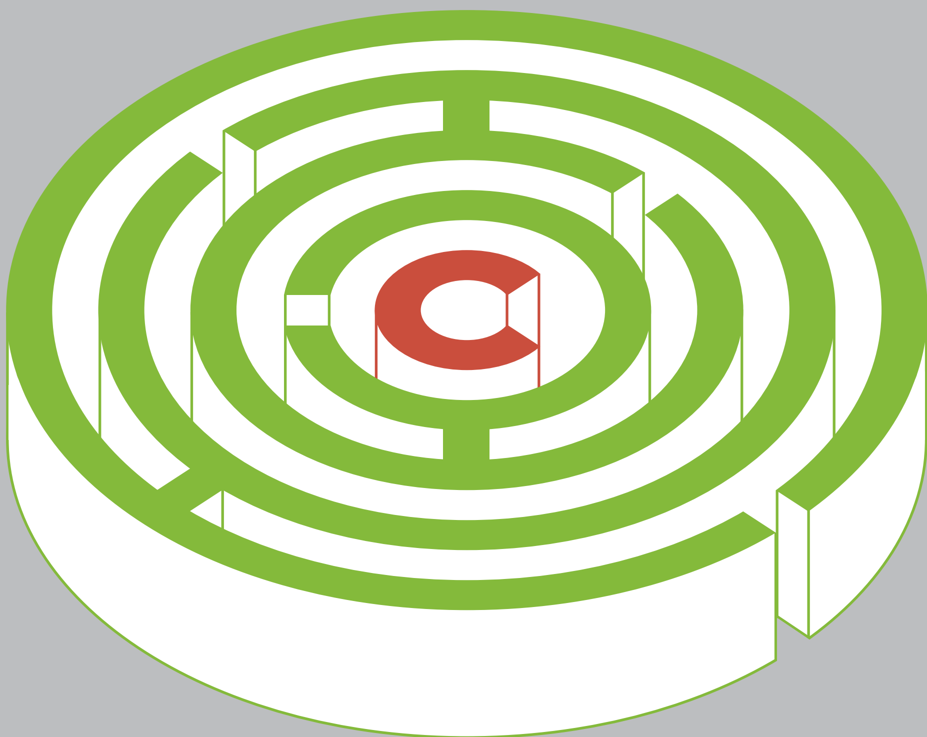
DIRECT COPYRIGHT REVENUE STREAMS IN CREATIVE INDUSTRIES IN FINLAND



FINNISH COPYRIGHT SOCIETY Finnish Copyright Institute

Publications No 33 (2018)

The Finnish Copyright Society

Direct Copyright Revenue Streams in Creative Industries in Finland

Jari Muikku

DIRECT COPYRIGHT REVENUE STREAMS IN CREATIVE INDUSTRIES IN FINLAND

AN EVALUATION

This study was commissioned by the Finnish Copyright Society, and carried out by Dr Jari Muikku of Digital Media Finland. The study is a contribution to a larger national project to assess the operation of national copyright and related rights system. This project was supported by the Ministry of Education and Culture. It is a follow-up of previous studies which were published in 2010 and 2014.

FINNISH COPYRIGHT SOCIETY Finnish Copyright Institute

Suomen Tekijänoikeudellinen Yhdistys ry
Upphovsrättsliga Föreningen i Finland rt
Established 1965

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

Graphic design: Petteri Lehtinen

Printing: Libris Oy, Helsinki 2018

ISSN 1237-5071
ISBN 978-952-9855-32-2
ISBN 978-952-9855-33-9 (PDF)

Publications No 33 (2018)

TABLE OF CONTENTS

I. FOR THE READER

This study was commissioned by the Finnish Copyright Society, supported by a government grant by the Ministry of Education and Culture. The study is a contribution to a general assessment of the operation of the copyright and related rights system in Finland, developed by the Center for Cultural Policy Research (CUPORE), and commissioned by the Ministry of Education and Culture.

Previous studies on direct copyright revenue streams were published in Finland 2010 and 2014, based on the figures of 2008 and 2012. In this study the evaluation model has been developed further.

Management of copyright and related rights is an essential part of a well-functioning copyright and related rights system. Rights can be exercised individually or managed collectively, depending on the case. The study at hand takes both these aspects into consideration and helps to identify and interpret the amounts of revenue streams in different steps of value creation.

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

In some cases, figures in the evaluation are based on available statistics or other available public data. Various associations representing stakeholders have been helpful in assisting to make assessments of their sector. In some cases, where there is no public data available, estimations are based on assumptions. In those cases, I have described the underlying information and assessment basis, to facilitate scrutiny.

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

Using the same classification as the World Intellectual Property Organisation (WIPO) does in surveying the economic contribution of the copyright-based industries was a conscious choice. The classification has however been updated in some instances considering changes in industries and consumption patterns.

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

September 21, 2018,
Jari Muikku

2. EVALUATION MODEL

2.1. Background

The Finnish Copyright Institute, as a part of the Finnish Copyright Society, published the first evaluation model on direct copyright revenue streams in 2010. That model, which was based on 2008 figures, was the first ever in its genre and the study invited readers to comment and supplement to finalize the model in the future. The second and revised evaluation model was published in 2014, and it was based on 2012 figures. It incorporated useful comments and considerations received on the basis of the first study. In addition to this, it considered some of the developments in creative industries.[1]

The study at hand is the third edition, based on 2017 figures whenever available. The biggest change which has occurred during the past few years is the digitalization. It has affected production, distribution, consumption patterns, and business models to various degrees within the different fields of the creative industries. It should be noted that digitalization will keep on changing all businesses and consumer behaviour on constant basis in the future as well.

These changes have also affected the data available for this study and made it, in some cases, challenging to keep the calculations comparable to the previous editions. I have pointed out these challenges in respective sections.

It should be pointed out that this study is unique as it has not been carried out in any other country in the same way and as comprehensively as this one according to my knowledge.

2.2. General on Terminology

The term "creative industries" covers a range of different cultural industries. They can also be called copyright industries, which term is used in the "WIPO Guide on Surveying the Economic Contribution of the Copyright Industries"[2] (WIPO methodology).

This methodology was originally published in 2003 and studies have been carried out on the basis of the methodology in more than 50 coun-

[1] The first two editions are available here: https://www.copyrightsociety.fi/julkaisut/
[2] http://www.wipo.int/edocs/pubdocs/en/copyright/893/wipo_pub_893.pdf

tries, including Finland. The revision work of the guide started in 2008, and the latest version, at the time of writing this report, was published in 2015.[3]

The core copyright industries are defined in the WIPO methodology as follows:

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

The relevant phases of value creation based on this definition are:

- Creation, including performances (C)
- Production and manufacturing (P)ww
- Performance, broadcast, communication and exhibition (E)
- Distribution and sales of physical copies (S)
- Digital delivery (D)

The WIPO methodology does not include "digital delivery" as a separate phase, but as part of performance, broadcast, communication and exhibition. This is understandable, as the methodology was originally published in 2003. Changes in the industry and consumption patterns justify that digital delivery is studied separately.

In this study, digital delivery includes different kinds of delivery techniques (e.g. streaming, downloading) and business models (e.g. subscription, advertisement funding). In addition to this, it should be pointed that, for example, bigger media companies do not separate any longer various forms of advertising (e.g. radio, TV, newspapers, online) in their financial statements which takes place in different media but present only one single figure of revenue.

Some of the key drivers, trends and consequences of changes brought along by digitalization are:

- The paramount importance of collecting, analyzing, and applying huge amounts of data derived from various kinds of sources and uses
- The changes caused by new technologies such as artificial intelligence (AI) and automation in general
- Mass customization of content offering
- New kind of business models and co-existence of old and new business models
- More variations in the contracts concerning the exploitation of copyrights
- The share of direct individual licensing is increasing

[3] The WIPO method has been directly applied in study "Economic Contribution of Copyright-Based Industries in Finland 2013-2015: http://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/160328/OKM_47_2017.pdf?sequence=1&isAllowed=y

One result of this development is that some of the statistics used in the previous editions are either no longer relevant, data is no longer available, or is not collected by anyone no more. In some cases, privacy and competition laws cause some limitations for obtaining information. At the same time, new kind of statistics are developed according to the business and other requirements. This development should be addressed in the possible future editions of this study.

Furthermore, the revised edition of the WIPO methodology acknowledges that:

"For certain industries, the distinction between the production and distribution of copyright materials may not be meaningful, since it would involve a separation of functions performed and accounted for within one entity. --- The production and distribution functions are closely linked. Indeed, for many copyright industries, the production and distribution functions may be fundamentally interdependent and inseparable for economic efficiency reasons." [4]

Despite the development I have described above I have tried to follow the structure of the two previous editions to the extent possible in order to keep the figures comparable. In case of changes I have explained them in the respective points.

The phases of value creation can include revenue streams that are identified as direct copyright revenue in this study. For instance, creators transfer rights or grant permissions to publishers and in return receive copyright revenue as remuneration for their creative work. In this study direct copyright revenue streams refer to streams, which have at least one point of attachment in Finland. In some cases, e.g. in computer games business vast majority of Finnish companies' revenues are generated outside Finland, and in music business some of the revenues stay outside Finland.

However, it is not a clear-cut issue what revenue streams to include. I have continued the logic used in the previous editions and used personal judgement and explained the rationale of the choices I have made. Furthermore, I have tried to keep the granularity of the analysis coherent between different the categories to the extent possible.

In this study, the term "copyright" is used to refer to both copyright and related rights. The term "work" is used to cover works and other subject matter protected by related rights.

The calculations used in this study are not turnover or added value calculations but based on direct copyright streams as defined later in this chapter. This study is not done by using one solid research method but mixed methods.

[4] http://www.wipo.int/edocs/pubdocs/en/copyright/893/wipo_pub_893.pdf; points 114-118.

2.3. Identification of Creative Industries

The definition of industries used in this evaluation model is based on the WIPO definition of core copyright industries. Computer games are, however, considered as a separate industry as in the previous 2014 edition of this study, and not as a part of software and databases as the WIPO methodology suggests. The category "computer games" includes all kinds of entertainment games, irrespective of their technical support or device.

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

In this evaluation model, collective management organizations (CMOs) are listed under the industry, which they serve, such as music. They are also presented jointly in a separate section to give a comprehensive picture of the revenue collected by them. All CMO figures indicate gross revenue and thus include the share of administrative costs.

Each industry can include several subcategories. They are analysed separately and grouped together under the main industry.

As the size of software and computer games industries are disproportional compared to so-called mainstream creative industries, the results are presented both with all industries included and software and computer games industries excluded.

2.4. General Information on Creative Industries and Subcategories

Under the heading "Market" general information on each creative industry/subcategory includes the following:

- Market figures and general information of the creative industry and its subcategories
- Information on stakeholders and references to their associations

There may be many measurements illustrating the size of different creative industries. In such cases, different figures are presented citing the information source and year. The reader can thus get a general picture of the market.

Under the heading "Future Trends" some identifiable trends are described. These trends are not necessarily measurable at the present moment but will have a bearing in the years to come. The descriptions are not exhaustive but rather short compilations of major phenomena worth following for an interested reader.

Finland is a country of associations and the degree of organization is high. Under the heading "Stakeholders", members of different associations and unions are listed, as these figures give a general indication of the amounts of persons and companies in a particular industry.

Key findings on end-use and user habits illustrate user behaviour in various industries.

2.5. Identification of Direct Copyright Revenue Streams in Different Phases of Value Creation

Creation of works customarily involves direct copyright revenue, for instance royalties to writers, fees to freelance photographers and salaries to employed authors. Royalties are 100% direct copyright revenue. Fees paid to freelancers are regarded as direct copyright revenue between 50 and 100%.

It should be noted that during the past few years it has become common that freelancers found a company of their own, but the nature of their activities remains the same. Therefore, I have used the term "self-employed" in a way which covers both categories even though the form of income may be fee, salary or dividends. However, setting limits between self-employeds' and "real" companies is not easy, and, therefore, this is applied in each industry according to the current business practises, and in order to get as comprehensive idea of the volume of the revenue streams as possible.

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

Digital delivery is based on licensing of rights and thus involves direct copyright revenue according to the evaluation model. The previous edition of this study used the average of 50% of the revenue for digital delivery as direct copyright revenue, even though market figures was considered to vary from 30 to 70%. In this edition the digital shares vary to certain degree depending on the industry and its business practices in order to reflect the new kind of business environment.

The sale of physical goods, such as books, CDs and DVDs, is not considered to constitute direct copyright revenue in different phases of value creation, except for royalties paid to creators, publishers and producers. It is to be noted that copyright plays a decisive role also in the sale of physical goods, as without an effective copyright system this trade would be subject to unauthorized duplication. Therefore, no conclusions can be drawn of the importance of copyright as such in any given industry. Furthermore, it should be noted that during the past few years the relative importance and market share of physical goods has decreased dramatically in some areas, e.g. recorded music and motion pictures, as indicated in the respective chapters.

In digital environment, value creation has become multifaceted with both traditional and new kind of stakeholders such as global internet and technology companies taking different kinds of roles. For instance, creators can adapt various ways of disseminating themselves their works worldwide, to the extent not possible earlier. In some cases, and areas of activities, it is difficult to obtain country-specific data and figures due to, for example, the information policies of the new kind of stakeholders and the global nature of their business.

Under the heading "Copyright Revenue in the Value Chain", the analysis proceeds by estimating the amounts of direct copyright revenue at different steps of value creation processes: creators (C), producers (P), exhibitors (E), distributors of physical copies (S), digital distributors (D), up to end users (U). The counting is based on actual sums paid at different phases of value creation. It is to be noted that this way of calculation is not based on value-added created at each stage, which is the basis used in the WIPO methodology.

2.6. Information Sources and Limitations

Figures in this study are based on available statistics and other public information. Representatives of various associations and unions have been very helpful in providing their valuable comments and additional information. I want to convey my sincere thanks for all assistance I have received.

Information on export and import is not available in all industries and the study does not show separate import/export figures. The text shows whether import/export figures are included or excluded in various turnover figures, to the extent such information has been available.

The copyright world is getting ever more globalized. Due to the global nature of dissemination and consumption it is not possible to acquire information about certain transactions. For example, ordering physical copies from foreign content providers, such as Amazon.com, is not included in any figures.

User generated content (UGC), in particular on amateur basis, is not included separately in the figures but some of these revenues created by UGC in media like YouTube may be included indirectly in the statistics of various categories. The same applies to merchandizing revenue that can be substantial in some industries.

A fair amount of material protected by copyright is created and used in the public sector. Due to unavailability of statistics, this has not been included in the evaluation model.

Another sector that is excluded in both the previous studies and this present one is illegal trade. For natural reasons, exact figures on revenues stemming from unauthorized use do not exist. It can also be argued that revenues from these kinds of activities would not necessarily fall under the concept of direct copyright revenues. There are estimates about the size of various kind of piracy, but they are not included in the model.

All in all, due to the lack of information concerning certain revenue sources and streams it is most probable that the overall amount of direct copyright revenue streams is bigger than presented in this study.

2.7. Evaluation of Direct Copyright Revenue

In each industry and its subcategories, the information includes:

- Revenue type by using generic terms as described below
- Calculation basis of copyright revenue in million euros (M€) or %
- Copyright share in %
- Copyright revenue in M€

The following generic revenue types are used:

- Royalty, such as a writer's royalty from a publisher
- Salary, such as a journalist's salary from a newspaper publisher
- Fee, such as a photographer's fee paid for the use of a photograph in a magazine
- License, such as an exclusive or non-exclusive permission to use a work of art in a calendar
- Right, such as performing right for musical works, licensed by Teosto
- Right to remuneration, such as remuneration collected by Gramex for public performance of phonograms
- Other revenue, such as public lending or private copying compensation

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

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

3. THE RESULTS

The total of identified direct revenue streams based in 2017 figures is **8,555.4 M€** as compared to 2,022.4 M€ in 2008 and 2,931.2 M€ in 2012.

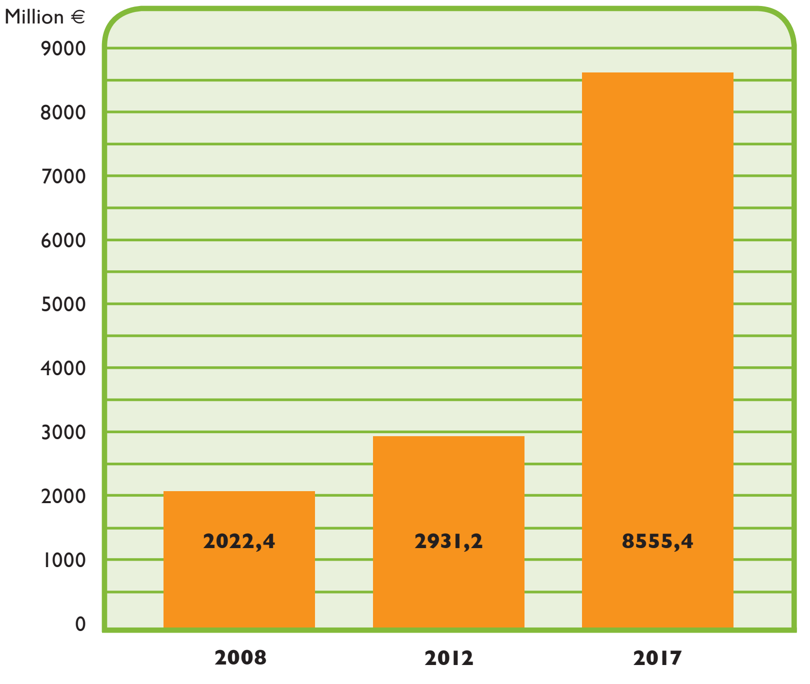


Figure 1: The total of direct copyright revenue streams in 2008, 2012 and 2017

The breakdown of direct copyright revenue into different copyright industries and their subcategories in 2017 is as follows:

TOTAL FOR PRESS AND LITERATURE: 193.1 M€

- Book publishing: 66.7 M€
- Newspaper/magazine/periodical/journal publishing: 104.2 M€
- CMOs in the literary field: 22.2 M€

TOTAL FOR MUSIC, THEATRICAL PRODUCTIONS & OPERA: 147.5 M€

- Subtotal music: 140.7 M€
- Subtotal theatrical productions & opera: 6.8 M€

TOTAL FOR MOTION PICTURE AND VIDEO: 176.8 M€

- Subtotal feature films: 53.9 M€
- Subtotal other av-productions: 95.0 M€
- Subtotal CMOs in the field of av: 27.9 M€

TOTAL FOR RADIO AND TELEVISION: 193.3 M€

- Subtotal nationwide radio and television: 114.4 M€
- Subtotal private radio (included in nationwide radio)
- Subtotal cable and satellite: 78.9 M€

PHOTOGRAPHY: 151.1 M€

SOFTWARE AND DATABASES: 5,240 M€

- Software: 5,240 M€
- Databases: no estimate

COMPUTER GAMES: 2,400 M€

TOTAL FOR VISUAL AND GRAPHIC ARTS: 37.6 M€

- Subtotal visual arts: 2.1 M€
- Subtotal graphic arts: 32.3 M€
- Subtotal CMOs in the field of visual and graphic arts: 3.2 M€

ADVERTISING: 16.0 M€

GRAND TOTAL: 8,555.4 M€

In the following breakdown the figures from 2017 are mirrored to those obtained in the earlier studies using figures from the years 2008[5] and 2012:

	2017	2012	2008
Press and literature	193,1	148.9	116.0
Music, theatrical productions and opera	147.5	94.2	89.9
Motion picture and video	176.8	138.6	114.7
Radio and television	193.3	273.8	224.4
Photography	151.1	65.2	61.5
Software and databases	5,240.0	1,830.0	1,170.0
Computer games	2,400.0	347.0	194.4
Visual and graphic arts	37.6	7.3	6.5
Advertising	16.0	26.2	45.0
Grand total	**8,555.4 M€**	**2,931.2 M€**	**2,022.4M€**

Figure 2: Breakdown of the figures of the years 2008, 2012 and 2017

[5] Figures for software and computer games were grouped together in the 2008 study, but specified here for comparison purposes

The growth percentages[6] are 423% compared to 2008 and 292% compared to 2012. The clear majority of the huge growth comes from software and games industries, but the overall trend is positive in all remaining categories as well. The growth rate excluding games, software and databases was 21% compared with 2012.

In the case of software, digitalization and automation offers constantly more business opportunities, and the demand for various kinds of services will only keep growing in the future as well. In the case of games industry, the growth comes mainly from the phenomenal success of a single company, Supercell, followed by Rovio. These two fore-mentioned industries are born-digital, and licensing is the predominant way of dealing with copyright in both industries.

In other categories there has been, on the other hand, organic growth like in the case of music. On the other hand, the changes derive partly from the structural changes caused by digitalization. It has caused, among other things, changes in the calculation basis. For example, in the case of music the sales of physical records have been replaced almost entirely by streaming services, which means that the calculation basis has changed from sales to licensing. In the case of advertising, the negative trend is due to unavailable information, which is not in line with the overall development of the business. The main reasons for growth of the CMOs are organic growth in various industries and the increased private copying and public lending remunerations.

The calculations of each category are presented in detail in chapter 4.

In general, the results give further support to the assertion that so-called core copyright industries grow more rapidly than the economy at large.

The following table shows the breakdown of the identified direct copyright revenues into the studied industries in percentages:

Press and literature	193.1 M€	2.2%
Music, theatrical productions & opera	147.5 M€	1.7%
Motion picture and video	176.8 M€	2.1%
Radio and television	193.3 M€	2.3%
Photography	151.1 M€	1.8%
Software and databases	5,240.0 M€	61.2%
Computer games	2,400.0 M€	28.1%
Visual and graphic arts	37.6 M€	0.4%
Advertising	16.0 M€	0.2%
Total	**8,555.4 M€**	**100.0%**

Figure 3: Breakdown of the categories in %

6 Without taking any indexes into account

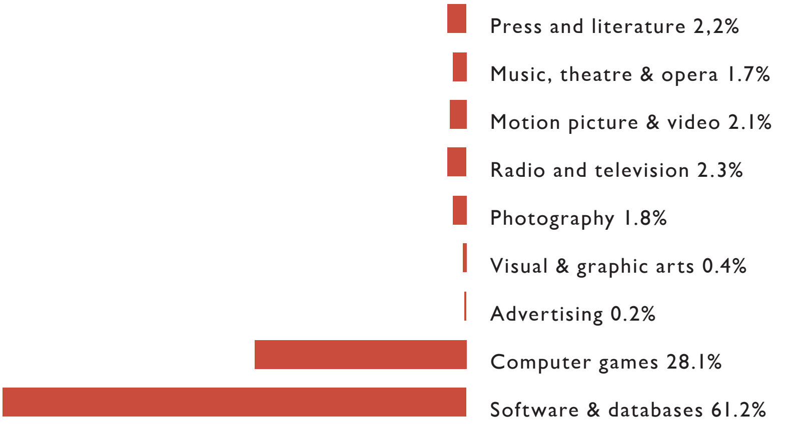


Figure 4: The % shares of copyright industries

Total revenue without computer games, software and databases is 915.4 M€ and the breakdown into industries is as follows:

Press and literature	193.1 M€	21.1%
Music, theatrical productions & opera	147.5 M€	16.1%
Motion picture and video	176.8 M€	19.3%
Radio and television	193.3 M€	21.1%
Photography	151.1 M€	16.5%
Visual and graphic arts	37.6 M€	4.1%
Advertising	16.0 M€	1.8%
Total	**915.4 M€**	**100.0%**

Figure 5: Breakdown of categories in % excluding games, software and databases

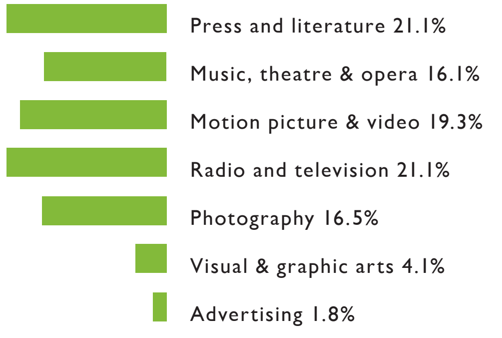


Figure 6: The % shares of copyright industries excluding games, software and database

The revenue collected by collective management organizations (CMOs) was in total 154.1 M€, which is 1.7 % of all identified revenue streams. When computer games, software and databases are excluded, the share is 15.9% of the total revenue.

When comparing the different phases of value creation in various industries, it can be noticed that most direct copyright revenue streams are identified in the production phase. However, if games, software and databases are excluded, the shares change significantly in favour of creation and exhibition as the following table shows:

	Creation (C)	Production (P)	Exhibition (E)	Distribution (S)	Digital Delivery (D)	CMOs	**Total, M€**	**Total %**
Press and literature	72.4				98.5	22.2	193.1	2.3
Music, theatrical productions, opera	20.9	1.3		1.1	32.2	92.0	147.5	1.7
Motion picture and video	4.6		138.0	6.3		27.9	176.8	2.1
Radio and television	17.2		173.9	2.2		[7]	193.3	2.3
Photography	150.9			[8]		0.25[9]	151.1	1.8
Software & databases		5,240.0					5,240.0	61.2
Computer games		2,200.0		200.0			2.400.0	28.1
Visual & graphic arts	32.3			2.1		3.2	37.6	0.4
Advertising		16.0					16.0	0.2
TOTAL M €	298.3	7,457.3	311.9	211.7	125.5	145.5	8,555.4	
TOTAL %	3.5	87.2	3.6	2.5	1.5	1.7		100
TOTAL € without games, software and databases	295.6	17.3	311.9	11.7	125.5	145.5	907.5	
TOTAL % without games, software and databases	32.6	1.9	34.1	1.3	14.3	15.9	100	

Figure 7: Direct copyright revenue streams in M€ and %, as divided into different steps of value creation

[7] Included in music and motion picture
[8] Included in creation
[9] Included partly in press and literature

Figure 8: The phases of value creation

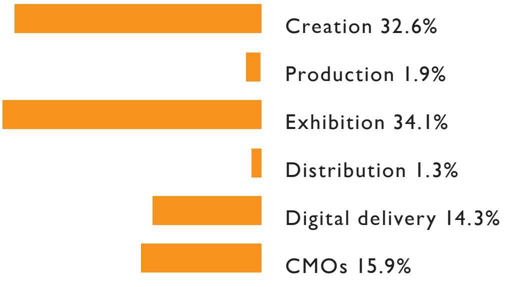


Figure 9: The phases of value creation excluding games, software and databases

It should be remembered that the estimated figures from different industries are based on definitions presented in the description of the evaluation model and the presentations of the industry data. They will not give an exhaustive picture of direct copyright revenue streams in different industries but provide detailed approximations and add to transparency of industry level data presented in chapter four.

Furthermore, the evaluation model provides only tentative data for analysing the division of revenue between the actors in different steps of the value creation processes. Because the results are strongly affected by industry characteristics it is recommended to interpret the results at industry level, together with other relevant data.

As said at the outset, the evaluation of direct copyright revenue streams does not as such give any indication about the size of the respective industry. Born-digital industries, such as computer games and software show high figures as this trade is based on the notion of licensing. In industries, where analogue products bring the majority of the turnover, figures are lower than the relative size of the industry.

4. DIRECT COPYRIGHT REVENUE STREAMS IN CREATIVE INDUSTRIES IN FINLAND

In this chapter each area of the core copyright industries is presented individually. The definition of industries used in this evaluation model is based on the WIPO definition of core copyright industries. Computer games are, however, considered as a separate industry, and not as a part of software and databases as the WIPO methodology suggests.

4.1. PRESS AND LITERATURE

This section covers three areas of press and literature:

- Book publishing
- Newspaper/magazine/periodical/journal publishing
- CMOs in the field of press and literature

The total turnover of the category "press and literature" was 2,100 M€ in 2016[10].

4.1.1. BOOK PUBLISHING

Market and Stakeholders

Market

The book publishing sector includes all kinds of publications, in print, digital and audio forms. They can be fiction or non-fiction, produced by commercial publishers or a variety of organizations and also by private persons. Books in print take a major share of the market.

According to Statistics Finland the total value of book sales in 2016 was 604 M€[11].

According to the yearly published statistics of Finnish Book Publishers, the member companies' total net sales figures excluding VAT were 256 M€ in 2017. This includes print, audio and digital products. Print represents 87% and digital 13% of the members' total sales.[12]

The number of new titles published yearly echoes the great variety of different publications:

[10] http://www.stat.fi/til/jvie/2016/jvie_2016_2017-11-24_tie_001_fi.html
[11] http://www.stat.fi/til/jvie/2016/jvie_2016_2017-11-24_tie_001_fi.html
[12] http://tilastointi.kustantajat.fi/PublicReporting/Yearly.aspx?specialReport=InANutshell&language=FIN

- Total number of new printed publications: 9,884 (The National Library of Finland, 2016)[13]
- Number of new titles: print 4,067 and digital 1,365 (Finnish Book Publishers Association, 2017)[14]

Future trends

One of the main bottlenecks of the development and growth in book publishing is the current VAT level, which is higher for digital products and services than for printed products. This has not given incentives for publishers to market digital services as the they have got better margins by selling printed products. If the level will be set on the same level, it is expected that the marketing and sales of audio and e-books would get a boost, and they would become mainstream products alongside with printed books. International distributors are expected to enter the Finnish book market in the near future.

Creation (C)

The following associations and unions operate in the book publishing sector. Their members are, to some extent, overlapping i.e. one person can belong to many associations. Not all members are full-time writers; they represent many professions in particular in the non-fiction category.

- The Union of Finnish Writers[15]: 770 fiction writers
- Society of Swedish Authors in Finland[16]: 200 writers
- The Finnish Union of Authors writing for children and youth[17]: 150 writers
- The Association of Finnish Non-Fiction Writers[18]: 3,100 non-fiction writers
- The Finnish Association of Translators and Interpreters[19]: 400 translators of fiction and non-fiction
- The Finnish Comic Professionals[20]: 160 members

Production (P)

- Finnish Book Publishers Association[21]: over 100 publisher members who represent 80% of commercial publications and more than 75% of book sales

13 http://www.doria.fi/bitstream/handle/10024/123264/Julkaisutilasto%20Kirjat%202000-.pdf
14 http://tilastointi.kustantajat.fi/PublicReporting/Yearly.aspx?language=FIN
15 www.kirjailijaliitto.fi
16 https://www.forfattarna.fi/start/
17 http://www.nuorisokirjailijat.fi
18 https://www.suomentietokirjailijat.fi
19 https://www.sktl.fi
20 http://www.sarjakuvantekijat.com
21 https://kustantajat.fi/esittely

- Finnish Technical Publishers Association[22]: 6 member companies
- Finnish Book Publishers[23]: 25 member companies

Distribution and Sales (S)

- The Booksellers' Association of Finland[24]: 90 member companies, who have 165 bookstores
- Libraries: 737 public libraries and 134 bookmobiles[25]

Digital Delivery (D)

E-book- or audiobook-stores are channels that offer various kinds of digital book services to consumers. The store can be a stand-alone service or a part of a larger e-store for various creative contents and other services such as, for example, newspapers (e.g. Sanoma) and telecommunication operators (e.g. Elisa).

- There specialized e-book- and audiobookstores, and major brick and mortal bookstores also have online sales
- Public libraries offer also e-books, but to a limited extent

End-Use & Usage Habits (U)

Book buying habits according to the Study "Finland Reads" by the Booksellers' Association of Finland and Finnish Book Publishers Association (latest survey 2013): [26]

- 21 million books per year are bought privately (excluding teaching materials)
- This leads to 3.9 books per inhabitant on the average
- 78% of the adult population buys at least one book a year

Libraries are major suppliers of books:

- The total number of loans was 85 million, leading to 15 loans per inhabitant/year in 2017 [27]
- The Finns visited libraries 9 times per inhabitant/year on site in 2017

[22] https://suomenteknisetkustantajat.fi
[23] https://www.suomenkirjankustantajat.fi
[24] https://kirjakauppaliitto.fi
[25] http://tilastot.kirjastot.fi/?orgs=1&years=2017&stats=100%2C115#results
[26] https://kirjakauppaliitto.fi/wp-content/uploads/2017/12/Suomi-lukee_20140526.pdf; there is no other current information available, Finland Reads 2018 survey will be published by the end of 2018
[27] www.kirjasto.fi

Relation Creation ← Production

Writers customarily conclude a **publishing contract** with publishers. Their copyright revenue is based on a royalty, whose level vary in different business sectors and genres. Royalties are 100% direct copyright revenue. Based on discussions with various industry information sources, average royalty rates for writers in main genres are 20%, but this may vary a lot in individual cases.

Figures (net sales without VAT) are based on the statistics of the Finnish Book Publishers Association and represent around 75% of the turnover of commercial publications. The share of technical material is an estimate of the Finnish Technical Publishers' Association. A lot of non-fiction publications are published by others than members of the Finnish Book Publishers Association, for example, by public authorities, companies, associations, sport clubs, families, self-publications, etc. No figures of the turnover are available for that share.

Translators receive a **fee** for literary translations. This revenue is regarded as 100% direct copyright revenue. The level of a fee varies a lot depending on the genre, the length and the nature of the respective book. An average translation fee is around 25 € per page. The number of titles comes from the statics of the Finnish Book Publishers Association. The fee usually includes also audio and digital rights.

The figures in the table are domestic figures for printed books in 2017. Fees paid by publishers for translation rights of foreign titles are not included in the calculation.

Source	Turnover (M€)	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue (M€)
BOOKS (print, audio and digital)					
Fiction	32.2				
Original 51%	16.4	Royalty	20%	100	3.3
Translated 49%	15.8	Fee	2.0 M€	100	2.0
Children, youngsters	**26.5**				
Original 75%	19.9	Royalty	20%	100	4.0
Translated 25%	6.6	Fee	2.3 M€	100	2.3
Comic Books	**5.6**	Fee (estimate)	0.5	100	0.5
Non-fiction	**61.9**				
Original 66%	40.8	Royalty	20%	100	8.2
Translated 34%	21.1	Fee	3.0 M€	100	3.0
Teaching Material	**95.6**	Royalty	20%	100	17.9
Technical Material	**10.0**	Royalty	20%	100	2.0
TOTAL					**43.2 M€**

Relation Creation ←Sales in Libraries

Remuneration for public lending based on copyright legislation is included in the CMO figures, as the revenue is paid through three CMOs (Sanasto, Kopiosto and Teosto). For 2017, the level of remuneration for public lending jumped to the total of 14.2 M€ (excluding VAT).

Source	Turnover (M€)	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue (M€)
LIBRARIES					
Libraries	14.2	Remuneration for public lending	11.9 M€	100	(11.9)
TOTAL					(11.9 M€)

Relation Production ←Digital delivery

Digital delivery is based on the concept of **licensing**. The licensing income is estimated to be 50% direct copyright revenue. The turnover (net sales) statistics from the Finnish Book Publishers Association have separate figures for print and digital publications. Digital delivery of technical material is an estimate.

Source	Turnover (M€)	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue (M€)
BOOKS (digital)					
Digital delivery	34.7 M€	License	34.7 M€	50	17.3
Digital delivery (technical)	12.5 M€	License	6.25 M€	50	6.25
TOTAL					23.55 M€

4.1.2. NEWSPAPER/MAGAZINE/PERIODICAL/JOURNAL PUBLISHING

Market and Stakeholders

Market

In the newspaper publishing, end-user turnover was 1,010 M€ in 2016[28]. This includes print and online newspapers. The figure includes all newspapers, also free-of-charge papers. The turnover figures are based on subscription fees, single copy sales and advertising revenue.

In 2016, magazine and periodical publishing end-user turnover was 490 M€[29].

[28] http://www.stat.fi/til/jvie/2016/jvie_2016_2017-11-24_tie_001_fi.html
[29] http://www.stat.fi/til/jvie/2016/jvie_2016_2017-11-24_tie_001_fi.html

Future trends

The digital usage of newspapers and periodicals through mobile devices will increase. At the same time, the share of digital revenues will increase both in the fields of subscription fees and advertising. Newspapers and periodicals produce increasingly also other forms of content such as videos.

Creation (C)

- Union of Journalists in Finland[30]
  - 15,000 members (including radio and television)
  - Some 5,200 employed press journalists
  - Some 1,500 freelancers
- Finnish Association of Science Editors and Journalists[31]: 1,140 professionals involved in science communications

Production (P)

- The Finnish Newspapers Association[32]
  - 123 members, including newspaper and city newspaper publishers, groups of companies, distribution companies and alike
  - They publish 176 newspapers and 61 city newspapers
- Finnish Periodicals Publishers' Association[33]
  - 266 members
  - 508 magazines and periodicals in all genres
- Association for Scientific Publishing in Finland[34]: 100 member organizations

Digital delivery (D)

- In 2017, newspapers derived around 10% of content and advertising revenue from digital media[35]
- Package solutions of printed and digital media is the most popular form of subscription, as their share in 2017 was 52%; the share of print only was 36% and digital only 12%

End-Use & Usage habits (U)

- In 2017, the combined reach of printed newspapers and their online services totaled 89% of the Finns on weekly basis, and over 60% on daily basis[36]
- During an average week, printed newspapers are read by 71%, on computers by 43%, with mobile phones by 47% and on tablet computers by 24% of the Finns
- Magazines and periodicals: circulation 14 million copies/year (2.5 copies per inhabitant)

30 https://journalistiliitto.fi/fi/
31 http://www.tiedetoimittajat.fi
32 https://www.sanomalehdet.fi
33 www.aikakauslehdet.fi
34 https://tiedekustantajat.fi
35 https://www.sanomalehdet.fi
36 https://www.sanomalehdet.fi

Relation Creation ← Production

The majority of **journalists** are employed by newspaper and periodical publishers. In 2017 there were around 5,200 journalists working in these companies[37]. They conclude a **labor agreement** with the employer, based on a **collective labor agreement** negotiated between the relevant organizations representing journalists and employers. The median salary for journalists in 2017 was 3,562 €/month, i.e. 42,774 €/year according to Statistics Finland. The share of direct copyright revenue is estimated to be 7% of the journalists' salary according to the Union of Journalists.

Freelancers customarily receive a **fee** for their contribution. There is no information available on their invoicing, but it is estimated to be around 2/3 of the above-mentioned median salary of journalists or 28,200 €/year. This fee is regarded to be 50% direct copyright revenue in this evaluation, following the method explained in the general part of the evaluation model.

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

Source	Turnover (M€)	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue (M€)
NEWSPAPERS/MAGAZINES/PERIODICALS/JOURNALS (print and digital)					
Newspapers, etc.	1,500				
journalists employed		Salary	222.4 M€	7	15.9
freelancers		Fee	26.5 M€	50	13.3
Journals					
Scientific authors		Fee	n/a		
TOTAL					**29.2 M€**

Relation Production ← Digital delivery

The turnover figures include both print and digital sales. The share of digital delivery is estimated to be 10% of the total turnover in 2017 and the share of direct copyright revenue 50% thereof.

[37] Union of Journalists

Source	Turnover (M€)	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue (M€)
NEWSPAPERS/MAGAZINES/PERIODICALS/JOURNALS (digital)					
Digital delivery	**1,500**	License	150 M€	50	75.0
TOTAL					**75.0 M€**

4.1.3. CMOs IN THE LITERARY FIELD

Remuneration collected by CMOs is 100% direct copyright revenue.

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

- Kopiosto (Joint Finnish Copyright Organization)
  - Rights in reprography and certain digital uses
  - Public lending remuneration, visual material
- Sanasto (Copyright Organization for Literary Works)
  - Public lending remuneration, literary works
  - Broadcasting and other licensing of literary works

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
LITERARY WORKS (print and digital)					
Kopiosto	**49.4**	Right Remuneration/ public lending	9.6 M€ 1.6 M€	100 100	9.6 (1.6)
Sanasto	**12.6**	Remuneration/ public lending Right	11.9 M€ 0.7 M€	100	11.9 0.7
TOTAL					**22.2 M€**

TOTAL FOR PRESS AND LITERATURE: 193.1 M €

- Book publishing: 66.7 M€
- Newspaper/magazine/periodical/journal publishing: 104.2 M€
- CMOS in the literary field: 22.2 M€

4.2. MUSIC, THEATRICAL PRODUCTIONS AND OPERA

This section covers two main areas: music and theatrical productions & opera.
Music is divided further into four sub-areas:

- Live music
- Recorded music
- Music publishing
- CMOs in the field of music

4.2.1. MUSIC

Market and Stakeholders

Market

The total value of Finnish music market in 2017 was 930 M€, including 270 M€ for education. The biggest single area was live music with value of 473 M€.[38]

During the past few years recorded music business has gone through a major change also in Finland as digital delivery has become the most dominant form of business. In 2017 its market share was already 82.6%. Furthermore, the recorded music business is dominated by the three major labels Sony, Universal, and Warner whose combined market share was around 90% in 2017. (IFPI[39])

Future Trends

Digitalization will soon reach its saturation point within recorded music business, where after the main development will take place in the field of developing the online services by, for example, the personalization of content offering. Live music will remain popular as they offer unique experiences, and the events improve their services constantly.

Creation (C)

- Teosto: 33,000 composers, lyricists and music publishers
- Gramex: 62,000 performing artists and record producers
- Finnish Musicians Union: 3,400 performers

Production (P)

- The Finnish Music Publishers' Association: 39 music publishers
- The Finnish National Group of IFPI: 20 phonogram producers with 95% market share

End Use & Usage habits (U)

- 70% of Finns listen to music daily (Teosto & IFPI[40])

---

38 Music Finland (advance information of the 2017 statistics)
39 http://www.ifpi.fi/tilastot/vuosimyynti/2017/
40 https://www.teosto.fi/teosto/artikkelit/tutkimus-musiikin-kuuntelu

Live Music

Relation Creation ← Exhibition: Live Music

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

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

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

The total turnover of live music business is 473 M €.[41]

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
LIVE MUSIC					
Total	**473**				
Creators		Performing right	10.9 M€	100	(10.9)
Performers/Orchestras		Salary	40.0 M€	6	2.4
Performers/Freelancers		Fee	55.0 M€	1	0.55
TOTAL					**2.95 M€**

Recorded Music

Relation Creation ← Production: Recorded Music

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

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

Soloists and members of bands receive **royalties** for recording of their performances, and these royalties are direct copyright revenue (IFPI).

The total turnover of recorded music in 2017 was 51.6 M €.[42]

[41] Music Finland (advance information of the 2017 statistics)
[42] IFPI Global Music Report 2018

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
RECORDED MUSIC					
Record sales	**51.6**				
Creators		Mechanical right	2.0 M€	100	(2.0)
Musicians		Salary	0.25 M€	40	0.1
Soloists and bands		Royalty	11.1 M€	100	11.1
TOTAL					**11.2 M€**

Relation Production ← Production: Recorded Music

The market share of the physical products (CD, LP, DVD etc.) has fallen dramatically during the past few years. Furthermore, it has become more common that established record companies do not produce all master files themselves but license it from, for example, an independent production company or artists themselves. In these cases, record companies only release products to the market. Phonogram producers also **license third parties** to use recorded music in other phonograms as well as in, for example, compilations, audiovisual products and music games. The sale of master files and rights are estimated to make 10 to 15% of the turnover for physical products. The turnover (excluding digital delivery and VAT) was 8.7 M€ in 2017[43].

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
RECORDED MUSIC					
Master files, licensing, compilations	8.5 M€	Right, license	12.5%	100	1.1
Synchronisation	0.2 M€	License	0.2 M€	100	0.2
TOTAL					**1.3 M€**

Relation Production ← Distribution: Recorded Music/Digital Delivery

Digital **delivery** is based on **licensing**. Based on the discussions with the representatives of the recording industry, this evaluation uses 75% as the record companies' share of licensing revenues, which leaves 25% for artist royalties.

The turnover of digital delivery in 2017 was 42.9 M€[44].

43 IFPI Global Music Report 2018
44 IFPI Global Music Report 2018

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
RECORDED MUSIC					
Digital Delivery	**42.9**	License	32.2 M€	100	**32.2**
TOTAL					**32.2 M€**

Music Publishing

Relation Production ← Distribution: Sheet Music, Grand Rights, Synchronisation

Music publishers grant **permissions** for the use of graphic rights of musical works. Music usage outside the mandate given to Teosto is licensed directly by music publishers. The overall turnover of music publishing in 2017 was estimated to be around 7 M€, and out of this around 4.3 M€ was distributed to music publishers by Teosto. The share of reprography is included in the CMO figures of Kopiosto (for Finnish Music Publishers Association).

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
MUSIC PUBLISHING					
Music Publishing	**7.0**				
Sheet music	**2.1**	License, rental	0.6 M€	100	0.6
Grand rights		Right	0.3 M€	100	0.3
Synchronisation	**0.2**	License	0.2 M€	100	0.2
Foreign rights	**0.3**	Right	0.3 M€	100	(0.3)
Reprography		Right	0.65 M€	100	(0.65)
TOTAL					**1.1 M€**

CMOs in the Field of Music

Teosto[45] licenses the use of music on behalf of **composers, lyric writers and music publishers** in Finland, and receives revenues from foreign equivalents for the use of Finnish music abroad. Moreover, Teosto pays the share of music from public lending remuneration to its members.

NCB[46] represents **mechanical rights** (right of reproduction) for

45 www.teosto.fi
46 www.ncb.dk

Nordic and Baltic rights holders on behalf of national relevant organizations, such as Teosto.

Gramex[47] collects **remuneration for public performance of recorded music** on behalf of performers and phonogram producers. Moreover, Gramex administers certain reproduction rights. Interactive online services are licensed directly by record companies.

The compensation for **private copying** for music is given as a joint amount, which is distributed by Teosto and Gramex respectively.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
MUSICAL WORKS AND SOUND RECORDINGS					
Teosto	59.8	Performing right	59.8 M€	100	59.8
	3.0	Foreign income	3.0 M€	100	3.8
	14.2	Public lending/ Teosto share	0.8 M€	100	0.8
	11.0	Private copying/ Teosto share	1.7 M€	100	1.7
Teosto/NCB	2.0	Mechanical right	2.0 M€	100	2.0
Gramex	21.5	Remuneration	21.5 M€	100	21.5
	0.7	Foreign income[48]	0.7 M€	100	0.7
	11.0	Private copying/ Gramex share	1.7 M€	100	1.7
TOTAL					**92.0 M€**

4.2.2. THEATRICAL PRODUCTIONS AND OPERA

Market and Stakeholders

Market

Theatre plays an important role in Finnish cultural life. The network of theatres covers the whole of Finland, and individual theatres are funded mainly either by communes or the state. This section covers theatrical productions including dance, opera and circus. The ticket sales of 2017 (including other income) were estimated to be around 78 M€[49].

Future trends

The number and the relative importance of the so-called free theatre, dance and opera groups will increase,

[47] www.gramex.fi
[48] Some Finnish performers collect foreign income directly outside the scope of Gramex and its reciprocal agreements. There is no data available on this, but it is estimated that the total volume is rather marginal. This estimation is not included in this figure.
[49] https://www.tinfo.fi/fi/Teatterin_tunnuslukuja_2017

and they complement the supply of the established theatre, dance and opera institutions. Theatre will also remain a popular hobby in the form of, for example, summer theatres.

Creation (C)

- Finnish Playwrights and Screenwriters Guild[50]: around 500 writers
- The Union of Finnish Theatre Directors and Dramaturgs[51]: 350 members
- Theatre, Film and Television Designers[52]: 270 members
- The Union of Finnish Actors[53]: around 2,000 actors
- The Union of Dance and Circus Artists Finland[54]: 1,000 members

Exhibition (E)

- The Association of Finnish Theatres[55]: 54 member theatres

End-Use & Usage habits (U)

- 3 million visitors; 0.54 visits/ inhabitant[56]

Copyright Revenue in the Value Chain

Relation Creation ← Exhibition

Writers and dramatists customarily receive **royalties** for the use of their plays in theatres, the typical royalty rate being 12% of ticket sales (excluding VAT). The share of domestic plays is around 50%. The Finnish and foreign drama writers are represented by various institutions and companies, and in some cases, writers do direct deals with theatres themselves. Based on the ticket sales statistics it is estimated that drama writers received around 6.8 M€ in 2017.

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

Performers (orchestras) receive **salary and certain royalties**, which are included in live performances for music.

Artistic staff in theatres receives **salary** based on collective labor agreements. Occasionally they receive copyright revenue for recordings and royalties, but the amount is minor, and no estimate exists.

50 http://www.sunklo.fi
51 https://www.teme.fi/fi/stod/
52 https://www.teme.fi/fi/lp/toiminta-ja-jasenyys/
53 https://www.nayttelijaliitto.fi
54 https://www.teme.fi/fi/stst/ststn-toiminta-ja-jasenyys/
55 http://www.suomenteatterit.fi
56 https://www.tinfo.fi/fi/Teatterin_tunnuslukuja_2017

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
THEATRICAL PRODUCTIONS & OPERA					
Writers		Royalty	6.8 M€	100	6.8
Music publishers		Grand rights	0.34 M€	100	(0.34)
Performers/orchestras		Salary/royalty	40 M€	6	(2.4)
TOTAL					**6.8 M€**

TOTAL FOR MUSIC, THEATRICAL PRODUCTIONS & OPERA: 147.5 M€

- Subtotal music: 140.7 M€
- Subtotal theatrical productions & opera: 6.8 M€

4.3. MOTION PICTURE AND VIDEO

This section covers three main areas:

- Feature films
- Other audio-visual productions
- CMOs in the audio-visual field

These areas cover feature films and other audio-visual productions, such as short films, documentaries and video productions, as well as independent productions produced for television companies.

Market and Stakeholders

Market

The turnover of the motion picture and video market in 2015 was 502 M€ (2015) (Economic Contribution of Copyright Industries in Finland 2012 – 2015)[57]

Future Trends

Digitalization keeps on changing production, distribution and consumption of films. The sales and rentals of physical DVDs have already been replaced by various online film services such as Netflix, who keep on developing their services and offerings in various ways. In Finland domestic films have one of the biggest market shares in EU (27% in 2017), and this is expected to continue. The share of international financing in Finnish film and TV drama productions will increase in the future, and the export of Finnish audio-visual products will increase.

Creation (C)

- The Association of Finnish Film Directors[58]: 135 film directors
- Finnish Playwrights and Screenwriters Guild[59]: around 500 writers
- Finnish Society of Cinematographers[60]: 74 members
- The Union of Finnish Actors[61]: around 2,000 actors
- Union of Film and Video Employees Finland[62]: 740 members
- Theatre, Film and Television Designers[63]: 270 members

57 http://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/160328/OKM_47_2017.pdf?sequence=1&isAllowed=y
58 http://www.selo.fi/#
59 http://www.sunklo.fi
60 http://www.fscfinland.fi
61 https://www.nayttelijaliitto.fi
62 https://www.teme.fi/fi/set/toiminta-ja-jasenyys/
63 https://www.teme.fi/fi/lp/toiminta-ja-jasenyys/

Production (P)

- Audiovisual Producers Finland (APFI)[64]: 54 companies
- Finnanimation – Network of Finnish Animation Producers[65]: 37 companies

Distribution (D)

- The Finnish Film Distributors' Association/The Finnish Chamber of Films
- Year 2017[66]:
  - 201 motion picture releases (41 domestic first releases)
  - Films in distribution: 360
  - Market share of domestic films: 27.4%

Exhibition (E)

- The Finnish Cinema Exhibitors' Association/The Finnish Chamber of Films
- Year 2017[67]:
  - Cinemas: 343 cinema screens (173 movie theatres), operating in 121 different towns
  - Box office gross: 98.5 M€

End Use & Usage Habits (U)

- 8.8 million cinema admissions: 1.6 admission per capita in 2017[68]

4.3.1. FEATURE FILMS

Copyright Revenue in the Value Chain

Relation Creation ← Production

The total budget for **feature films** in Finland is estimated to be around 74 M€ in 2017. This is calculated on the basis of the average budget (1.8 M€) and the number of new releases (41).[69]

Writers negotiate an **individual agreement** with a film producer. They receive customarily a fee for the screenplay, and some royalties based on individual contracts. Both are considered to be 100% copyright revenue. Based on discussions with professionals, writers are usually paid from 35,000 to 60,000 € for a feature film manuscript (estimated average 50,000 €).

Directors conclude an **employment contract** based on a collective labor agreement, which, however, does not have a generally binding effect. They receive **salary**, combined

[64] www.apfi.fi; Audiovisual Producers Finland (APFI) was founded in March 2018, and it includes the members of the previous organizations The Central Organization of Finnish Film Producers and The Association of Independent Producers in Finland (SATU)
[65] https://www.finnanimation.fi
[66] The Finnish Film Foundation
[67] The Finnish Film Foundation
[68] The Finnish Film Foundation
[69] The Finnish Film Foundation

with **certain royalties**. Based on discussions with professionals, directors' salaries usually vary between 45,000 and 70,000 € (estimated average 55,000 €) and royalties, which they get based on individual contracts, vary between 5 and 10%. Based on these estimates, a 7% royalty rate is used in the calculation.

The principle of salary applies also to **cinematographers, scene and costume designers**. However, they usually do not get royalties.

Actors' share of the feature film budgets in 2017 was in average 9.6%[70]. It is estimated that the share of copyright revenue is 25%[71]. Actors usually do not get royalties. The average number of shooting days for a feature film in 2017 was 32[72].

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
Feature Films (Domestic)					
Production	**74 M€**				
Writers		Fee, royalty	2.05 M€	100	2.05
Directors		Salary, royalty	2.25 M€	25	0.55
Other artistic persons		Salary, royalty	2.8 M€	7	0.2
Actors		Salary, royalty	7.1 M€	25	1.8
TOTAL					**4.6 M€**

Relation Creation ← Exhibition: Music in Feature Films

Teosto licenses public performance of music in cinematographic works through an agreement with movie theaters. Composers and publishers receive 1.1% of ticket sales. This amount is included in Teosto's turnover, presented in the table of CMOs in the musical field.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
EXHIBITION (Theatrical releases)					
Ticket sales	98.5 M€	Music rights	98.5 M€	1.1	(1.1)
TOTAL					**(1.1)**

70 The Finnish Film Foundation; this figure is based on films, which have got support from the Foundation
71 There are no standard contracts where this would be confirmed but the figure should be understood as a rough estimation.
72 The Finnish Film Foundation; this figure is based on films, which have got support from the Foundation

Relation Production & Distribution ← Exhibition: Theatrical Releases

Feature films are marketed by **film distributors**. The share of four big distributors in Finland is around 95%[73]. Total ticket sales collected by cinema theatres in 2017 were 98.5 M€ (including VAT). For foreign films (around 73% of turnover), distributors receive ca. 45%.

The total for Finnish Feature films (27.4% of the turnover) consists roughly of the following shares: VAT (10%), theatres (50%), distributors (10%) and producers (30%).[74]

It should be noted that none of the institutions in the field of audio-visual industries have collected or have not been able to collect reliable information on various video-on-demand (VOD) services such as Netflix, and therefore these figures are missing from the calculations regarding both feature films and television productions.

However, it should be emphasized that the volume of the VOD services is already great as it is estimated that in 2017 there were, for example, more than 500,000 and forecasted that there will be around 850,000 Netflix subscribers in Finland by 2020[75]. Furthermore, so far only few Finnish television and film production rights have been licensed to these services, but the number will increase, and therefore it is important to take these revenue sources into account in the possible future editions of this study.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
DISTRIBUTION (Feature Films)					
Ticket sales, foreign	71.5	License/distribution	32.2 M€	100	32.2
Ticket sales, domestic	27.0	License/distribution	2.7 M€	100	2.7
		License/producer	8.1 M€	100	8.1
TOTAL	**98.5**				**43.0 M€**

Relation Production ← Distribution: Rental and Sales (DVD and Blue-Ray)

The turnover for rental and sales of DVDs is 16.8 M € (2016)[76]. Sales represent 89% and rental 11% of the trade. Rental is based on licensing and thus 100% copyright revenue.[77]

For DVD sales, producers receive a royalty, which is estimated to be 30% (of the retail price).

[73] The Finnish Chamber of Films
[74] The Finnish Film Foundation
[75] https://www.kauppalehti.fi/uutiset/netflixin-tilaajamaara-lahestyy-suomessa-miljoonaa---viaplay-yrittaa-kampittaa-kilpailijaa-urheilulla/WBdxXLNG
[76] http://ses.fi/fileadmin/dokumentit/Elokuvavuosi_2016_Facts_Figures.pdf
[77] NB: these figures are no longer available from 2017 onwards as many distributors do not publish these figures any longer.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
RENTAL AND SALES (DVD, Blue-Ray)					
Rental and sales	**16.8**				
Sales	15.0	Royalty/producer	4.5 M€	100	4.5
Rental	1.8	Rental right	1.8 M€	100	1.8
TOTAL	**16.8**				**6.3 M€**

4.3.2. OTHER AV PRODUCTIONS

Copyright Revenue in the Value Chain

Relation Creation ← Production: Other AV-Productions

An average budget for **short films** is 94,000 € and for **feature-length documentaries** 245,000 €[78]. These productions may include direct copyright revenue for writers, directors and other artistic persons. The share is however minor, and no direct copyright revenue is calculated in this evaluation.

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

Relation Production ← Exhibition: Independent Productions for Television

Independent producers produce a major part of television programs, in particular for commercial free-to-air (FTA) channels. Based on discussions with various industry sources it is estimated that the producers received around 95 M€ from television channels for their exhibition rights and minor royalties in 2017. This revenue is by its nature 100% direct copyright income.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
EXHIBITION (Independent Television Productions)					
Television	95	Exhibition rights	95 M€	100	95.0
TOTAL					**95.0 M€**

[78] The Finnish Film Foundation

4.3.3. CMOs IN THE AUDIO-VISUAL FIELD

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

Tuotos[79] (Copyright Association for Audiovisual Producers in Finland) represented in 2017 some 250 Finnish producers. Moreover, Tuotos represented some 17,000 foreign producers in the area of retransmission of broadcasts, based on its cooperation agreement with AGICOA (Association for the International Collective Management of Audiovisual Works).

It managed the following rights and remuneration:

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

Kopiosto[80] (Joint Copyright Organization in Finland) has 45 member organizations and through them over 50,000 individual mandates.

It manages the following rights/remuneration:

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

Filmex[81] (Actors' Copyright Organization) has some 1,500 actor customers and manages so-called Kopiosto rights, foreign income, certain DVD rights and archive usage of certain MTV and Yle materials.

[79] https://tuotos.fi/#; since March 2018 Tuotos has been a part of Audiovisual Producers of Finland, APFI (www.apfi.fi).
[80] https://www.kopiosto.fi/fi_FI/
[81] www.filmex.fi

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
AUDIOVISUAL WORKS					
Tuotos	5.4	Private copying	0.4 M€	100	0.4
		Retransmission right	0.6 M€	100	(0.6)
		nPVR recording	3.7 M€	100	(3.7)
		Other licensing	0.7 M€		0.7
Kopiosto	49.4	Private copying	5.7 M€	100	5.7
		Recordings[82]	18.3 M€	100	18.3
		Retransmission right	2.3 M€	100	2.3
		Foreign income	0.5 M€	100	0.5
Filmex	0.04[83]	Foreign income	0.04 M€	100	0.04
TOTAL					**27.94 M€**

TOTAL FOR MOTION PICTURE AND VIDEO: 176.8 M€

- Subtotal feature films: 53.9 M€
- Subtotal other av-productions: 95.0 M€
- Subtotal CMOs in the field of av: 27.9 M€

[82] Includes various kinds of revenue sources such as nPVR recording services and education
[83] Consists of income from period 2014-2017

4.4. RADIO AND TELEVISION

This section covers three main areas:

- Nationwide radio and television
- Private radio
- Cable and satellite

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

4.4.1. NATIONWIDE RADIO AND TELEVISION

Market and Stakeholders

Market

Total turnover for radio and television was 1,161 M€ in 2016 (Statistics Finland/Media Statistics[84]).

- Television broadcasting 1,097 M€ in 2016
- Radio broadcasting 64 M€ in 2016
- Public broadcaster YLE turnover 472 M€ (YLE, Annual Report 2017[85]; this figure is included in the total turnover for radio and television)

The Finnish television and radio markets have both been divided on roughly 50/50 basis between public and private or commercial broadcasters for already several years now.

Future trends

The share of real-time i.e. linear watching of television will decrease as more people will use various kinds of audio-visual online services and use more time shifting. The popularity of podcasting in radio business will increase. New kind of players such as telecom operators will take a bigger role in television business. The amounts of international VOD services' such as Netflix's subscriptions will increase, and they challenge established pay-tv operators.

Creation (C)

- Union of Journalists in Finland
  - 3,100 radio and tv-journalists
  - 560 freelancers

Production & Exhibition (P & E)

The main players in business:

- YLE, a public-service broadcaster (three free-to-air tv channels and eight national radio channels)

[84] http://www.stat.fi/til/jvie/2016/jvie_2016_2017-11-24_tie_001_fi.html
[85] https://drive.google.com/file/d/1V1Ri7SBpUspbT0UJOB9KSR3GiC_fNNJU/view

• MTV, a commercial broadcaster (three free-to-air tv channels and pay-tv packages)
• Nelonen, a commercial broadcaster (four free-to-air tv channels, pay-tv packages, and eight radio channels)

End Use & Usage Habits (U)

• Television reaches 90% of the population weekly, and 92% of watching takes place in real time[86]
• Radio reaches 74% of the population on an average day[87]
• Daily time spent on television was 2 hours 48 minutes[88]
• Daily time spent on radio was 2 hours 56 minutes[89]

Copyright Revenue in the Value Chain

Relation Creation ← Production

In-house productions are produced by employed staff and freelancers. There are 3,100 **employed journalists** working in radio and television. The median salary for journalists in 2017 was 3,562 €/month, i.e. 42,774 €/year according to Statistics Finland. An estimated share of 7% is dedicated to direct copyright revenue.

Freelancers customarily receive a **fee** for their contribution. There is no information available on their invoicing, but it is estimated to be around 2/3 of the above-mentioned median salary of journalists or 28,200 €/year. This fee is regarded to be 50% direct copyright revenue in this evaluation, following the method explained in the general part of the evaluation model. There are around 560 freelancers working for radio and television, resulting in 15.8 M€ in freelance fees.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
Broadcasting programs (In-House)					
Production					
TV-journalists		Salary, royalty	132.6 M€	7	9.3
Freelancers		Fee, royalty	15.8 M€	50	7.9
TOTAL					**17.2 M€**

86 https://www.finnpanel.fi/lataukset/katselu_ja_ilmiot_2017.pdf
87 https://www.finnpanel.fi/lataukset/radiovuosi_2018.pdf
88 https://www.finnpanel.fi/lataukset/katselu_ja_ilmiot_2017.pdf
89 https://www.finnpanel.fi/lataukset/radiovuosi_2018.pdf

Relation Production ← Exhibition: Independent productions

Independent producers produce a major part of television programs, in particular for commercial channels, and increasingly for Yle as well. According to an estimate based on discussions with the TV channels and production companies, independent producers received 95 M€ for exhibition rights and minor royalties from broadcasters in 2017. This revenue is direct copyright revenue, included in the figures of motion picture and video (cross reference).

Broadcasters finance also the production of Finnish feature films, and to minor extent documentaries. A typical pre-sale amount for television rights of feature film entails 150,000 € [90], which sum makes part of the feature film's budget. While this is part of financing from the film producers' perspective, the investment is made to in order to get exhibition rights for the releases. This share is included in the estimation of 95 M€.

Broadcasters buy also rights for foreign programs. Based on the discussions with the broadcasters it is estimated that the total costs of acquiring broadcasting rights for foreign productions is roughly around 95 M€ (commercial FTA channels and Yle) i.e. it is on the same level as domestic purchases.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
BROADCASTING RIGHTS					
Finnish TV productions		Broadcast right	95 M€	100	(95.0)
Foreign productions		Broadcast right	95 M€	100	95.0
TOTAL					**95.0 M€**

Relation Creation ← Production & Exhibition: Music Rights/Remuneration

Broadcasters (radio and tv) pay for the use of music in their programming to Teosto and Gramex: performing and mechanical rights of musical works to Teosto and remuneration rights to Gramex. These sums are included in the figures of CMOs in the field of music but mentioned here by cross-reference.

[90] An estimate based on discussions with various professionals

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
MUSIC IN BROADCASTING					
Teosto	59.8	Right	31.3 M€	100	(31.3)
Gramex	23.9	Remuneration	9.1 M€	100	(9.1)
TOTAL					**(40.4 M€)**

Relation Production ← Distribution: Sale of Radio and Television Programs

YLE supplies content for use outside the organization, in Finland and abroad[91]. Customers include other national and international broadcasters, various institutions and private individuals. The customer receives a license to use the material in a clearly defined manner and context, and the ownership remains with the broadcaster. The income is direct copyright income.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
SALES (Audio and Video Recordings)					
Program sales/Yle	2.2	Right, license	2.2 M€	100	2.2
TOTAL					**2.2 M€**

4.4.2. PRIVATE RADIO

Market and Stakeholders

Market

Radio advertisement income was 63.5 M€ in 2017 (RadioMedia)

Creation (C)

- There were around 150 radio-journalists employed by private radio stations in 2017. In addition to this, stations used services of around 250 part-time freelancers. (RadioMedia[92])

Production & Exhibition (P & E)

- In 2017 there were around 100 private radio channels: 12 national and the rest either local or regional channels.[93]

End Use and User Habits (U)

- 3.7 million Finns listen to private radio programs weekly[94]

[91] https://drive.google.com/file/d/1V1Ri7SBpUspbT0UJOB9KSR3GiC_fNNJU/view
[92] These figures are rough estimations as there is no recent data on this matter available.
[93] https://www.radiomedia.fi/kaupallinen-radiotoimiala
[94] https://www.radiomedia.fi/kaupallinen-radiotoimiala

Copyright Revenue in the Value Chain

Relation Creation ← Production & Exhibition
Information on RTV journalists includes journalists who work in private radio stations (150 employed journalists). Salary and fee income are included in the figures of nationwide broadcasting.

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

4.4.3. CABLE AND SATELLITE

Market and Stakeholders

Market

- The total turnover for television was 1,097 M€ in 2016 [95]
  - Out of this 43% was Yle tax, 23% advertising, 24% pay-tv (including VOD services), and 10% basic fees of cable-TV [96]
  - The share of subscription fees was 263 M€ and the basic fees of cable-TV 110 M€

Distributors/Exhibitors (D & E)

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

End-Users and User Habits (U)

- 1.65 M households were connected to cable-tv and 439,000 were connected to IPTV [97]
- 261,000 cable households have paid for television services [98]

Copyright Revenue in the Value Chain

Relation Production ← Exhibition
So far there have been very few national cable- or online-originated programs, but as new players such as telecom companies (e.g. Elisa) have started to commission original programs, the situation is changing gradually. Different pay-TV packages of channels consist of foreign programs. These programs are either foreign broadcasts retransmitted simultaneously and unchanged or foreign program packages. For the first, copyright remuneration for all

[95] http://www.stat.fi/til/jvie/2016/jvie_2016_2017-11-24_tie_001_fi.html
[96] http://www.stat.fi/til/jvie/2016/jvie_2016_2017-11-24_tau_005_fi.html
[97] https://www.viestintavirasto.fi/tilastotjatutkimukset/tilastot/2013/kaapeli-tv-jaiptv-liittymat.html
[98] FiCom

rights holders is collected by Kopiosto and included in the figure for CMOs in the audiovisual field. For the latter, subscription fees for other channels totaled 263 M€ in 2016. The share of exhibition rights is estimated to be 30% of the total revenue.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
CABLE AND SATELLITE					
Subscriptions	263	Rights	78.9 M€	100	78.9
Broadcasts	110	Retransmission right	2.3 M€	100	(2.3)
TOTAL					**78.9 M€**

TOTAL FOR RADIO AND TELEVISION: 193.3 M€

- Subtotal nationwide radio and television: 114.4 M€
- Subtotal private radio (included in nationwide radio)
- Subtotal cable and satellite: 78.9 M€

4.5. PHOTOGRAPHY

This section covers two main areas:

- Photography
- CMOs in the field of photography

4.5.1. PHOTOGRAPHY

Market and Stakeholders

Market

There is no reliable estimation on the total value of the market available.

Future trends

In the digital environment, the use of photographs grows constantly, especially in social media services such as Facebook and Instagram. However, unauthorized use of photographic pictures in the Internet is a major challenge for professional photographers. Many professionals offer, beside traditional photography, increasingly other services such as video production and various kinds of digital services.

Creators (C)

The Central Association of Photographic Organizations (Finnfoto[99]) and its member associations have over 10,000 members in the following member organizations (2017):

- Finnish Professional Photographers Association
- Central Organization of Finnish Camera Clubs
- Professional Nature Photographers
- The Art Photographers Association
- The Union of Photo Traders
- Finnish Nature Photographers
- Students of Photography

The Union of Journalists in Finland[100]

- Professional press and media photographers are members of the union (15,000 members in total as journalists in various media)

The Union of Artist Photographers in Finland is a member of the Artists' Association of Finland[101]

- The union has some 400 members of the total of 3,000 members in the Artists' Association of Finland

It is estimated that there are around 3,000 professional photographers in Finland.

[99] www.finnfoto.fi
[100] https://journalistiliitto.fi/fi/
[101] http://artists.fi

Producers & Distributors (P & S/D)

- Photo agencies: there are some 10 photo agencies in Finland with various representations of photographers
- There are numerous joint companies of individual photographers

Exhibitors (E)

- Photo archives and museums
- The Finnish Museum of Photography has a photo archive
- The Picture Collections of the National Board of Antiquities

Copyright Revenue in the Value Chain

Relation Creation ← Production & Sales/Digital delivery

Many photographers market their works themselves. Alternatively, they use photo agencies or joint companies as their representatives. The customary way is granting licenses (non-exclusive or exclusive) for the use of photographs. License terms are often based on the recommendation of the association. In case of commissioned works, an exclusive license is customary, at least for a period of time. The license defines the media included in the license. The license fees are considered as 100% direct copyright revenue. The estimated average invoicing is 50,000 €/year for individual photographers.

Photo agencies license photographs for different uses, such as advertising and media companies. Their total turnover is estimated to be 1.5 M€. After deduction of an agency fee, estimated at 40%, the revenue to photographers is 100% copyright revenue.

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

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
PHOTOGRAPHY					
Photographers	150.0	License	150.0 M€	100 %	150.0
Photo agencies	1.5	License	60 %	100 %	0.9
TOTAL					**150.9 M€**

4.5.2. CMOs IN THE FIELD OF PHOTOGRAPHY

- Finnfoto and the Union of Journalists are members of Kopiosto (Joint Copyright Organization)
- The Union of Artist Photographers in Finland is a member of Kuvasto (Visual Artists Copyright Association)
- Kopiosto collected in 2017 for reprography and digital usage 14.3 M €; the share of all visual elements including photography is 3.1 M€ (22%)

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
PHOTOGRAPHY					
Kopiosto	14.3	Right	0.25 M€	100%	0.25
TOTAL					**0.25 M€**

TOTAL FOR PHOTOGRAPHY: 151.1 M€

4.6. SOFTWARE AND DATABASES

This section covers two main areas: software and databases.

4.6.1. SOFTWARE

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

Market and Stakeholders

Market

- The turnover of the Finnish software industry in 2017 was around 9,700 M€[102]

Future trends

- Software development is a constantly growing business area. It is estimated that the roughly 50/50 relation between open source and proprietary software remains the same in the near future.
  The relative importance of SaaS (Software as a Service) in the software business is increasing.
- Companies, which are not software firms themselves, buy increasingly software development services.
- Internet of things (IoT) and new technologies such as artificial intelligence bring along new possibilities for further growth.

Creators and Producers (C & P)

- Software companies employed around 60,000 in total in 2017
- Around 5,000 software development companies[103]
- 10,000 professionals and 400 companies as members of the Finnish Information Processing Association (TIVIA)[104]

Copyright Revenue in the Value Chain

Relation Creation ← Production

Software developers are customarily employed by software-producing companies and their copyright rights are transferred to the employer on the basis of the law, unless otherwise agreed between parties. This evaluation takes as a point of departure that rights reside with the employers, i.e. software development companies,

[102] https://ohjelmistoyrittajat.fi for all information in this chapter
[103] The figure depends a lot on the definition; in any case, the amount most probably does not exceed this
[104] www.tivia.fi

and no direct copyright revenue is estimated in the relation Creation ← Production.

Relation Production ← Usage

The Finnish software firms can be divided into eight categories:

1. Software product firms offering their own software products using the traditional licensing model (classified as copyright revenue);
2. ASP and SaaS firms (and to a certain degree PaaS or Platform-as-a-Software firms) offering their software over the internet using either an Application Service Provision (ASP) or Software-as-a-Service (SaaS) arrangement (classified as copyright revenue);
3. Development service firms providing software development services (development rental) or custom development projects when some or all rights may in some cases be transferred to the paying client (classified as copyright revenue);
4. Deployment projects offering installation, customization mainly for ready software products (not classified as copyright revenue);
5. Software consulting firms offering consulting and testing (no copyright revenue);
6. Hardware firms offering hardware with embedded software (no copyright revenue);
7. Content and advertising firms offering software-related services (no copyright revenue);
8. Non-software firms offering general consulting and IT support services (no copyright revenue).

The estimated turnover of firms that deal with copyright revenues is estimated to be around 60% of the total turnover of 9,700 M€. As business in this category is based on licensing rather than sale (transfer of ownership), 90% of the turnover is regarded as direct copyright revenue. Some sectors of the consumer trade, such as sale of software in conjunction with hardware, are borderline cases. The prevailing business model is based on selling a license and thus corresponding turnover is included in this evaluation, up to 90% of the trade.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
SOFTWARE (Products and Services)					
Software total	9,700				
Products and services	5,820	License	5,240 M€	90	5,240
TOTAL					**5,240 M€**

4.6.2. DATABASES

This section covers database production, processing and publishing, and includes a great variety of different kinds of services. There is no single industry with a given turnover figure.

Central players in database processing and publishing are the following:

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

Relation Creation ← Production: Databases

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

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

Relation Production ← Exhibition: Online vendors

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

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

TOTAL FOR SOFTWARE AND DATABASES: 5,240 M€

- Subtotal software: 5,240 M€
- Subtotal databases: no estimate

4.7. COMPUTER GAMES

Market and Stakeholders

Market
The estimated turnover in 2017 was 2.2 B€ in total[105].

Finland is currently among the Top 3 game developers in Europe based on the size of the total turnover. The business is based almost entirely on digital delivery.

Future Trends
The gaming market will keep on growing and it will expand to new areas such as virtual and augmented reality (VR/AR). E-sports is a game-based business, which will also keep on growing.

Creators and Producers (C & P)

- Neogames[106] is a member-based non-profit game industry organization
- Around 250 game developer companies and game service providers
- These employ around 3,000 full-time people
- Turnover of the core game development was 2.2 B€ in 2017
- The share of export income was 98%

Producers and Distributors (P & D)

- Association for the Nordic Game Industry (ANGI)[107]
- Estimated turnover of ANGI members and non-members 52 M€ at resale price value with VAT (2017), and estimated around 200 M€ if online and mobile sales are included

Copyright Revenue in the Value Chain

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

105 Market figures source: www.neogames.fi
106 https://www.neogames.fi
107 http://angi-nordic.com; Finnish Games and Multimedia Association (FIGMA) was merged into ANGI in 2016.

Relation Production & Distribution ← Usage

The total turnover excluding hardware and accessories is 200 M€. This trade is based on the notion of licensing of usage rights and included as direct copyright share in this evaluation.

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
GAMES					
Games	**2,400.0**				
Development	**2,200.0**	Royalty/license	2,200.0 M€	100	2,200.0
Distribution	**200.0**	Licensing	200.0 M€	100	200.0
TOTAL					**2,400.0**

TOTAL FOR COMPUTER GAMES: 2,400 M€

4.8. VISUAL AND GRAPHIC ARTS

This section covers three main areas:

- Visual arts
- Graphic arts
- CMOs in the field of visual and graphic arts

Joint turnover for visual and graphic arts was 605 M€ in 2015 (Economic Contribution of Copyright Industries in Finland 20013 – 2015[108]).

4.8.1. VISUAL ARTS

The market for visual arts, including artistic photographs, includes direct sales and the activities of art galleries, art rental, art museums and sales through auction houses.

Market and Stakeholders

Future trends

Digitalization affects creation, distribution and consumption of visual arts. On the other hand, more and more works will be available also via various online services and virtual galleries. This also makes possible to develop new kind of business models. On the other hand, artists use increasingly various kinds of digital tools in their creative work. Artists also combine and cross more often the borders of traditional areas of visual arts.

Creators (C)

- Artists' Association in Finland has ca. 3,000 members as professional artists in the following member organizations:
  - Finnish Painters' Union
  - Association of Finnish Sculptors
  - Union of Finnish Visual Arts Associations
  - Finnish Artistic Graphic Designers
  - Finnish Interdisciplinary Artists Association (MUU)
  - Finnish Artists Photographers
- The visual artists' CMO, Kuvasto, has 2,400 members

Distribution and Exhibition (D & E)

- Art Galleries: 119 (2017)[109]

[108] http://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/160328/OKM_47_2017.pdf?sequence=1&isAllowed=y
[109] https://frame-finland.fi/wp-content/uploads/2018/08/Taidegalleriatilasto-2017.pdf

- The Finnish Art Galleries Association: 32 members[110]
- Art rental: around 40 renters (2016)[111]; a monthly rental fee depending on the price of the art work
- Auction Houses: there is no reliable information available on the art sales done by various auction houses
- Art museums: 61 museums in 2017[112]

End Use and Usage Habits (U)

- Visits to art institutions: total amount 4.6 M (2017)[113]
  - Visits to museums: 2.3 M
- The most popular museums: Ateneum (440,000) and Kiasma (300,000)
  - Visits to galleries: 1.3 M
  - Visits to art events: 0.9 M

Copyright Revenue in the Value Chain

Relation Creation ← Sales & Exhibitors & Users

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

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

Sales through art galleries is estimated to be around 6 M€[114], and a typical commission is 30% (if the gallery rent is paid separately; 40-50% in case of sales commission only)[115].

As works in galleries are owned by artists, galleries do not pay copyright revenue for exhibition of works on site or through internet.

In **art rental business** works are rented for a period of time and sold thereafter to the same person or returned after the rental period to the renter. Only in case of institutional users, such as film producers, works of art are rented for the project. The total revenues are estimated to be around 2.1 M€ in 2016[116].

There is no reliable information available on the total **sales through auction houses**. However, the **resale right remuneration** is included in the CMO figures.

110 https://www.facebook.com/pg/Galleristit-ry-495425557183641/about/
111 Art renter survey commissioned by Artists' Association in Finland; advance information, will be published during 2018
112 Frame Finland
113 Frame Finland
114 Estimation based on https://frame-finland.fi/wp-content/uploads/2018/08/Taidegalleriatilasto-2017.pdf
115 https://frame-finland.fi/wp-content/uploads/2016/07/Taidegalleriatilasto-2016.pdf
116 Art renter survey commissioned by Artists' Association in Finland; advance information, will be published during 2018

Source	Turnover (M€)	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
VISUAL ARTS					
Galleries	6.0	Commission	2.4 M€	-	
Art rental	2.1	Rental right	2.1 M€	100 %	2.1
Auction sales	n/a	Resale right	0.2 M€	100 %	(0.2)
TOTAL					**2.1 M€**

4.8.2. GRAPHIC ARTS

Graphic arts are described here as one sector, but it includes a variety of professions, such as graphic designer, AD, illustrator, creative director, artist, and website or game designer.

Market and Stakeholders

Future trends

Graphic designers work increasingly in web-design and game companies where the visual element is crucial to the service. Data visualization and information graphics represent a major trend.

Creators (C)

- It is estimated that there are around 3,000 professional graphic designers; however, this figure depends a lot on the definition of a professional
- Grafia, Association of Visual Communication Designers in Finland: 1,100 professionals as members; 40% of them work as self-employed[117]
- According to Statistics Finland there were around 1,800 graphic designers in 2017; this figure is used as the basis for calculations
- Illustrators in Finland: 450 members; it is estimated that the total amount of professional illustrators is around 550 professionals[118]
- It should be noted that these two professional groups overlap to a certain degree.

[117] https://www.grafia.fi
[118] https://kuvittajat.fi

Creation ← Production

Graphic designers work in many areas such as corporation graphics, publication graphics, game development, advertisement, web-design and illustrations. Graphic designers can be employed or work through their own companies or as freelancers. They get a **salary or a fee** for their work. According to the Statistics Finland, median salaries paid for graphic design were around 3,600 €/month in 2016. According to Grafia's member study[119] self-employed designers work in most cases through their own companies. They earned an average of 2.660 €/month in 2017.

According to the study freelancing has become a rare form of working. Despite this it is considered that the latter group's income is considered to be fees as the average size of the companies is very small, typically 1-2 persons. Part of the salary can be dedicated as direct copyright revenue and an estimate of 7% in used in this evaluation model. License fee can be regarded as 100 % copyright revenue.

Illustrators conclude a **license agreement** with the user. A Recommendation Agreement drafted by Illustrators in Finland consists of general terms and terms of commission. Fees paid to illustrators are considered as direct copyright revenue. Illustrators in Finland estimate that some 550 illustrators work professionally and get at least part of their income from illustrations. Most of them are self-employed so that around 2/3 of them work through their own companies and 1/3 as freelancers. The average revenues or fees per person are estimated to be 30,000 € per year. As the groups of illustrators and graphic designers are partly overlapping, the estimate is based on a careful estimation of 250 persons.

Source	Turnover (M€)	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
GRAPHIC ARTS					
Graphic designers		Salary	43.6 M€	7%	3.0
		Fees	21.8 M€	100%	21.8
Illustrators		Fees	7.5 M€	100%	7.5
TOTAL					**32.3 M€**

[119] Grafian jäsenet työmarkkinoilla. Grafia 2018.

4.8.3. CMOs IN THE FIELD OF VISUAL AND GRAPHIC ARTS

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

- Kuvasto (Visual Artists' Copyright Association)
- Kopiosto (Joint Copyright Organization): public lending, reprography and digital usage remuneration for visual art and photography

Source	Turnover (M€)	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
CMOs					
Kuvasto	**0.86**	Exhibition right	0.2 M€	100%	0.2
		Reproduction/ licensing	0.4 M€	100%	0.4
		Resale right	0.2 M€	100%	0.2
		Reprography	0.05 M€	100%	(0.05)
		Privat copying	0.06 M€	100%	0.06
Kopiosto	**49.4**	Reprography and digital usage	0.7 M€	100%	0.7
		Public lending	1.6 M€	100%	1.6
TOTAL					**3.2 M€**

TOTAL FOR VISUAL AND GRAPHIC ARTS: 37.6 M€

- Subtotal visual arts: 2.1 M€
- Subtotal graphic arts: 32.3 M€
- Subtotal CMOs in the field of visual and graphic arts: 3.2 M€

4.9. ADVERTISING

The broader concept "Marketing Communication" includes the following subsections:

- Media advertising
- Direct marketing
- Sales promotion

Market and Stakeholders

The sector "advertising" includes information on agencies and buying services. The WIPO Methodology suggests that the advertising revenues should not be included in the measurement.

Market

The total value of media advertising in 2017 was 1,200 M€. The shares were in 2017[120]:

- Print media advertising 35.7%
- Electronic media advertising 55.9%
- Outside/vehicle advertising 4.7%
- Trade fair advertising 3.7%

Future trends

The share of online advertising will increase mainly at the cost of print media. Also, the share of programmatic buying in the area of online advertising will increase in Finland. The total value of media advertising is expected to grow, to some extent, after few years of negative or flat development[121].

Creators (C)

- Creative professionals employed by advertising agencies
- 2,682 advertising agencies in 2016[122]; there is no available data on the total amount of persons working in the agencies and their salaries

Producers of Audio-Visual (Production/AV)

- Audiovisual Producers Finland (APFI)[123]
- Some members are working in the field of advertising; in addition to them, various kinds of video producers and marketing agencies produce audio-visual advertising materials, but there is no data available on them

[120] https://www.tns-gallup.fi/sites/default/files/tiedote_mediamainonnan_maara_2017.pdf
[121] https://www.mainostajat.fi/wp-content/uploads/2017/10/Mainosbarometri_graafit_lokakuu_2017.pdf
[122] https://www.kauppalehti.fi/uutiset/tassa-ovat-suomen-menestyneimmat-toimialat-ja-niiden-parhaat-yritykset/MCBpvRyi
[123] www.apfi.fi

Producers - Distributors (Production & Sales)

- Some 1,600 employees in the member organizations of the Finnish Association of Marketing, Technology and Creativity (MTL)[124]

Exhibitors (E) (Advertisers)

- Over 400 member companies in the Association of Finnish Advertisers[125]; represents more than 80% of the total media advertising spending

Copyright Revenue in the Value Chain

Relation Creation ← Production & Sales/Digital delivery

There is no available data on the total amount of persons working in the agencies and their salaries. Their copyrights are customarily transferred to the employer and no direct copyright share is estimated in this evaluation.

Relation Production/AV ← Production & Sales

Advertising films include productions for television, video, cinema, internet or mobile. The commissioner usually gets the right to transmit the ad in television or the agreed media. A separate agreement is due for wider usage rights, such as other media, extra copies, and showing outside Finland. Remuneration for extra rights is agreed between the parties. The film producer is responsible for any third-party content used in the film, such as music. In the case the commissioner is an advertising agency, the company has the right to transfer the usage rights to the advertiser.

The trade is based on the concept of exclusive licenses, and the ownership to the material (film) stays with the ad producer. The fees paid for third-party content such as music are included in the respective sections.

The advertising turnover of the member companies of Satu[126] was estimated to be 16 M€ in 2016[127]. These companies cover only a part of the market but there is no data available on the other kinds of players in this market. The total figure is too low but used here as an indication, as other reliable information or estimations are not available. The license is based on rights and thus 100% as direct copyright revenue.

[124] https://mtl.fi/fi/node/71
[125] https://www.mainostajat.fi
[126] www.satu.fi; now part of APFI
[127] http://satu.fi/page/mika-on-satu-ry/tunnusluvut-2016

Source	Turnover	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
AD FILMS					
Audio-visual producers	16	License	16 M€	100%	16.0
TOTAL					**16.0 M€**

Relation Production & Sales ← Exhibitors

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

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

TOTAL FOR ADVERTISING: 16.0 M€

4.10. COLLECTIVE MANAGEMENT ORGANISATIONS (CMOs)

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

The term "Right" is used here for exclusive rights, remuneration rights, public lending remunerations and private copying remunerations.

Source	Turnover (M€)	Revenue type	Revenue (% or €)	Copyright Share (%)	Copyright Revenue
CMOs					
Teosto	59.8	Right	59.8 M€	100%	(59.8)
Teosto/NCB	2.0	Right	2.0 M€	100%	(2.0)
Gramex	23.9	Right	23.9 M€	100%	(23.9)
Kopiosto	49.4	Right	49.4 M€	100%	(49.4)
Kuvasto	1.0	Right	1.0 M€	100%	(1.0)
Tuotos	5.4	Right	5.4 M€	100%	(5.4)
Sanasto[128]	12.6	Right	12.6 M€	100%	(12.6)
Filmex	0.04	Right	0.04 M€	100%	(0.04)
TOTAL					**(154.14)**

[128] The figure includes the share of public lending, which was 11.9 M€ in 2017; https://www.sanasto.fi/julkaisut/

DIRECT COPYRIGHT REVENUE STREAMS IN CREATIVE INDUSTRIES IN FINLAND

AN EVALUATION

The study was commissioned by the Finnish Copyright Society, and was carried out by Dr Jari Muikku of Digital Media Finland. This study is a contribution to a larger national project to assess the operation of national copyright and related rights systems. It is a follow-up of previous studies which were published in 2010 and 2014.

Publication Series of the Finnish Copyright Institute

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

FINNISH COPYRIGHT SOCIETY Finnish Copyright Institute

Address of the Institute:
Finnish Copyright Society
Suomen Tekijänoikeudellinen Yhdistys r.y
Urho Kekkosen katu 2 C
00100 Helsinki
E-mail: info@copyrightsociety.fi