, especially, classical and art music.

*”tietysti vanhimmalta osaltaan on puhtaasti nuottia ja nyt nykyään nuotti koskee vaan tiettyjä alueita, taidemusiikkia, vakavan musiikin puolta ja kuoropuolta lähinnä.”*

*(of course in the oldest parts it is purely sheet music and these days sheet music is for certain areas, mainly art music, serious music and choir side.)*

*(Sipilä, P. 2013)*

The focus of a music publisher is undeniably on working with songwriters and their works. Sipilä defined the world of publishing as being the world of the work. He said, “*No, kyllä kustantamisen maailma on koko se teosmaailma. Ei artistin, vaan se teoksen maailma.*” *(Well, the world of publishing is the whole world of the work, not the artist’s world, but that of the work.)* Tuomainen stated that the music publisher was an intermediary between the writer and the client, for example, between a writer and a record label.

*“Jos katsoo niinku musiikkitoimialaa, nii kustantamot on siellä niin ku luovalla puolella, teosten puolella, ja oikeestaan välittäjäportaana tekijöiden ja sitten musiikin käyttäjien eli levy-yhtiöiden ja artistien, tuotantoyhtiöiden välille.”*

*(If you look at the music industry, the publishers are there in the creative side, on the work’s side, and really as an intermediary between the writers and the users of music which are record companies and artists and production companies.)*

*(Tuomainen, T. 2013)*

The nature of the job has been changing over the years and continues to change to a more versatile direction embracing more modern aspects. Both Sipilä and Tuomainen stated that music publishing had been becoming more versatile over the years and moving from publishing sheet music more into promoting writers and songs. *“Teoksen käytönedistäminen on muuttunu ja tulee muuttumaan yhä monipuolisemmaks” (The promotion of the work’s use has changed and will change to a more versatile direction)*, said Sipilä. Tuomainen thought the following,

*”ollaan siirrytty niist perinteisist lisensiointityypeistä niin ku graafisten oikeuksien lisensioinnista nii ollaan menty enemmän kohti sitä digitaalista jakeluu niin ku ja musiikin ... musiikin esittämis- ja tallentamiskorvauksiin.”*

*(we have moved from the traditional licensing types like sheet music licensing and moved more towards digital distribution and music’s remunerations from performances and recordings.)*  
(Tuomainen, T. 2013)

In addition, Tuomainen divided the publishers into two categories, ‘banking and baking’. He saw that there are publishers who focus more on the administration of rights and financing and are more ‘banking’ publishers. On the other hand, there are publishers who invest in content and intellectual property rights as well as promoting and contributing to the writer’s career and works. In addition, the trend internationally has been that smaller publishers have been bought out by the bigger publishers. However, in Finland this kind of movement has not taken place.

*“on ollu viimeset ajat semmonen trendi kansainvälisesti että isot kustantamot ostaa pienempiä kustantamoita-- tällä hetkellä Suomessa on aika rauhallista, että tääl ei mitään sellasta hirveen aggressiivista ostotoimintaa ainakaan oo toistaseks ollu.”*

*(lately there has been a trend internationally where large publishers buy smaller publishers--at the moment in Finland it is quite calm and there has not been a very aggressive purchasing movement so far.)*  
(Tuomainen, T. 2013)

However, he says that size is power and that the size of the catalogue is what counts in the end.

*“kustannustoiminta on käytännössä aina perustunu sille katalogin koolle. Niin sen relevantin katalogin niin ku merkitys on korostunu entisestään--et siinä mielessä niin ku kyl koko on valttia.”*  
*(publishing is practically always based on the size of the catalogue. So the importance of a relevant catalogue has grown even more--so in that sense size is an asset.)*  
*(Tuomainen, T. 2013)*

### **The Music Publishing Business in Finland**

Music publishing in Finland is rather small scale at the moment. Only two majors, Warner/Chappell and Universal Music Publishing, are represented in Finland. Both interviewees also brought out Fennica Gherman as a major classical publisher operating in Finland. Sipilä stated that the music publishing industry in Finland has a wide range of operating companies, from a one man part-time publishing companies to the majors.

*”Aika laaja skaala, että siellä on yhden miehen sivutoimisia yrityksiä, sitten on kansainvälisten toimijoiden, kansainvälisistä yhtiöistä, Warnerilla on erittäin merkittävä siis Warner/Chappelillä erittäin merkittävää liiketoimintaa täällä, Universaalilla myös.”*  
*(Quite large scale, there is one man part-time companies, then there are international players from international companies, Warner/Chappell has very important business here, Universal as well.)*  
*(Sipilä, P. 2013)*

Tuomainen pointed out that even the major Warner/Chappell employs only two people and is still the largest publishing company in Finland. Both interviewees also brought out publishing companies operating in Finland but which are located in another country. Usually these companies are located in Sweden, which is the centre of Scandinavia in the music business. In addition, there are publishers located in the UK and Germany but are operating in Finland.

The quite large number of writer-publishers is also part of the Finnish industry. Sipilä brought out that many successful, performing writers tend to have their

own publishing company. However, he pointed out that those companies are not eligible to be a member of the Finnish Music Publishers' Association.

*"Tommosella jokaisella menestyvällä bändillähän tuppaa olemaan oma kustannusyhtiö, mutta ne kustantaa sit vaan niiden bändin jäsenten omaa musiikki ja me aatellaan et se on lähinnä niin kun fiksua verosuunnittelua"*

*(Every successful band tends to have their own publishing company but they publish only the band members' own music and we (the Finnish Music Publishers' Association) think it is mainly smart taxation planning.) (Sipilä, P. 2013)*

The industry is small and therefore can be exposed to instability. However, Sipilä stated, the Finnish music publishing industry is stable from year to year.

*"Esityskorvaukset on ollu aika vakaita ja jonkin verran nousseet nyt ihan aallonpohjan jälkeen. Mekanisointikorvauksetkin, siis levymyyntiin tai äänitteiden käyttöön perustuvat korvaukset, on olleet pikkusen nousussa ja nuottien myynti on aika vakaata. Mutta hirveen semmosta pientä niin kun sahausliikettä, kohtalaisen tasasella tasolla."*

*(The performance incomes have been quite steady and they have increased a little after the lowest point. The mechanical incomes, the record sales or income based on the recordings have been increasing a little and the sheet music sales are quite stable. In a reasonable level, there is some very small back and forth movement.) (Sipilä, P. 2013)*

Tuomainen pointed out that the industry operators' interest towards developing the possibilities for making music is increasing. He also brought out, the lack of a significant international success in the Finnish music business, in the last 10 years. This also affects internationally to the interest to financially invest to the Finnish music publishing industry. Therefore, new operators and investments to the industry can be attracted through significant actions, stated Tuomainen. Even though, the people in the industry are professionals and highly skilled, the lack of skills in the marketing and selling in Finland, is one of the reasons why some of the Finnish artists have chosen to use a foreign publisher, Tuomainen pointed out.

Sipilä saw as an advantage in the Finnish music publishing industry the stable foundation of the industry as well as the old catalogues which are owned by the Finnish publishers. He also saw as a delighted advantage in the industry the steady arrival of new players who are eager and able to work internationally.

*”Hyvät puolet on se, että meillä on se vakaa pohja, meillä on vanhoja, kokeneita toimijoita. Meil on vanhoja katalogeja, yli sata vuotta vanhoja katalogeja. Ja sitten mikä musta on ollu hirveen ilahduttavaa, niin uusia osaavia toimijoita näkyy tulevan tälle alalle ihan koko ajan. Sellasia jotka nopeasti niin kun älyää, että mistä tässä on kysymys ja lähtee toimimaan myös kansainvälisesti.”*

*(Pros are that we have the stable foundation, we have the old experienced players. We have old catalogues which are over 100 years old. Then what in my opinion has been very delightful is that the new skillful operators seem to enter this industry all the time. Operators, who quickly understand what this is all about and start working also internationally.)*  
(Sipilä, P. 2013)

Tuomainen thought, it would be better if the multinational majors were more presented physically in Finland. It would bring more investments to the Finnish publishing industry and the importance of music publishing would increase. In addition, it would give more options for the writers to choose from, he says. Internationally the investments to the music publishing industry are great though, he adds. The Finnish music publishing industry lacks investments and a healthy competition in the industry would be wanted. Tuomainen stated that the international successes are important in order to attract more investments to the industry. He stated it is pity that the Finnish writers do not use the publisher's service as much as they could. The publishers' networks are used more efficiently these days and the cooperation in the industry is increasing.

*“se on sääli et tekijät ei käytä kustantajien palveluita niin paljon ku voisivat -- kustantajien sisäiset ja ulkoiset verkostot, niit vois hyödyntää enemmän”*

*(it is a pity that writers do not use the services of the publisher as much as they could--publishers' internal and external networks could be utilised more)*

*(Tuomainen, T. 2013)*

### **Changes in the Finnish Music Publishing Industry**

Remarkably visible change in the last years, have been the mechanical incomes. The mechanical licensing incomes have been decreasing from the previous years and it was brought out by both of the interviewees. Though it was experienced in the decreasing royalties in the publisher's income, it had not effected as much to the music publishing than it has to the recording industry. In addition, Tuomainen pointed out that until the recent years, records have been selling rather well in Finland. Both of the interviewees also brought out that the sheet music is strongly standing for its place as part of music publishing, now and in the future. The performance income was considered as a strong ground in the publishing business by both interviewees.

Sipilä thought that the consumer behaviour had not effected to the music publishing business rather than changing the focus and investing to new areas in publishing. On the contrary, Tuomainen stated, consumer behaviour and listeners changing from albums to singles, has effected to the business and its focal points. On the other hand, Tuomainen pointed out, the mechanical income from the record sales is not the ultimate foundation of the music publishing business. Therefore, the consumer behaviour, in that sense, had not majorly effected to the music publishing, he says.

In general, the music publishing business is changing towards a single driven business. In many cases the artists are still eager to record albums as one entity instead of singles, said Tuomainen. He pointed out that changing from the album to the single driven industry, the single song needs to be hit material. This is where the publisher can play a larger part by controlling the quality and keeping the writer on the right track in the writing process, Tuomainen stated. The profession of a publisher is not tied to the sheet music as strongly than before, and nowadays, as well as in the future, the publisher can offer to the writer an understanding of the customer's needs. However, Tuomainen states that the Finnish music industry has not known how to utilize the services of a publisher since the amount of the publishers working in the Finnish music industry has been few, excluding classical music.

*“Et se ymmärrys siitä asiakkaan tarpeesta on se, mitä kustantaja, me kustantajat, pyritään tuomaan niin ku tekijöille käyttöön.”*  
*(The understanding of the client’s needs is what a publishers aims to bring for the use of the writers.)*  
*(Tuomainen, T. 2013)*

As an important change in the 21<sup>st</sup> century in the Finnish music publishing, Sipilä stated, the exporting of music and saw a great future potential in it as well.

*”mä nään mahdollisuuksia näissä ennen kaikkee--viennissä ja synkronoinnissa paitsi elokuvia, mainoksii niin tietysti myös pelimusiikkii.”*  
*(I see opportunities in first of all-- in the export and synchronisation, not only films and commercials but of course the game music as well.)*  
*(Sipilä, P. 2013)*

In the future, the specialisation between the publishers is very likely and Sipilä said that *”erikoistumista tapahtuu yhä enemmän”* (*specialization is occurring even more*). He saw a great potential in the game music as well and did not exclude the possibility of the new publishers focusing on game music. According to Sipilä, the song lyrics are an area where the publishers have a great growth potential. At the moment, lyrics are an area which suffers greatly from piracy but has a lot of potential. In the international level, the music publishers are trying to lessen the level of piracy, he says. In the future, Sipilä predicted that the sheet music remains in the music publishing scene since its long history and demand on the classical music. He also thought that the status of music publishing in Finland will remain the same in a few years’ range, without any major changes.

The potential in the synchronisation use of music and the future increase in synchronisation were seen by both of the interviewees. In addition, Tuomainen pointed out, the industry has operators who have vast networks in synchronisation and it has a lot of possibilities. In addition by both of the inter-



viewees, licensing musicals through the music publishers has changed in the 21<sup>st</sup> century. Both brought out as an example the successful Finnish musical called “Vuonna -85”, which is a compilation musical of Finnish rock/pop music from the 1980’s.

At the moment, the industry lacks investments and Tuomainen considered if it is even possible to work as a fully independent publishers in the future industry. He pointed out, that the two way communication with the clients and partners is the way for the Finnish publishers to succeed. Already nowadays, as well as in the future, people are shorter sighted than before and the markets are not as clear and in control than before. This means that predicting the future development of the industry is harder than before, he says. The changing role of the collection societies in the EU area, by the EU’s initiative, changes the environment to more competitive rather than cooperative, said Tuomainen. It may also cause changes in the music publishing industry and in the role and position of the publishers. Therefore, the role of the collection societies is not as clear as nowadays and it cannot be seen clearly what the future role will be, he says.

*”tekijänoikeusjärjestökenttä on ollu hyvin stabiili ja staattinen ja niin kun kontrolloidussa monopoli asemassa ja verkostoitunut-- EU lainsäädäntö ajaa tekijänoikeusjärjestöjä enemmän kilpailija-asemaan keskenään. Mikä taas tarkoittaa sitä, että ei oo niin kun ihan selkeetä kuvaa siitä et mikä tekijänoikeusjärjestöjen rooli tulevaisuudes on.”*

*(the collection society field has been very stable, static and networked and in a controlled monopoly position--the EU legislation drives the collection societies towards more competitive situation. This means that there is not a clear picture of what will be the role of the collection societies in the future.)*

*(Tuomainen, T. 2013)*

### **Threats and Opportunities of the Finnish Music Publishing Industry**

According to Tuomainen, one of the opportunities for the Finnish music publishing industry is talented writers and the possibility to promote and exploit songs internationally. The export of music and the international markets were

seen as a great opportunity for the Finnish music publishing industry by both of the interviewees. Tuomainen stated as an opportunity the ability, through good production, increase the use of music. According to Sipilä, the opportunities for the music publishing are synchronisation and the strong usage of domestic music, which has been strong and is a supporting factor as well. In synchronisation, Sipilä sees opportunities, not only in the films and commercial use, but in the game music as well.

A scenario where jurisdiction would allow piracy, in some areas of a musical work which fall under the copyright protection, was seen as a threat by Sipilä. The possible decreasing level of success was, according to Tuomainen, a threat to the industry. In this case, the threat stated by Tuomainen was the decreasing amount of income, which might be bitten off only by the administration. He also saw as a threat the scenario where writing music and publishing music would be less attractive, compared to the current situation.

*”yksittäiset menestykset pienenee niin pieniksi et markkina fragmentoituu niin et kun ne tulonlähteet on monet ja niist tulee hirveen pienii määrii kerrallaan, et pelkästään se hallinnointi syö kaiken sen mahdollisen tulon, mitä tekijöille ja kustantajille tulee--kun menestykset pienenee niin myöskin yks uhka on se, että niin ku kustannustoiminta ja musiikin tekeminen ei enää houkuttele niin merkittäväällä tavalla. Että jos se koetaan et eihän siellä voi kukaan koskaan tienaa mitään, niin sit ei ne taitavimmat tyypit lähe sinne”*

*(single successes get so small that the markets fragment so that when the income streams are multiple and they generate small amounts of income at one time, that only the administration eats all the possible income of the writers and the publishers--when the successes get smaller, then one threat is that publishing and writing music is not as significantly attractive anymore. If it is felt that nobody can ever earn anything, then the most talented people will not go there.)*

*(Tuomainen, T. 2013)*

A threat can be the lack of ability in risk taking and investing in the business. Tuomainen thought, uncertainty of the business' future causes reluctance to invest and take risks.

## 4.2 Final Interviews

### The Status of Music Publishing in Finland Nowadays

The status of music publishing in Finland was seen as stable but different from the international models. In addition, the weak reputation and role in the internationalisation was brought out. Kortelainen thought that the music publishing business in Finland nowadays has a stable and good status and its place is understood within the music industry.

*“Kyl niin ku lähtökohtasesti asema on mun mielestä hyvä, et niin ku tää... tää bisnes niin ku musiikkikustantaminen ymmärretään alalla osana bisnestä”*

*(Well the status is good, this business is, the music publishing is understood in the industry as part of the business)*

*(Kortelainen, M. 2013)*

The support systems for the music publishers have developed and are nowadays good. The support systems enhance the status of music publishing as well, stated Kortelainen.

Mättö and Häikiö both stated that the role of a music publisher in Finland is different than for example in Sweden. This is also seen in the rate of the published Finnish songs registered in Teosto.

*“Meil on mejän suomalaisista biiseistä, mitä meil on rekisteröity meillä, niin vaan 20 % on kustannettuja. 80 % on manuksia, ja se on valtavan erilainen luku kun missään muualla.”*

*(From our Finnish songs, which are registered to us (Teosto), only 20 % are published via a publisher. 80 % are ‘manus’-songs (published without a publisher) and that is extremely different number than anywhere else.)*

*(Mättö, S. 2013)*

In some markets, the music publishers have more power and they are in key position for exploiting the works. Whereas in Finland, the role is not as essential, said both Mättö and Häikiö. Mättö pointed out, the establishing of new publishing companies, publishing only one writer’s works, has slightly increased within the last few years.

*"Etenkin viime vuosina on perustettu niin kun enenevässä määrin tämmösiä henkilökustannusyhtiöitä. Niin kun pieniä kustannusyhtiöitä, joiden tarkoitusperät ei ehkä oo ihan samanlaisia kun tämmöset perinteiset musiikinkustantamot"*

*(Especially, in the recent years the establishing of a person publishing companies has increased. These are small publishing companies, which purposes may not be similar to these traditional music publishing companies.)*

*(Mättö, S. 2013)*

According to Mättö, music publishing in Finland has suffered from previous actions in the music industry. In some point, a recording deal and publishing deal were bundled and for an artist/band in order to sign a recording contract they were asked to sign a publishing contract as well. In addition, often in these cases the artist/band did not know what they were signing. Therefore, the message through the grapevine was that the music publishers do not do anything else than take their share from the money you have earned. Mättö states, this kind of previous actions in the music industry have been a burden to a professional music publishing in Finland.

Häikiö described the music publishing industry in Finland as a small but extremely important for the song writers' international success. He also saw an unused potential in the music publishing in Finland in both the domestic as well as the international markets.

*"Meillä se on viel aika niin kun, ei se kehittymätöntä oo, mut se on aika pientä toimintaa, että koska niitä toimijoita on niin vähän. Et lähinnä on noitten kansainvälisten edustajat täällä ja sit on niin ku muutama aktiivinen indie.-- nehän on niin kun todella tärkeä osa, koska ne kumminkin edustaa just sitä yhtä ammattiryhmää elikä biisin tekijöitä. Ja niitten kansainvälistymiselle taas sitten kustantajat on niin kun ihan ehdoton juttu.-- se on tommonen jotenkin nouseva vaihe jotenkin nytten, mut sanosin että todellakin elintärkeä palvelu. Ja sit vie se, että niin tota ainakin mun maalaisjärjelläni siinä on jotenkin käyttämätöntä potentiaali ihan sika paljon niin kun monessa mielessä, et sekä kotimaassa että sitten tota niin varsinkin tossa kansainvälistymispuolella."*

*(Here in Finland it (music publishing) is still, it is not undeveloped, but the operations are quite small since there are so few operators. Mainly here*

*are these international representatives and then there are few active indies--they (the music publishers) are very important part (of the music industry) since they are representing, after all, that one occupational group which is the song writers. And in their internationalisation the publishers are an unconditional matter.--it is somewhat a rising phase at the moment, but I would say that it is a really vital service. And then is the thing, that at least in my common sense, there is somehow lots of unused potential, in many sense, in both domestically and then especially in internationalisation.”*  
(Häikiö, S. 2013)

In addition, the songwriters and record companies in Finland have realised the importance of the music publishers and are utilising their services more nowadays.

### **Changes in the Finnish Music Publishing Industry in the 21<sup>st</sup> Century**

The decreasing number of employees per publishing company came out in every interview. Example which came up in the interviews was the number of employees in Warner/Chappell office in Finland. During the 2000's the number of the employees has reduced from approximately 4 employees to 2 employees. Kortelainen also saw an increasing amount in writers' own publishing companies enabled by the technical development. The writers are combining areas such as publishing and recording around their business as singer-songwriters as well.

Both Kortelainen and Mättö saw changes in the exploitation of the music. Mättö brought out the reducing mechanical rights' income which was caused by the declining record sales. On one hand, the internet services, such as Spotify, are starting to stable the loss in the mechanical rights' income and starting to cover it while increasing their popularity among the paying users. On the other hand, Kortelainen pointed out there is a diminishing need of traditional sheet music and the publishing business is changing more and more towards finding new ways to exploit the music.

*”nuottipuolen tavallaan häipyminen on mun mielestä, ainakii mä oon ite kokenu, et se on ollu se isoin... isoin muutos eli sit se tarkoittaa just sitä että ne painopisteet on muuttunu. Ja muuttunu ikään kuin siihen niin ku nuottibisneksestä musiikkibisnekseen, että enemmänkin siihen, että pyritään saamaan kappaleille levytyksiä-- just sitä musiikin käyttöä... käytöndistämistä-- yritetään keksiä uusii tapoi minne sitä musiikkii voi laittaa”*

*(sort of vanishing of the sheet music is at least, or I have experienced that it has been the biggest change, which means that the focal points have changed. And they have changed sort of from sheet music business to music business, more towards trying to get recordings for the work--the actual use of the music... promotion of usage--trying to invent new ways where the music can be placed)*

*(Kortelainen, M. 2013)*

The internationalisation of the industry was an area where Häikiö saw the greatest changes. He had noticed the ability of the Finnish music publishers to successfully network and broaden their networks internationally. The publishers themselves have started to be more proactive. They try to find the ways to exploit the music instead of waiting for someone to ask for a use of the music.

*”sit kans varmaan se yks asia et siit on tullu paljon enemmän sellasta proaktiivista. Et se ei oo vaan sillee, että odotellaan, että joku soittaa vaan itse soitetaan.”*

*(probably one thing is also that it (music publishing) has become more proactive. It is not just that it is waited for someone to call but they pick up the phone themselves.)*

*(Häikiö, S. 2013)*

He also stated that the way of working is changing from working inside one company towards cooperating with other professionals and companies in the industry, to get the best results. Therefore, it is not said that an artist recording for e.g. Universal Music would be signed to Universal Music Publishing anymore, which was common earlier. Mättö also stated that using the unwanted practices by bundling the recording and publishing deals is less possible nowadays due to the social media, where the message travels fast. She also feels that the awareness among the writers has increased and it also has complicated the bundling of the deals.

As an international change, which has also affected to the Finnish music publishing business, is the Pan-European licensing, tells Mättö. The idea of the Pan-European licensing practise was to unite the European music markets and direct them towards a one larger market. At the moment, the Pan-European licensing practices concerns mostly Anglo-American catalogues and the major publishers but is in practice in the online music service operating in more than just one country.

### **Strengths and Weaknesses of the Finnish Music Publishing Industry**

The small size of the business and therefore the lack of the investments were stated as a weakness or a challenge by all the three interviewees. Connected to the small size of the industry, Mättö saw a weakness in number of operators, which is few, and the lack of several options for the writers to choose their publisher from.

*"Mun mielestä se on meidän tekijöiden kannalta heikkous, et niin kun tavallaan valinnanvaraa on vähemmän, joten sun on pakko, jos sä haluat niin kun tavallaan tähän ison maailman malliin mukaan, niin sun on pakko sit niin ku asioida muun maalaisten kustantajien kanssa."*

*(I think it is weakness on our writers' part that there is less to choose from and then you have to, if you want to be part of this international model, then you have to make business with foreign publishers.)*

*(Mättö, S. 2013)*

Therefore, some publishing companies operating from abroad, such as from Sweden, are appealing to the Finnish writers since they have more options to choose from. Häikiö saw a similar kind of actions as well and stated that the lack of investments causes the Finnish writers to be tempted to choose a foreign publisher based on the finances. On the other hand, Kortelainen pointed out that Finland is an easy market to operate and that the networking domestically is easy. In Finland the knowledge and expertise in the industry are strong and strength to the Finnish music publishing industry, says Kortelainen. Häikiö saw strength in the size of the business as well, since publishers have fairly small amount of writers at the moment, compared to international busi-

ness. Therefore, the publishers can concentrate on each writer without neglecting others.

According to Mättö, in Finland there is still existing doubt towards the music publishers due to the previous actions. Therefore, the music publishers still need to sometimes justify their actions as professionals. Häikiö as well stated that the old attitudes towards music publishing are causing, for some, not to realise the benefits of the music publishing in Finland.

*"Mut mä luulen, et tota täs ihan viime vuosina ni, niin kun musan tekijöiden asenne on muuttunu varmaan tosi paljon. Sillein, et ne on oikeesti alkanu tajuamaan kustanta... kustannusyhtiöiden merkityksen."*  
*(I think that in the recent years songwriters' attitudes towards the music publishing have probably changed very much. They have really started to realise the meaning of the publishing companies.)*  
 (Häikiö, S. 2013)

*"Suomessa on viel ehkä jonkun verran sitä vanhaa asennetta jäljellä, et tota kaikki ei ehkä vieläkään niin kun määritä kustantamisen hyötyjä."*  
*(In Finland there is still perhaps some attitude left from the old days and it may be that everyone does not still see the benefits of publishing.)*  
 (Häikiö, S. 2013)

Due to the different role of a publisher, Finland might be a difficult market to work and it sets challenges to international operators, says Mättö.

All three interviewees saw as strength the possibilities of international distribution of the Finnish music. It was stated that the music publishers in Finland have a great possibility to use their networks in the internationalisation and it is the area where the music publishers in Finland were seen as the key players. The international music business raised other thoughts as well. Häikiö stated that the Finnish music publishers have sort of an intermediary role between the west and the east and especially to the Asian markets. The calmness of the Finns is a strength, when it comes to business in Asia, but to US and the UK it can be a weakness due to the cultural differences and the hectic and tough competition and industry, thought Häikiö. He also stated as one of



the strengths the ability of the Finnish music publishers to work as a negotiator between the writer and the client.

Kortelainen and Mättö both discussed as a strength, the good quality of the writers in Finland. Both saw a lot of potential in the Finnish writers and Kortelainen pointed out the importance of professional writers in the international music business. However, in the international business, sometimes the quality of the songs needs to be even better than what is successful in the Finnish markets, since the international markets have a lot more supply to choose from.

*"meil on niin ku paljon tekijöit ja hyvii tekijöit, mut sit taas kansainvälisesti katsottuna se tavallaan, että tarttis vielä ehkä vähän lisää ja vielä vähän parempii."*

*(we have numerous of writers and good writers but again from the international perspective it is that a little more and a little better would be needed*

*(Kortelainen, M. 2013)*

### **Possible Changes of the Industry in the Near Future**

The possible changes the interviewees saw were in the local markets, international markets, and operators as well as in the ways of exporting music. Häikiö saw the music publishing in Finland becoming more important in the near future in local markets. He thought that record companies will start to utilise the services of the music publishers even more.

*"entist enemmän tulee niin kun täällä maan sisäisesti kans tärkeeks. Että tota, levy-yhtiöt varmaan joutuu enemmän ja enemmän tavallaan ulkoistamaan projekteja ja sitä tai jos ei ulkoistamaan niin ainakin tarvitsevat tommosta ammattiapua siihen rinnalle."*

*(it will become more and more important domestically as well. Perhaps the record companies have to more and more, if not externalise projects, but then at least they need that kind of professional help on the side.)*

*(Häikiö, S. 2013)*

He saw changes in the near future also in the internationalisation. At least small successes in the international markets were predicted by him. Through

success and acknowledgement also the US markets will start to open for the Finnish publishers and writers, he thought.

Mättö saw two potential ways to exploit music in the near future, synchronisation and online services. The platforms for the synchronisation are increasing all the time and the usage of music is increasing in companies, she thought.

*”synkronointiahan niin kun äänen liittäminen kuvaan ja sit niin kun näitä välineitä on hirveen monia niin sehän ei vähene se päinvastoin on niin kun kasvanu koko ajan, ja ne käyttömahdollisuudet on kasvanu. Ja tota, yritykset käyttää entistä enemmän musiikkia ja niin kun medioita on enemmän ja TV-kanavia tulee koko ajan enemmän ja mainoksia on niin kun kaikissa välineissä entistä niin kun enemmän. Eli siis se on sellanen markkina, joka on valtavan suuri ja se on ilman muuta kustantajille kasvumarkkina.”*

*(The synchronisation, attaching sound to a picture, and the various tools for it, it does not decrease but on the contrary has increased all the time and the opportunities for usage have increased. And well, companies do use more and more music and when there are more different media and there are more and more TV-channels all the time and there are more and more commercials in all media. It is the kind of market which is very large and it is no question an increasing market for the publishers.)*

*(Mättö, S. 2013)*

She also stated that the way to license music through the Pan-European licensing system has changed the licensing for good and will be used in the future both by the major and the independent publishers.

Kortelainen thought the business will change in the near future and some new operators from other industries, such as the game industry, might enter to the music publishing industry in Finland.

*”bisnes tulee muuttumaan, kun musiikinkulutustavat tulee muuttumaan ja käyttäjätottumukset ja kaikki”*

*(business will change, when the music consumption habits will change and the customer habits and everything)*

*(Kortelainen, M. 2013)*

More writers' own publishing companies might be established during the next years. On the other hand, if the taxation policies change making the external

publishing deals more attractive taxation wise, there might be less of writers' own publishing companies and more professional publishers, said Kortelainen. Otherwise, she thought that the size of the industry will remain the same in the near future. She saw the possibility for new innovations, which will effect to the music industry and might create or change the way of distributing music.

### **Opportunities and Threats of the Finnish Music Publishing Industry**

The internationalisation of the business was seen as an opportunity but as a threat as well, by Kortelainen. The internationalisation and success abroad was the greatest opportunity, in her opinion, to the music publishing business in Finland. She thought that there are numerous of potential writers in Finland who have the potential to be internationally successful but it has been challenging to gain that success.

*"kansainvälistyminen, koska Suomessa niin ku tällä hetkel asiat on aika hyvin ja just biisintekijöit on suht helppo, jos sul on hyvä tekijä, niin se on hyvä viedä, helppo viedä tonne niin ku ihmiset tuntee toisensa ja CD-levyt myy ja keikkoja on paljo. Et just se kansainvälistyminen on nyt ollu se haaste ja myöski iso iso mahdollisuus."*

*(internationalisation because at the moment in Finland things are quite well and it is quite easy to take writers, if you have a good writer, it is easy to take the writer out there when people know each other and CDs sell and there are plenty of live shows. The internationalisation has been the challenge and also a big, big opportunity)*

*(Kortelainen, M. 2013)*

She also saw as a threat the possible slow reaction to changes in the industry. Mättö saw threats in the internationalisation as well. She stated that the unclear administrations of the rights might cause only the major catalogues to be licensed to the new online services. If the value of the small catalogues and publishers is small in the Europe, it may cause that the smaller catalogues may leave unlicensed.

*”Ja se uhka tässä on se, että et ne mitä oi.. ne mitä lupia ne ei hanki tai sopimuksia ne ei tee, niin ne kohdistuu sellasiin vähemmän merkityksellisiin repertuaareihin. Ja tota, suomalainen musiikki on hirveen tärkeätä Suomessa, mut se ei oo missään muualla tärkeätä. Eli tää on niin kun, tässä on kansainvälisessä kehityksessä tää on uhka.”*

*(And the threat here is that what licenses they (service providers) do not acquire or contracts they do not make are concentrated on less important repertoires. And well, Finnish music is very important in Finland but it is not important anywhere else. So this is like, the threat in international development is here.)*

*(Mättö, S. 2013)*

*”paneurooppalainen lisensointi niin kun toi alue, siel on paljon uhkia.-- Eli... eli tota, mun mielestä siellä on, kyl sen voin sanoo, et siellä on nähtävissä uhkakuvia, että miten toi markkinat, kuinka pitkälle tää jatkuu tää tämmönen keskitetty lisensointi. Nii siin on omat uhkansa siinä, että et jos se laajenee muuallekin kun online-alueelle.”*

*“The Pan-European licensing and that area, there are plenty of threats.-- Well, I think that there is, I can say that there can be seen threatening scenarios that, how those markets, how far this will go this centered licensing. There are its own threats, if it broadens to elsewhere than just online-area.*

*(Mättö, S. 2013)*

In the international business, she saw a threat in the bundling of publishing deals and memberships of the collection society. Already, some European publishers have had a condition for a publishing deal, where the writer should join the same collection society as the publisher. She thinks that if the major publishers would be present and operating in Finland this kind of conditions could be avoided. In the internationalisation, the opportunity, according to Häikiö, is just to redeem the ‘bubbling under’ potential the Finnish writers already have.

Both Kortelainen and Häikiö saw opportunities in the new business models. Häikiö saw opportunities in broadening the music publishing by networking with the movie and game businesses. Kortelainen, as well, thought the game and movie as well as the advertising are opportunities to broaden the exploiting of music. Mättö thought that the greatest opportunities and growth potential for the music publishers are the internet and online-services and synchronisation.

Kortelainen stated as a threat the declining record sales as well as the possibility of reducing consumption of the Finnish music. Häikiö saw both a threat and an opportunity in the declining record sales and the increasing online services. It is still unclear which is the format which might replace the physical recordings yet it might be that someone invents a format which will be the next thing, says Häikiö. In addition, Mättö was stating as a threat, the possibility of lack in the cultural diversity in music and therefore the Finnish music, as a small area and from small markets, might get ignored. Small markets in Finland are causing a threat. Writers might not need a publisher but can do their own publishing in Finnish territory, says Kortelainen.

The threat in the Finnish music business is sometimes the lack of success and income for writers. Therefore, the slow collect of income might cause some writers to quit in the music business and move to other industries, says Häikiö.

*”yks mist mä oon monen kans puhunu on, uhkana on se, että tota jos ei tää vaan rupee tarpeeks äkkii tuottamaan ni sit vaan tosi monella loppuu usko kesken ja ne alkaa tekeen jotain muuta.”*  
*(one thing I have talked with several people is, as a threat, that this may not start to generate profit soon enough and then many of the writers will lose their hope in it and they start doing something else.)*  
*(Häikiö, S. 2013)*

He also sees as a threat, the development of the intellectual property right laws and the collection society systems and how they might affect to the royalties.

## 5 Discussion

### 5.1 Results

#### **The Characteristics and Milieu of the Finnish Music Publishing Industry**

Based on the literature review and the interviews, the music publishing industry in Finland differs from other countries such as Sweden. As the interviews showed, in Finland the music publishing business has had a questionable reputation in the music scene. This is something distinctive to the Finnish industry. In general, in the music scene music publishers are very important for the exploitation of works and as partners for writers wishing to have success in the music industry. In Finland it is very common for writers to establish their own publishing companies or just to leave the different functions of a publisher to a record label and collection society. What is distinctive is the big role of the collection society in the Finnish music scene and in music publishing. If success in the international scale is achieved, music publishers might become a more important part of the Finnish music scene in the future. The international practise where a publisher is the first link between a writer and the music business may influence the business in Finland that it will change towards the international model as well.

According to the theoretical background and the interviews, the Finnish music publishing industry and the music scene have their dissimilarities, but there are some similar aspects with the international businesses. As it was seen in FIGURE 3, the majors rule the business and hold the biggest market shares. In Finland the situation is very much the same since the major music publishers are able to acquire and maintain bigger catalogues than the smaller publishers. In the same way as in the international music business, the Finnish music publishing business is shifting from traditional sheet music publishing more into the territory of A&R functions. As Häikiö said in the interview, the record companies and songwriters have noticed the music publishers and utilise their services more. On the other hand, the basic functions of a music publisher in Finland vary slightly from the international model. Exploitation is

most likely the biggest reason for writers to cooperate with the publishers in Finland, just as it is internationally. The administration and acquisition are as well tasks which are everyday functions of the publishers. What is distinctive is the role of a collection society, and music publishers as well as writers in Finland are relying heavily on Teosto in the collecting of royalties. In Finland the music publisher's function as a protector is not as important as internationally.

What is interesting in the Finnish music business is the strong position of live music and record sales. Based on the results of the literature review, in the international scale record sales have collapsed. According to the interviews and statistics, records sell fairly well and the decreasing sales have been more moderate than internationally. On the other hand, while synchronisation and the income generated by it seem to be increasing internationally, it still has a minor role in Finland. Synchronisation is, on the other hand, seen as a great opportunity in the Finnish music markets and in music publishing. Finland follows the rest of the world in online services and subscription services, such as Spotify, which are using, among others, also mobile phones as platforms. As it was seen in FIGURE 4, the subscription services are increasing their popularity in Finland.

It seems the most distinctive characteristic of the Finnish music publishing industry is the size of it. The industry is small and has approximately 40 professional music publishers in total. An interesting matter in the Finnish music publishing industry is that guidelines for a music publishing agreements are drafted and followed. The Finnish Music Publishers' Association together with the Elvis ry. have drafted the music publishing agreement template which is recommended to be used. It seems that this might be caused by the unfortunate reputation of the music publishers in Finland. The template ensures that the agreement is accepted by both the writers' and publishers' representing associations. On the other hand, the old reputation of the publishers may cause the unused potential in the music publishing industry and can, to some extent, restrict the freedom of action for the publishers.

### **Changes in the Recent Years**

The greatest changes in the Finnish music publishing industry in the 21<sup>st</sup> century have been the entrance of online markets, declining record sales, the international markets and the exporting of music. For the future, online, synchronisation and the international markets are opportunities for the Finnish music publishing branch. In the near future, the business may change more towards the single driven business, where every song needs to be hit material in order to succeed. In Finland music publishers have the opportunity to present themselves and their business as an experts of the music markets and 'quality keepers' as well as intermediaries between the writers and the success.

The music industry has changed over the past few years internationally and so has the music publishing industry. Probably the greatest change has been the arrival of the online services and their growing popularity. As it was seen in TABLE 1, in the Finnish markets the digital sales of music have increased rapidly while the physical sales have decreased. Even though, the declining physical sales of music is old news in the international scale, the Finnish record sales are still quite strong but they are declining as well. The change from the physical recordings into the online markets has changed the music industry and the music publishing industry towards single driven business instead of albums. It would seem that the consumers will use more online music services in the future. However, it remains to be seen how the online markets and services continue to develop.

Game music is definitely a topic which has entered the Finnish music publishing industry in the last years. It was recognised in the international markets already earlier in the 2000's but now after the success of the Finnish game industry it has become a current matter in the Finnish music publishing industry as well. It would be interesting to see what it would bring if a successful Finnish game company and a music publishing company would start cooperation with each other and how it would affect to the music and game industries



in Finland. Game music is at the moment topic of discussion in the Finnish music industry and within the Finnish music publishers. It is seen as an area where there are future opportunities for the music publishers and for the writers as well.

In addition to the online and game music, the international markets and export of music has become a larger part of the Finnish music scene and music publishing in the recent years. Currently the Finnish music scene invests to a great extent to the internationalisation of the music business. For the music publishers, this can be the moment to show what they are worth and what their greatest assets for the music industry and for the writers are. The international music business, especially in the big music markets such as the UK, North America and Central Europe, the music publishers are the key to the business. Therefore, it seems that through cooperation and the international business the music publishers in Finland can reach success internationally and gain confidence and trust in Finland as well. When comparing to the game industry, the international success has lifted up the domestic business also.

In the future it would seem that the role of the Finnish music publishers is being more of an intermediary. In the small market, such as Finland, there is no way of succeeding with the quantities and scales. In Finland publishers cannot rely on the international publishing models but the models need to be adjusted to the Finnish markets. Finding the suitable working methods for the Finnish markets has and probably will increase the awareness towards the music publishing in Finland. The selling skills and marketing skills in Finland are not the strongest characters of our nation and therefore more focus needs to be paid on the already existing skills and environment as well as to develop new ones. Finns are good negotiators and are internationally often seen as such and this kind of national characteristics can be used as an advantage.

It seems that the main changes the publishing branch in Finland might have in the near future are the increasing digitalisation and the online markets as well

as the internationalisation and export of music. Like it was presented earlier, the Finnish business has become more international in the 21<sup>st</sup> century. Based on the interviews it seems that the trend moving from the local markets to the international markets will continue in the near future and most likely some recognition and success will come as well. In addition, the online markets can be a significant opportunity for the music publishers in the future. With access to the online markets the Finnish music publishers can broaden their territories and perhaps gain access to bigger markets. The digital environment, in general, will perhaps create more opportunities in the future than it already has. On the other hand, it will come along with some threats, such as competition, and it remains to be seen who can overcome the threats and who cannot.

### **The Future Perspectives**

It would seem that there are two areas for the Finnish music publishers where to enhance their actions and find growth in the business. First one is to continue investing in the awareness of the music publishing locally. The Finnish Music Publishers' Association has increased the awareness of the business but it seems that more investments to the branding can be made and therefore enhance the reputation of the industry. Branding is nowadays the buzz word for the businesses but it can be used in other connections as well. In this case the music publishers could be branded as an important part of the internationalisation, exploitation and administration of music and build trust between the branch and the writers. The other growth area for the music publishers seems to be the international markets. In the international music industry the music publishers have essential role in the success of the writers. By cooperation and mutual businesses the music publishers can seek growth from the international markets. Synchronisation and the online markets are highly international and highly competitive but can be considered as opportunities for the music publishers.

It seems that by keeping the business open for the new operators, healthy competition to the Finnish music publishing branch can be achieved. At the

moment, the Finnish music scene is a small industry where everyone knows everyone and the industry is in a mutual comfort zone. To compare the music scene to the Finnish game industry, it seems that the more competitive environment of the game industry is partially enabling the international success stories. To challenge the atmosphere of the mutual comfort zone and by creating more competitive set-up could actually open the business and it can show to be more attractive and have the needed extra kick for the success in the international markets. In addition, this might also enhance the efficiency of the industry. This can be very likely development in the future since moving more into the global world and towards Europe as a one market, the development and changes in the industry are inevitable.

## *5.2 SWOT-analysis of the Finnish Music Publishing Industry*

SWOT-analysis is a good way of combining parts of the study's results as a whole. By combining the theory and results of the empiric part through the strengths, weaknesses, opportunities and threats some results can be observed. As a tool the SWOT-analysis is also a logic way to list information, seek answers for possible development areas and for observing the internal and external environments. For this research, the analysis brings logical summary of the results but also some conclusions can be drawn.

**Strengths** of the Finnish music publishing industry are versatile. Operators in the branch of the music publishing are often professionals with the knowledge and expertise on the music industry. In addition, the operators usually have vast networks, especially domestically, but more and more on the international level as well. The industry itself is stable and small. This enables the publishers to focus on acquiring new talented writers and really focus on the writers' careers. The undeniable strength for the business is the good quality of the writers. In the small markets another advantage is that the competitors are familiar. At the moment, the few operators in the business have the advantage of knowing their competitors' strengths and weaknesses. Among the music

publishers the international markets are seen as an opportunity and the strength lies in broadening the business towards the interesting international markets. In the international markets for the music publishers the strengths are the knowledge of the business and the international networks. As it was mentioned the current situation in the Finnish industry is stable but it has quite a steady rate of the incoming new operators which, on their behalf, enriches the sphere of the business. The small amount of the operators allows the publishers to adjust and quickly respond to the new situations. This might also be possible because of the proactive nature of the Finnish operators. In addition, the Finnish music publishers are quite organised via their association. The organised branch can help in development of the industry now and in the long run as well as to provide support and validity for the branch and its operators.

**Weaknesses** of the business lie in both the domestic and international areas. There is also another side on the small industry. The small size can work as a disadvantage since it is controlling the markets and the business. This may cause some withdrawing which can be unattractive to the possible new entrants. Since the size of the business is small the writers might lack options to choose from. Consequently, the writers will look for a foreign publisher as well. Partially the use of the foreign publishers is also caused by the lack of true professionals in the marketing domestically. One weakness connected to the size of the business is lack of money and investments. Therefore, the industry has only a limited amount of money and capital to use. This might be a contributory cause of the limited risk taking in the industry. However, to gain international success in some countries, the music publishers should act more boldly to blend in to the local industry. In domestically, there are few significant weaknesses which may be harming the industry. In Finland the previous unfortunate reputation of the music publishers holds back the industry. At the moment, partially because of the reputation, the brand of the industry is weak. This together with taxation policies causes the writers to establish their own publishing companies, which is an undeniable weakness. The different environment of the Finnish industry compared to the international models is a weakness. Internationally the publishers are in the centre of the business

whereas in Finland they are an addition to the record labels. This may also cause difficulties for the foreign publishers to work and establish their business in Finland since the rules are different.

**Opportunities** for the Finnish music publishing are very much connected to the internationalisation and export of music. The internationalisation as such is a huge opportunity for the Finnish music publishing industry. The success in the international markets could bring investments and increase the attractiveness of the Finnish music industry as well as artists and writers it represents. Game music and synchronisation can be a gateway to the international markets. Game music and synchronisation as such are opportunities and potential growth areas for the music publishers. In the internationalisation, online markets are one potential growth area. The digital form seems to increase its popularity among the listeners. Even though, there can be threats in the evolving online markets but the international nature of the market can be seen as an opportunity. In addition, the new ways of exploiting music in the future can change the music publishing. However, with a quick response they can be used for instead of against the music publishing industry. Using of the lyrics is one potential opportunity for the music publishers and the widespread and legalised use of them. For the Finnish music publishers the local music and local markets are an opportunity as well. The domestic music markets for the Finnish music are very successful but they require an expertise on this specific market, music and customer behaviour and the Finnish music publishers can offer this. On the other hand, EU as a one market area can help to broaden the publishing branch. It seems that as an opportunity for the publishers, the social media can be used in more ways than just as a marketing and information channel. In the social media new talented writers and artists can be found and some acquisitions can be achieved through an efficient utilisation of the internet and social media. High level of the education and high use of the internet and cell phones create opportunities for the future use of these platforms as a way of exploiting music.

The **threats** caused by the external environment for the Finnish music publishing scene are mainly concentrating on the legal and political environment and to the development of both the domestic and international markets. The changing licensing practises, such as the Pan-European licensing, and the changing role of the collection societies have effected on the music publishers. If these changes start ignoring the small collection societies, catalogues or markets they will have a negative impact on the Finnish music publishing industry as well. In addition, the course of the EU legislation, which drives the collection societies into more competitive environment instead of cooperative, is absolutely a threat. Besides, the new phenomenon of bundling publishing deals and the collection society memberships might have a negative effect on the publisher's reputation in Finland as well. At the moment for the professional music publishers in Finland the foreign publishers and writer-publishers can be a threat. Both operators diminish the amount of potential clients for the professional Finnish music publishers. Trends familiar from the international markets, such as piracy and the declining record sales, are still threats to the music publishing. The decreasing consumption of the Finnish music and the Finnish music markets would be a threat. In that case, the publishers need to discover new ways to generate income. The decreasing level of success, the lack of investments and slow reaction to changes are threats to the growth of the music publishing as well as to the Finnish music industry.

### *5.3 Limitations and Reliability*

For the literature review the limiting factor was the sort of the sources.

Sources on the music publishing in the international scale are numerous and easy to find. The challenge was to find suitable, accurate and recent information on the industry in Finland. The lack of domestic sources was actually surprising. Some basic information was provided by the material from the Finnish Music Publishers' Association and some universal source materials. The only comprehensive source material on the Finnish industry was a study by Vesa Kurki which is published as a book called *Sävelten Markkinat – Musiikinkustantamisen historia Suomessa* but the study was already five years old.

Even the Kurki's study was appointment from the Finnish Music Publishers' Association which can be an indication of the lack of existing references.

What comes to the sample of the empirical part, the sample for the interviews was rather small and no generalisations can be given, as such. However, the small sample suits the picture of the small industry, which was under an examination. To increase the reliability of the research, the interviewees were selected to give and show versatility from the music field to represent different perspectives to the research. They are representing, through their positions, the Finnish Music Publishers' Association, Music Finland, the Finnish collection society Teosto, one of the majors Warner/Chappelle and an independent publisher Elements Music. The interviewees were all Finnish and located in Finland. The limit of the thesis was set to the Finnish music industry and music publishing industry. Therefore, the amount and type of the interviewees suits the research and its purposes. When evaluating the reliability of the research, it is good to notice that interviews were not drafted or held by a professional researcher. Perhaps the reliability of the results from the interviews could have been increased by interviewing the participants again, after a certain period of time and map if the answers change or not and how they changed. Time for the study was very limited. Therefore, the research was planned and executed as comprehensive as possible within the time limits.

## **6 Conclusion**

According to the results, the Finnish music publishing industry has changed gradually to more modern and up-to-date branch in the music industry. The Finnish music publishing industry is fascinating by the partial dissimilarities to the other music publishing industries, such as North America or even some European countries. Whereas, for example in Sweden, the publishers are fixed, central operators of the music business, in Finland they are more of an additional helping pair of hands.

There are some distinctive characteristics in the Finnish music publishing industry and music industry. The amount of published songs via the publisher is fairly low. Only 20 % of the songs registered to Teosto are published through a publisher. The songwriters in Finland are relying to a great extent to the collection society which also shows in the great amount of the writer-publishers. The size of the publishing business is currently small and only approximately 40 professional publishers work in the business. Even though the number of the publishers is few, the branch is organized and represented by the Finnish Music Publishers' Association. The importance of the live shows and still well selling records are defining the industry. Rather slow decline in the records sales has given the industry the time to adjust the operations to meet the upcoming changes. On the other hand, the live shows are the foundation of the industry and they stabilise the income stream.

The Finnish music publishing shifts more and more to meet the expectations of the modern lifestyle. The focal points of the publishing have changed from the traditional sheet music towards developing the writers' careers and exploiting the music. Even though in the popular music the development is from traditional to more modern, the publishing of classical music still concentrates highly on the sheet music. Classical music and publishing sheet music has a strong foothold in the Finnish music publishing industry because of the high number of orchestras domestically.

The technical developments and globalisation have had their effect on the music publishing. The international business is seen as an opportunity and investments to it are great. However, when working as a part of the international business culture, which differs from ours, it is important to adjust the operations accordingly. In the Finnish music publishing it means adopting the customs and culture of the international music publishing. The online markets, as globally accessible distribution channel and digital distribution are one of the changes in the last years. Whereas the online environment increases its popularity, the record sales decrease in Finland slowly yet markedly.



In the near future the shift to the online markets and digital sales seems to be inevitable. In these new market areas the importance of a single song is heightened. Therefore, the single driven business seems to be the business of the future, where albums are marketed not with a quantity of songs but as artistic unities with more specific target groups. In the more single driven business the publishers have strength as the quality keepers and link between the writer and the music business. In addition, the possible new technology or platform for distributing music can arise in the near future and it can change the needs of the industry. Strength of the small industry is the fast ability to adapt to the changes. However, if the response is too slow it can turn into a weakness.

Interesting hints of the future development can be seen in mixing of the creative industry and breaking the old categorisations. I would see the discussion of the game music as well as synchronisations as part of integrating the industries partially together. From this perspective the branch of the music publishing seems to have strong position as an intermediary.

Based on the results of this research, it seems there would be two possible ways to develop the business. One is through entering new markets and the other is increasing the domestic awareness and improving the reputation through a successful branding. By strengthening the role in Finland, the whole music publishing industry could have, over time, more power and motivation to strive for serious business in the international scale. With hard work and persistence, the success will eventually come, and few success stories can increase the importance of the industry in Finland. Hence, the international markets will start to open little by little to the whole Finnish music industry and after that working on consolidating the achieved position is necessary. In the global markets there is unused potential in the EU area. EU as a one market area is a great opportunity for the different industries because of the free movement of people, goods and services. For the music publishing, central Europe and the UK are the interesting centres of the business. In addition,

healthy competition to the Finnish music publishing industry would not hurt. It would partially strengthen the industry, provide more options for the writers and create motivation and pressure for the already existing operators to perform better.

In the research point of view, in the future it would be interesting to study the attitudes towards the music publishing in Finland. Studying the attitudes of writers, artists and other professionals towards the music publishing as well as to research the needs of the writers for the music publishers would be interesting and most likely useful as well. It could give ideas how to develop the business to meet the needs and wants of clients better.

The study aimed at examining the music publishing industry in Finland and its changes and the future perspectives. The aim of the study was fulfilled quite successfully. For the literature part, the references were numerous and versatile. More attention and time could have been spent in choosing the method of the research and explaining it in more detailed. The study did not give plenty of new information on the changes and future perspectives of the industry. The same themes, which appear in the changes of the music industry, appeared in the study as well. On the other hand, the results of the study represent the changes and the future of the industry truthfully, even though there was only a little new information on the topic. In addition, in the research fairly unfamiliar part of the Finnish music industry was successfully and comprehensively examined.

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## **Appendices**

### *Appendix 1: Pre-interview Structure*

1. Background information of the interviewee
2. Music publishing as a part of the music industry
3. The Finnish music publishing business at the moment
4. Changes in the Finnish music publishing industry in the last few years
5. Possible changes in the Finnish music publishing industry within the next 5 years
6. Threats and opportunities of the Finnish music publishing industry now and within the next 5 years



## *Appendix 2: Final Interview Questions/ Structure*

1. What is your background from the music industry and how you have ended-up in your current position?
2. What is the current status/position of music publishing in the Finnish music industry?
3. How the Finnish music publishing industry has changed previously in the 2000's?
4. Where/ how the changes have affected to the industry and where they have shown?
5. What are the strengths and weaknesses of the Finnish music publishing industry?
6. a) What are the possible changes in the Finnish music publishing industry in 5 years' time?  
b) Where the changes will show?
7. What are the possible opportunities and threats of the music publishing industry in Finland, now and within 5 years?