



PRS for Music
Retail Tariff
Response Summary

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Introduction

On 26 September 2016 *PRS for Music* launched an 8 week consultation* proposing a revised Retail Tariff as part of its Licence Simplification Programme**. The principal aim of the consultation was to invite customers and trade bodies to review and comment on the proposed charging structure.

The consultation was undertaken in accordance with *PRS for Music's* Code of Conduct, which requires *PRS for Music* to consult with relevant parties whenever significant changes are proposed to our Public Performance Tariffs.

As part of the consultation process, *PRS for Music* approached the National Federation of Retail Newsagents, Federation of Small Business, British Retail Consortium, Booksellers Association, Association of Convenience Stores, Entertainment Retailers Association, as well as current customers and invited comments from all other interested parties. We accepted responses to the consultation via email or by a web form through a dedicated Retail consultation section on the *PRS for Music* website, which also hosted all relevant consultation materials and documentation. The consultation resulted in a total of 95 responses.

The sections of this document follow the questions asked as part of the response form set out in the consultation. In each section we have gathered the responses received and summarised them. For the responses that didn't follow our prescribed response format, we have allocated them to the appropriate sections. Each summary is followed by *PRS for Music's* comments and proposed way forward.

The questions asked were designed to highlight the main charges in how *PRS for Music* proposed to licence the retail sector.

* <https://www.prsformusic.com/users/businessesandliveevents/tariff-simplification/retail-consultation/Documents/retail-consultation-web.pdf>

**The aim of the programme is to simplify, streamline and consolidate over 40 public performance tariffs, creating a smoother experience for *PRS for Music* customers that makes it easy to purchase and manage a licence, and allows businesses to receive the full benefits and value of music in a simpler way

General Overview of the Proposed Retail Tariff

We would be interested to hear your views as to whether a new tariff is required for the Retail sector?

The general consensus was that a simplified tariff would be welcomed. Many respondents were concerned that changes to the Retail tariff would come at a difficult time for retailers. *PRS for Music* acknowledges the challenges the retail sector faces and endeavours to work with the industry via its trade bodies to make sure that implementation of any simplified tariff is carried out with as little business disruption as possible.

What are your views with regards to whether Shopping Malls and Centres should be included under the umbrella of a new Retail tariff?

There were some concerns from customers that the size difference between Shopping Malls and Centres compared to traditional retailers meant a single scheme may not be appropriate. However, the majority saw the inclusion of Shopping Malls and Centres within the proposed Retail tariff as fair and correct due to them being a significant and increasing part of the modern retail environment.

PRS for Music acknowledges the concerns held by some smaller retailers and has mitigated against the impact of the size discrepancy between retailers. *PRS for Music's* proposed Retail tariff will account for the entire retail sector and provide a simplified comprehensive scheme for the use of music within all retail establishments.

Background Music

A) What are your views with regards to the removal of a charge per device for shopping malls, food courts and in-store cafes/restaurants?

B) What are your views with regards to our proposal to no longer calculate the charge for food courts and in-store cafes/restaurants (non-franchised) based on seating capacity?

Respondents who acknowledged the proposal welcomed this change as they felt it would allow them the flexibility to adapt their retail space to the changing habits of the consumer and use a device that best suits their business needs.

PRS for Music proposed that an in-store café/restaurant or food court (owned and run by the proprietor) are no longer charged under a separate tariff, but instead, included in the calculation of the total audible area of the retail space.

Therefore, *PRS for Music* plans to proceed with the proposal.

Are you content for background music usage to be charged by the number of square metres in bands?

The continuation of using bands of square metres was generally seen as the simplest approach. Many respondents believed that the first band was too large and does not cater for the substantial number of small business premises that are less than 50 square metres.

PRS for Music has in response to the customer concerns included an additional band to cater for small businesses of up to 50 square metres. To accommodate the inclusion of the additional band, *PRS for Music* will have revised the charges proposed in the published consultation.

If not, what alternates do you think may be suitable?

Customers suggested either; Footfall or percentage of turnover as alternatives to square metres for calculating the charge.

PRS for Music response: The simplification programme is designed to create tariffs that are simple and easy to use. This requires readily and easily available data to provide and inform *PRS for Music* of the validity of any proposed metric. The two metrics suggested by respondents to the consultation, i.e. footfall or the revenue generated by a retailer, would require *PRS for Music* to make a series of high level assumptions and therefore, after review *PRS for Music* has concluded that both these proposed metrics would be less suitable, and potentially less than fair versus the proposed metric based on bands of square metres.

In-Store Events

What are your views with regards to our proposal to charge a flat fee per day for In-Store events (removing the charge dependent on premises size)?

The majority of respondents do not hold in-store events so stated that the change would not be applicable to them. For those who do, the majority felt it would be a good idea to adopt a flat fee. Some smaller retailers believe that a fixed fee is potentially unfairly biased towards larger establishments.

How would this change to In-Store Events affect your premises?

Similarly to the previous question the majority of respondents did not answer this question. However those that did, were positive and stated that it would allow them to potentially put on more in-store events.

Would you prefer to continue to pay dependant on premises size?

Although customers did raise a concern around the fairness of treating all premises the same with regards to In-store events, there was a general understanding that a flat fee was a simpler method. Therefore *PRS for Music's* intention is to proceed with the fixed flat fee for in-store events. *PRS for Music* believes that the proposed flat fee is reasonable in relationship to those customers who historically have held in-store events.

General Comments to the Consultation

PPL

Some responses reflected confusion about the necessity to acquire a *PRS for Music* (and PPL) licence when a customer uses music previously purchased by them as a private consumer, e.g. in the form of a commercially released CD or online subscription service for the purchaser's private and domestic use. The terms on which such recordings or online services are made available usually prohibit the public performance of the recorded music by means of the playing of the recording or service in public without the licence of the relevant copyright owner and customers who wish to enhance the customer experience by doing so require a separate public performance licence (provided by *PRS for Music* and PPL). However several customers also raised the question of why *PRS for Music* and PPL do not join forces to create a more streamlined licensing process.

PRS for Music and PPL are pleased to confirm that work on a joint venture is currently underway which will create a 'one-stop-shop' for our customer's public performance licensing needs.

Payment terms and frequency

"The number one thing which would help us as a business is the option to pay by monthly direct debit. We are huge music fans, and music is an integral part of our instore offering. But an annual lump sum inevitably creates unnecessary resentment... If we could pay per month any concerns we have around PRS would pretty much disappear overnight." **Eighteen Rabbit Fair Trade**

PRS for Music currently offers a four-part payment plan and is looking at creating payment plans that would suit other customers.

Next Steps

PRS for Music has considered the views and feedback provided through the consultation and have created a revised simplified Retail Tariff (please see next page).

PRS for Music will continue to work in conjunction with the representative trade bodies in the development of the revised Retail Tariff. All progress, as well as information on the other Public Performance tariffs that are part of the simplification project, will be updated on the simplification website.

<https://www.prsformusic.com/licences/tariff-simplification>

The simplified Retail Tariff is currently scheduled to be launched and administered as part of the Joint Venture with PPL.

PRS for Music would like to thank all those who have responded to the consultation and who continue to assist with the development of the Retail Tariff.

List of Respondents:

Flowers By Design, Creative Cheshire Ltd, Relate Norfolk & Suffolk, Ashcott Stores Ltd, Vintage & Paint Ltd, Wilson & Bailey Limited, Fraser's Retail Limited, Stirling Optical, The Astrology Shop, Gallery 1611, Moose Hall, Turners Newsagents, Goldsmith & Co, Castle Capers, Kitchen Style Ltd, Cwpan Pinc, Pearl's Pet Care, Ruby in the Dust, Sportology, David Turner, Clitheroe Books, Lockwood Ltd, Buywise Pet Supplies, Love Running Limited, Greetings Limited, Jungle Jyms Play Centre, Rhubarb Gifts Ltd, Convoy Records, Blacks Menswear, Rolys Fudge Pantry Polperro Ltd, Andrew Williams, The Astral Gypsy, Zu, The Farners Barn, Val Irvine Picture Framing & Oasis Bookshop, Keech Hospice Care, St Davids, Hospice Care, Jaba Yard, Carousel Pig, Emmaus Leeds, Surrey Sports, Dushantha Alawattegama, Jonathan Goldsmith, Good Taste – The Sheffield Fair Trade Shop, Community Transport, The Lovely Room, Example, Bike Shop Darlington, The Craft Shop, The Emporium, Association of Convenience Stores; Eighteen Rabbit Fair Trade.

The Revised Simplified Retail Tariff

Core: Background Music		
Total Audible Area (m2)		Charge Per Annum
0 – 50		£95.00
51 - 150		£170.00
151 – 250		£280.00
251 – 500		£390.00
501 - 750		£490.00
751 – 1,000		£580.00
1,001 – 1,500		£700.00
1,501 – 2,000		£862.00
2,001 – 2,750		£1,150.00
2,751 – 3,500		£1,352.00
3,501 – 4,500		£1,625.00
4,501+	Base Rate	£1,625.00
	For each additional 1,000 (or part thereof)	£125.00
Bolt On: In-Store Events		
Per Event		£26.00

N.B. All rates are indicative based on 2017 figures and will be adjusted annually in line with inflation when the new tariff comes into force.



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