



PRS for Music
Retail Tariff
Customer Consultation

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1. Introduction

PRS for Music is undertaking a consultation on the charging structure used to license the use of copyright music within the Retail sector.

The key objectives of the consultation are to (i) publish the proposed tariff and (ii) invite views on the proposal.

The consultation is being undertaken in accordance with the *PRS for Music* Code of Conduct. This outlines our commitment to undertake fair, reasonable and proportionate consultations when proposing to introduce a new tariff or to make significant changes to an existing tariff. *PRS for Music* aims to set reasonable terms and to apply and administer all licensing schemes fairly and consistently. The Copyright Tribunal has jurisdiction over all existing and proposed licensing schemes operated by *PRS for Music*.

The consultation will run from a period of 8 weeks from 26 September until 21 November 2016. *PRS for Music* will review all responses received on or before the closing date. Details on how to respond to the consultation can be found in Section 6.

This consultation does not obligate *PRS for Music* to implement any of the changes proposed. *PRS for Music* may propose an alternative tariff in the light of responses to this consultation.

The consultation does not include the licence required for the sound recordings, when recorded music, including radio and TV, is played in public. This is administered by the Phonographic Performance Limited (PPL). PPL and *PRS for Music* are two separate independent Collective Management Organisations and in most instances a licence is required from both organisations to lawfully play recorded music in public. While both organisations licence the use of music and collect royalties for the music industry, each represents different rights holders and have separate licences, terms and conditions. PPL collects and distributes money for the use of recorded music on behalf of record companies and performers. *PRS for Music* collects and distributes money for the use of the musical composition and lyrics on behalf of authors, songwriters, composers and publishers. For further details on PPL, please visit www.ppluk.com

In early 2016 *PRS for Music* and PPL confirmed plans to create a new joint venture for public performance licensing (details can be found [here](#)). The plans do not affect this consultation as the two Societies will continue to develop their tariffs separately.

2. PRS for Music

PRS for Music (Performing Right Society Limited) represents the rights of over 118,000 songwriters, composers and music publishers in the UK. As a membership organisation it ensures creators are paid whenever their music is played, performed or reproduced and champions the importance of copyright to protect and support the UK music industry. *PRS for Music* provides business and community groups with easy access to over 10 million songs through its music licences. *PRS for Music* is one of the world's most efficient performing rights organisations. With over 100 representation agreements in place globally, *PRS for Music's* network represents over two million music creators. *PRS for Music* is a not for profit organisation. After deducting running costs, all the income received from licence fees is distributed back to members.

For businesses and organisations, *PRS for Music* plays a valuable role. *PRS for Music* members have entrusted the organisation to make their copyrighted songs available to be used in exchange for fair compensation and *PRS for Music* provide the required licences for this in a simple and cost effective way. This gives businesses and individuals the right to use millions of copyrighted songs from around the world, without the need to negotiate individual licensing terms for these works with the songwriters or publishers.

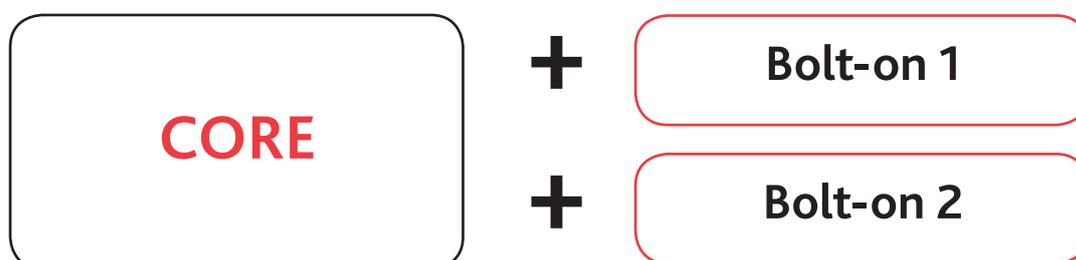
PRS for Music surveys thousands of businesses, including shops, stores and shopping centres to find out what music they are playing. Similar information is also supplied by TV and Radio broadcasters, as well as concert venues. Based on this information, *PRS for Music* distributes royalties to the composers and publishers of the music that has been played.

3. The simplification programme

PRS for Music is consulting on its intention to simplify its Retail Tariff as part of the *PRS for Music* tariff simplification programme, the aim of which is to create revised tariffs that are easy to understand, simple and efficient for customers to use, whilst fairly reflecting the value of music. For example, a reduction in the number of questions when applying for a licence and taking part in the annual review will make the licensing process quicker and simpler.

The proposals set out in this consultation are therefore part of a more extensive programme to review and simplify most of the *PRS for Music* public performance tariffs. These tariffs have been in use for some time and ad-hoc revisions to keep them up to date with how music is performed and consumed have resulted in overly long and complicated arrangements.

PRS for Music is proposing that the new tariff structure is based on a “core” charge with ‘bolt-on’ options whilst remaining broadly cost neutral for the average customer (although variances for some customers may occur when moving to a new tariff). The core charge will be a single metric covering the main and most frequent music usage being licensed. Music usage additional to the main and most frequent use, would be charged by way of a ‘bolt-on’ charge allowing individual customers to tailor their licence to their specific needs. This is illustrated below.



4. The current approach

Currently, *PRS for Music* may apply various elements from several different tariffs to customers in the Retail sector. For example:

- (a) Tariff RS – “Shops and Stores” comprises of 22 differing fixed charges dependant on the size of the retail area up to 10,000m². For stores above 10,000m² a further charge is applied to every additional 1,000m² (or part thereof). The size of the premises is calculated using the “audible area”, to which the public is admitted and within which music is audible - plus any outdoor areas if applicable. Finally, a reduction is applied in relation to the use of small portable radios or small screen televisions where the area they are audible in does not exceed 100m².
- (b) Background music charges in Tariff RS include music use in staff rest-rooms, store rooms and “back offices” for up to four people employed in the shop. (Where there are five or more employees Tariff I is applied). In-store events are charged on a per day rate dependant on the audible area.
- (c) The circulating area charge of Tariff GP – “General Purpose” is currently applied to shopping malls and centres where multiple units of varied size are aggregated to calculate a final charge. Events held within a shopping mall or centre are charged based on the capacity of the area and number of events.
- (d) Food courts and cafes owned by the retailer or mall proprietor, which are an integral part of the larger retail/public space, are charged using Tariff HR, our licensing scheme for Hotels, Restaurants and Cafes. This rate is calculated using seating capacity, as well as the type and number of devices from which music can be performed in public.

5. The proposed Retail Tariff

5.1 The Proposal

Background Music ("Core")

The proposed tariff will cover the use of background music within retail premises. Charges will be based on a flat fee dependent on the total square metres within which the music is audible on the shop floor and associated public areas. The charges will increase with the size of the premises with the first tier covering premises up to 100m² in size. The final tier will comprise a base rate for 15,001m² or above in size with an additional charge for every 1,000m² (or part thereof) thereafter. Food courts and cafes that are operated by the retailer/mall proprietor and are an integral part of the larger retail and associated public space will be included in the total area calculated for the background music charge.

The background music charge will be "device-neutral" and will enable licensees to perform music in public by whatever device they wish to use (and via however many devices they may wish to use).

Background music in staff canteens and rest-rooms will be included in the "Core", but without the size of the relevant area being taken into account when calculating the number of square metres to which the background music charge will apply and regardless of the number of employees. This will only be applicable to premises where the Retail tariff is applied.

Staff training films will also be included.

In-Store Event ("Bolt-On")

It is proposed that in-store events such as fashion shows, live music performances and DJ performances will be a 'bolt-on' which will be charged on a fixed fee per day basis.

Minimum Charge

It is proposed that a minimum charge will apply only to those customers who do not require the "core" Background Music licence but who use music solely on a 'bolt-on' basis. This minimum will be set at £50 excluding VAT (which is significantly less than current minimum charges). 'Bolt-on' charges will then be offset against the minimum charge.

5.2 Other Retail Policies

Demonstration Discount

Currently a "demonstration discount" of 30% applies when a sales representative of a retailer demonstrates audio and/or audio visual equipment which is for sale on the premises. This policy will continue to apply.

Reduction on Tariff I ("Music in the workplace")

Where retailers with five or more employees provide background music in staff-only areas which are not regarded as a canteen or rest room (e.g. offices, stockrooms), this use will continue to be licensed under the terms of Tariff I ("Music in the workplace"). On the basis that staff canteens and rest-rooms will be included within the core background music charge under the proposed retail tariff, the current reduction of £6.00 per annum to the Tariff I charge for retail customers requiring music in the workplace use will be discontinued.

5.3. The proposed tariff charges

The proposed charging structure of the new Retail Tariff is set out below:

Core		
● Background music		● Staff Canteen
Breakdown of charges		
Audible area of shop floor/ public area (m ²)		Annual Charge
0 – 100		£138
101 – 200		£253
201 – 500		£353
501 – 1,250		£523
1,251 – 2,000		£753
2,001 – 4,000		£1,002
4,001 – 7,000		£1,322
7,001 – 10,000		£1,652
10,000 – 15,000		£2,352
15,001+	Base rate	£3,002
	For each additional 1,000m ² (or part thereof) over 15,001m ²	£200

In-store events (such as fashion shows, live music performances and DJ performances) will be a 'bolt-on' which will be charged on a fixed fee per day at the rate of £20.50 per day. Where the only use of music is 'bolt-on' only, the charges will be offset against the minimum (and the higher of those rates will apply).

In-Store Event
£20.50 per Day

N.B All rates are indicative based on 2015 figures and will be adjusted annually in line with inflation when the new tariff comes into force.

5.4 The impact of the proposal

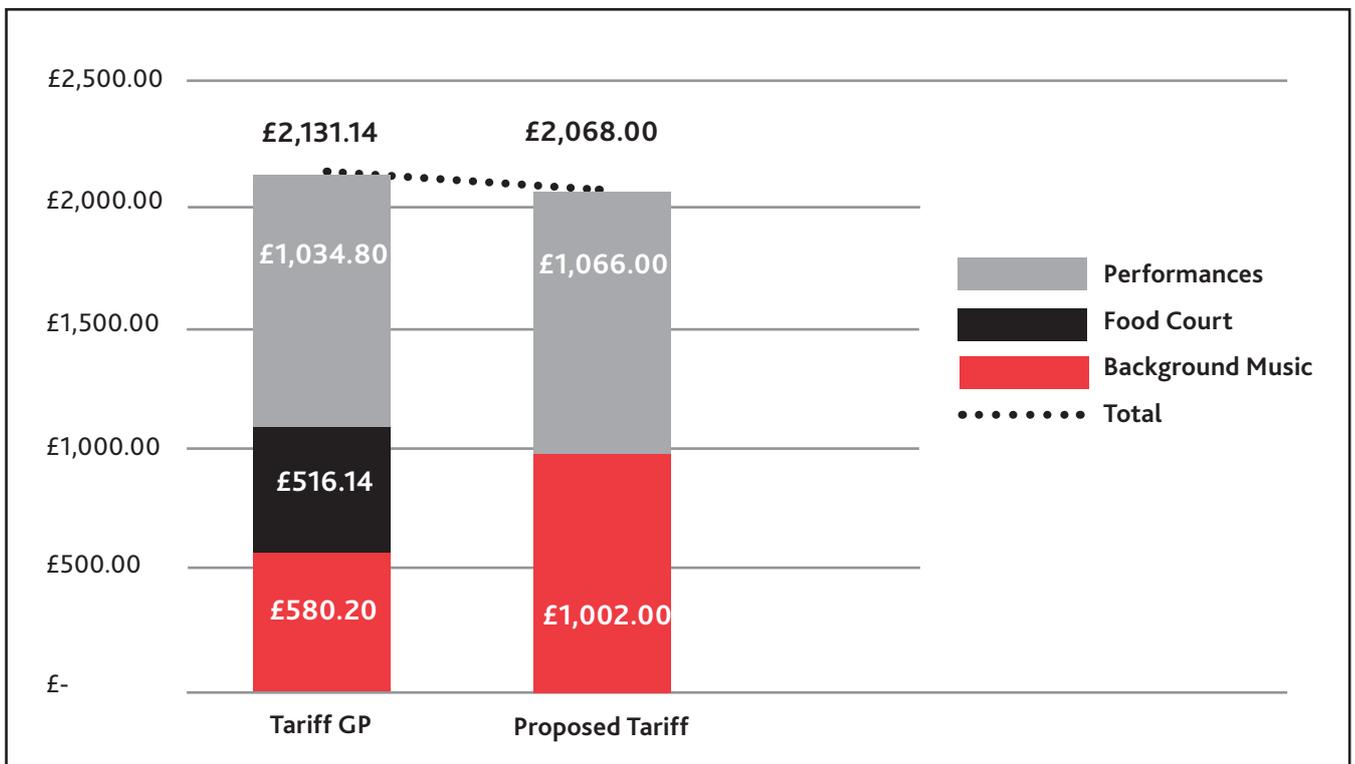
To illustrate the impact of the proposals, *PRS for Music* has compared the charges that would arise under Tariffs RS, GP, HR & I, with the charges that will arise under the proposed Retail Tariff, in the following five representative examples.

Example 1.

“Shopping mall plays music throughout the premises, including a 100 seat food court via a CD player and has performances every Saturday to an audience with the capacity of 200.”

The conversion of number of seats to square meters has been calculated as a ratio of 1:1.

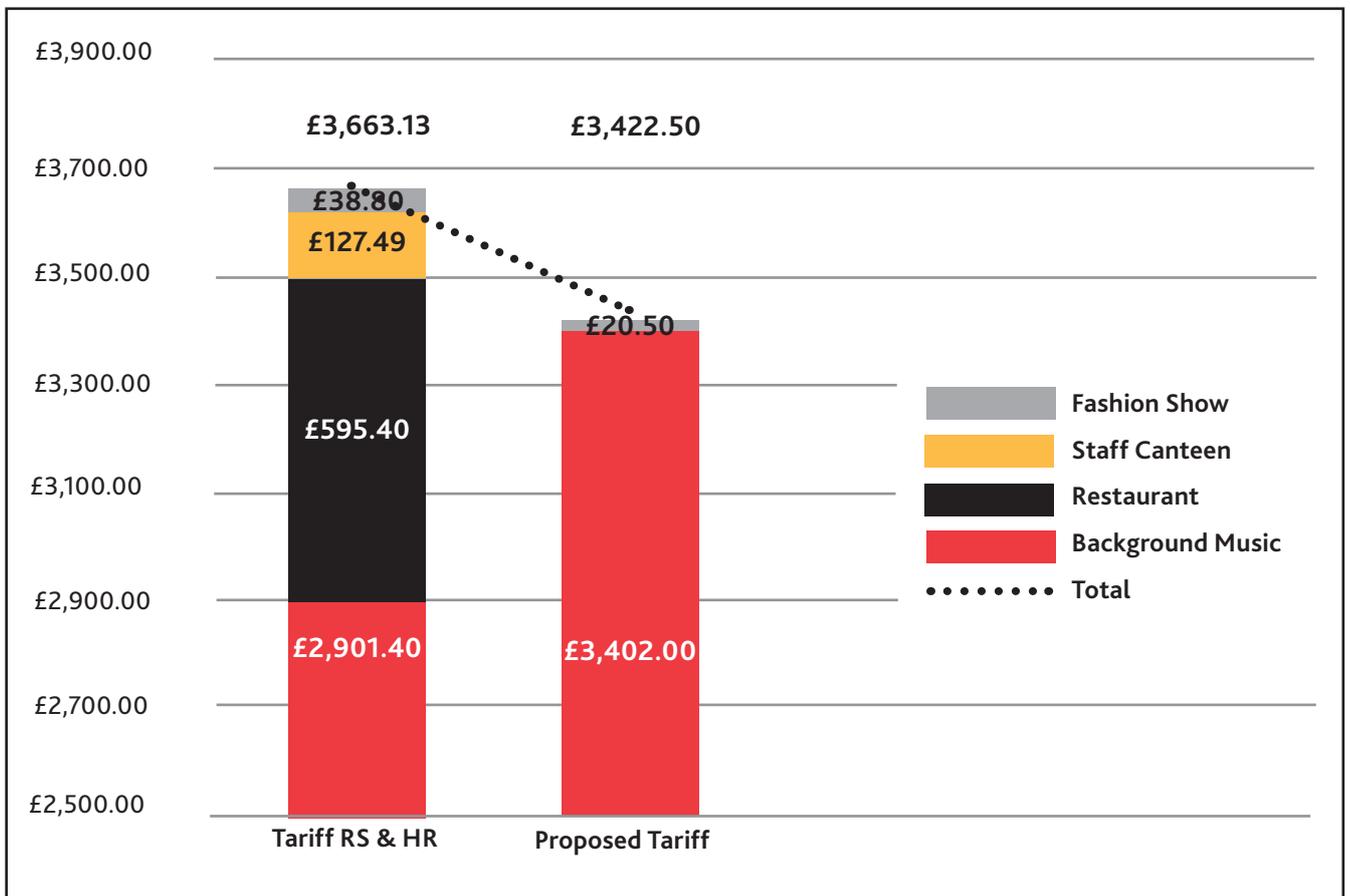
Fig 1. Comparison of a 2,000m² Shopping Mall assessed under the current arrangements and the proposed Retail Tariff



Example 2.

“Department Store with in-store 130 seat restaurant where background music is played throughout using a PC and which hosts an annual fashion show. The store also has a staff canteen which is used by 50 employees all year round”

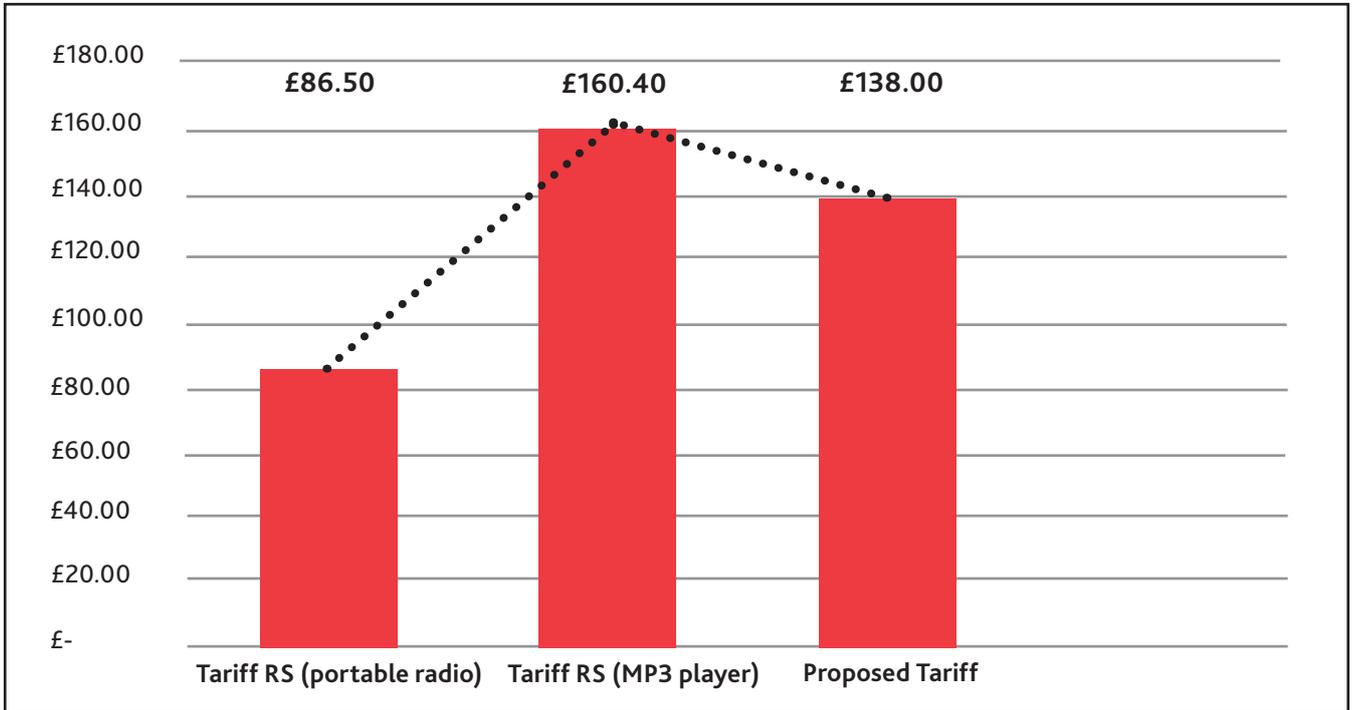
Fig 2. Comparison of a 17,000m² Department Store assessed under Tariff RS, HR & I and the proposed Retail Tariff



Example 3.

“Small convenience store plays music using only a portable radio, however they wish to upgrade to an MP3 player and docking station”

Fig 3. Comparison of a 90m² convenience store assessed under Tariff RS and the proposed Retail Tariff

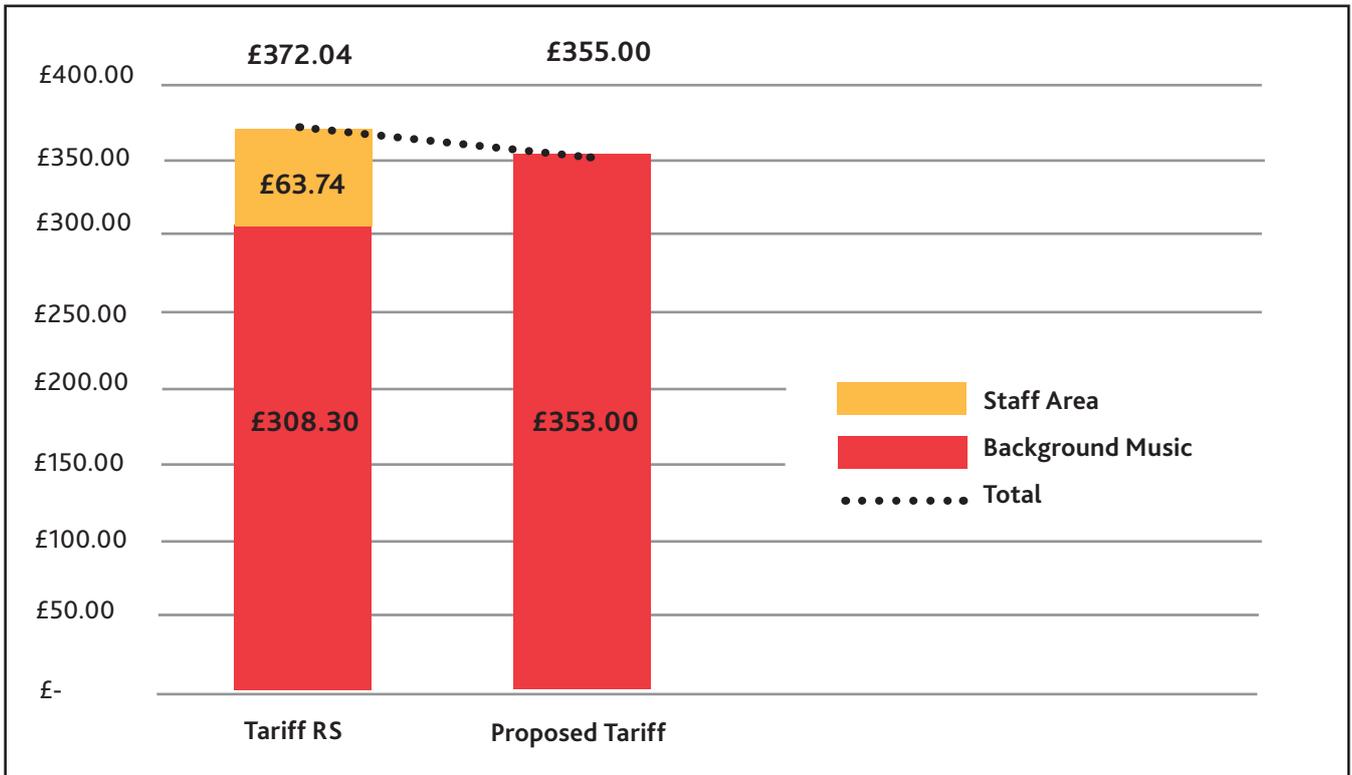


N.B Removing the current reduction which applies to a small portable radio or small screen television audible over an area of not more than 100 square metres would result in a price increase under the proposed tariff for some customers. The first tier charge of the proposed retail tariff has been set lower than the current RS tariff, which will enable customers to perform music by any device at a standard rate.

Example 4.

“Car showroom with a staff rest area for its 10 employees which is open all year round”

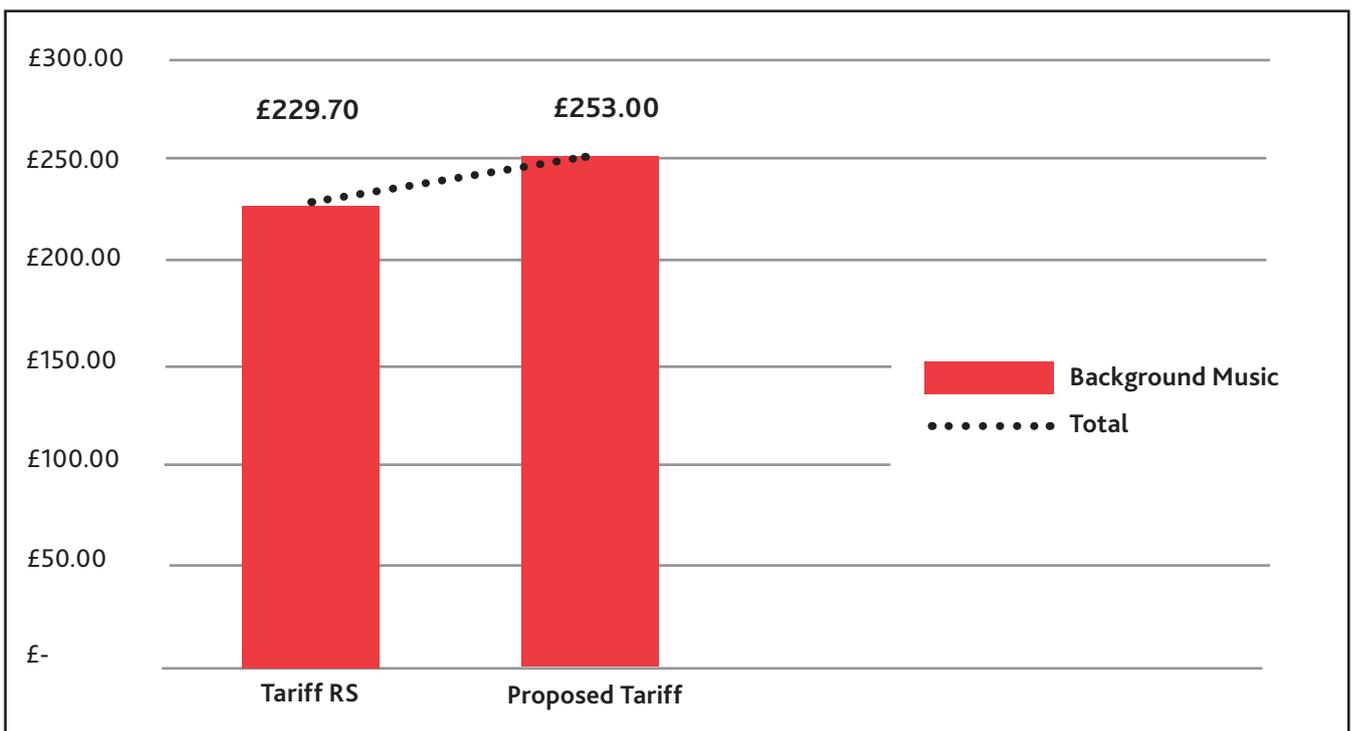
Fig 4. Comparison of a 250m² Showroom assessed under Tariff RS & I and the proposed Retail Tariff



Example 5.

“A boutique shop that has background music only within a trading space of 130m²”

Fig 5. Comparison of a shop assessed under Tariff RS and the proposed Retail Tariff



6. How to respond to the consultation

All the details of this review, and any updates, are available on the *PRS for Music* website:

www.prsformusic.com/retailconsultation

PRS for Music is consulting with the membership of a number of representative bodies, including but not limited to: British Retail Consortium, Federation of Small Businesses, Booksellers Association, the Association of Convenient Stores and the National Federation of Retail Newsagents.

Respondents should complete the response form on the website above.

Online responses are preferred.

Written responses can be posted to:

Retail Tariff Consultation Responses

PRS for Music

2 Pancras Square

London N1C 4AG

Or by email to:

retail.consultation@prsformusic.com

Please entitle your response 'Retail Consultation'

[Click here to download a paper form](#)

Or visit: **www.prsformusic.com/retailconsultation**

All responses should be received by 21 November 2016

PRS for Music have provided some structured questions for respondents to consider when formulating responses. *PRS for Music* will consider all comments received. If you would like *PRS for Music* to keep your response confidential, or if you wish to provide confidential data in support of your response, please let *PRS for Music* know by stating this on the response form.

6.1 Next Steps

Following the deadline for submission of the consultation responses. We will carry out a review of all the responses received and publish a summary of these on our website. We will seek to hold discussions with customers and representative bodies, as required, and announce a new tariff based on the consultation feedback and subsequent discussions.

7. Appendix

Full details of the current Tariffs can be found as follows:

RS – Shops and Stores

<https://www.prsformusic.com/SiteCollectionDocuments/PPS%20Tariffs/rs-tariff.pdf>

GP – General purpose

<https://www.prsformusic.com/SiteCollectionDocuments/PPS%20Tariffs/gp-tariff.pdf>

HR – Hotels, Restaurants and Cafes

<https://www.prsformusic.com/SiteCollectionDocuments/PPS%20Tariffs/hr-tariff.pdf>

I – Music in the workplace

<http://www.prsformusic.com/SiteCollectionDocuments/PPS%20Tariffs/i-Tariff.pdf>



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