IMPF

GLOBAL MARKET VIEW
INDEPENDENT MUSIC PUBLISHING
Third Edition

APRIL 2023

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1. Foreword

This is the third Global Market View published by the Independent Music Publishers International Forum (IMPF), providing data about the global market value of the independent music sector.

The music publishing business is the business of compositions, and of the people behind this business — songwriters, lyricists, composers, producers and, of course, music publishers.

In short, it is the business of songs. Without songwriters and composers and their creations there would be no music industry. Yet, the intrinsic value of this business remains under-estimated.

The current economic model, dominated by the rise of streaming, works in favour of performers and recordings. The ratio of streaming revenues split between recording and publishing is basically one to five.

In other words, when one euro or dollar is paid to rights holders by streaming services, performers and labels take a hefty 80% while songwriters and publishers split among themselves the remaining 20%.

The fact that many debates around the world have focused on the need for a fairer and better remuneration of songwriters is a direct consequence of this imbalance. While some studies, such as the United Kingdom Parliament's Digital, Culture, Media and Sport (DCMS) Committee have shown that publishers and songwriters are the main beneficiaries of the rise in revenues from streaming — in percentage of revenue — compared to labels, the maths may be correct but the baseline is very low.

It has become hard to argue against the idea that songwriters and publishers were handed the wrong side of the deal.

There is no reason why the combination publisher/songwriter should be paid less than the combo label/performers. And a rebalancing of the revenue split is long overdue.

In the absence of a global entity collecting data from the various segments of this industry in general — and the lack of global data on music publishing, in particular — this study's ambition is to show as much as possible the true value of the global publishing sector and also highlight some local and regional specificities of some markets.

What this report also shows is the strength and value of independent music publishers, who are mapping the world and are crucial partners of the songwriter community in every single country around the globe.

The data covers the year 2021, reflecting the way the music publishing business functions, with a time delay linked to the process by which royalties are collected and distributed in the world. They inform about a music sector moving out of the COVID-19 pandemic.

As a testimony to the resilience of the sector, music publishers have continued to sign new songwriters, collect, and distribute royalties, grant synch licences and build their businesses.

Several factors will contribute to a stronger music publishing business in the coming years:

- The recovery of the public performance segment, with advertising back to pre-COVID levels
- The live music sector is back in full swing as documented by the volume of concerts taking place around the world
- Film and TV production has resumed, and the sync business is back to pre-pandemic levels, while global video streaming services continue to expand
- Favourable legislation in the United States, in particular, will see a significant increase in royalties paid to music publishers and songwriters from mechanical rights

There are, of course, a few clouds on the horizon:

- The risks of a slower economy and the impact of inflation, which could affect the bottom line and the margins of music publishers
- A slowing down of streaming adoption in the most mature markets, not yet compensated by growth in new, emerging markets
- Adverse copyright legislation, lowering the protection of music works, or dismantling schemes such as private copying, which usually benefit the creative sector
- The rise of unlicensed platforms, preferring to launch and operate without properly compensating rights holders

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Annette Barrett, Reservoir Music, and President of IMPF: *"Independent music publishers are a vital creative force in the modern music business. They are also an economic force, as this report shows, accounting for over a quarter of the global publishing market. Collectively, independent publishers are the premiere publishing entity in the world, ahead of the largest major company. This is a tribute to the many entrepreneurs in each country who develop songwriters and composers, and make sure they get proper remuneration for their music."*

Aman Khullar, General Counsel, Musixmatch: *"Musixmatch is proud to sponsor this third edition of the 'IMPF Global Market View of Independent Music Publishing'. Together with our publisher partners we have worked for more than 12 years to nurture and grow the digital lyrics market — a way to earn royalties from existing rights that are now an intrinsic part of every music DSP product. We are particularly excited by the continued growth of the independent publisher community, and we look forward to working with our partners on growing the lyrics market and developing new products. Working with the IMPF we know that independents have a strong and committed advocate for their rights as well as a forum to discuss and share ideas about the future of the music industry."*

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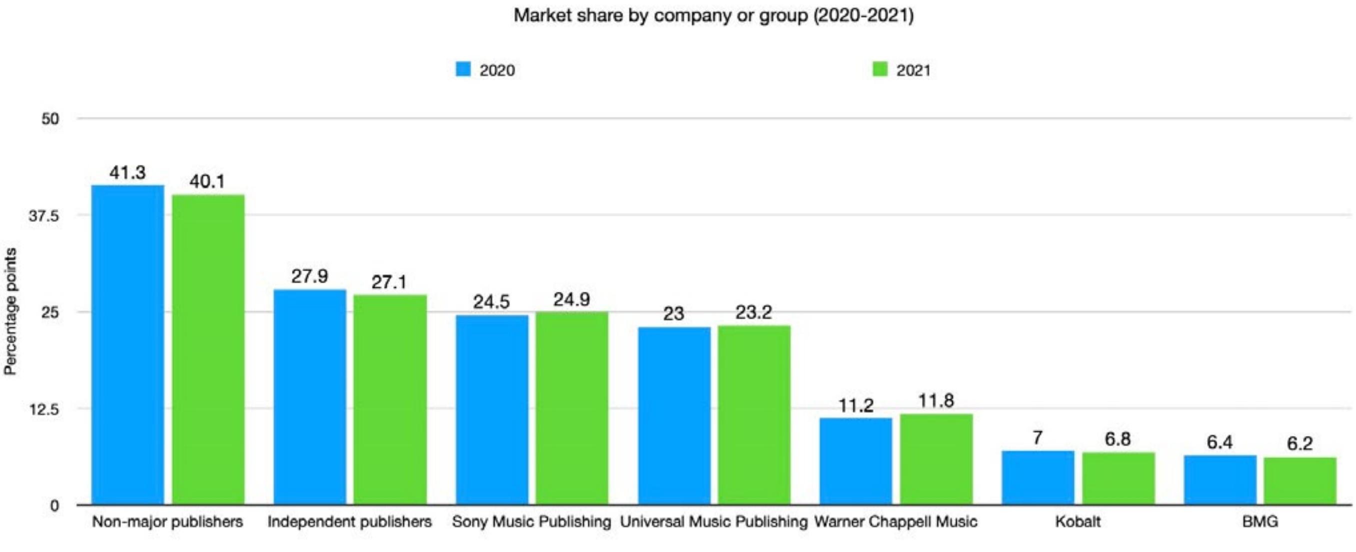
2. Executive summary

The music publishing market is dominated by the affiliates of major music companies — Sony Music Publishing, Universal Music Publishing Group and Warner Chappell Music — that accounted in 2021 for 59.9% of the global publishing market, according to estimates from Music & Copyright.

Of the remaining 40.1%, two companies — Kobalt and BMG — accounted for 6.8% and 6.2% respectively, which would put the independent music publishing sector (defined as companies with a global market share of 5% or below), taken collectively, at 27.1% of the total market.

Such a combined market share would qualify the independent music publishing sector as a collective entity with a market share higher than that of the largest music publisher in the world (Sony Music Publishing).



(Source: Music & Copyright)

Music publishing is a key component of the music rights ecosystem. Alongside recorded music rights, centred around sound recordings, publishing rights, attached to music works, is the business of the underlined compositions used for sound recordings.

Publishers' revenues rely on multiple flows of royalties, some of which are negotiated directly by the publisher (synchronisation rights), and others through the collective management system (mostly performance rights and mechanical rights).

The market analysis of the global music publishing industry shows that the activities of music publishers were impacted by the COVID-19 pandemic in both 2020 and 2021, with improvements in 2022, and full recovery envisaged for 2023. As opposed to the way recorded music revenues are collected, music publishing revenues are subject to delays due to the way music royalties are collected and distributed.

During IMPF's inaugural Music Entrepreneurial and Creative Industry Summit in Palma de Mallorca, Spain in September 2022, Gadi Oron, Director General of the International Confederation of Societies of Authors and Composers (CISAC), disclosed that the value of live and public performance had declined from €3 billion in 2019 to about half of that in 2020 and 2021.

According to studies by the economist Will Page, the global music rights market was worth $39.6 billion (€34.05bn) in 2021, with $13.5 billion (€11.84bn) generated by the music-publishing sector.

Within this aggregate of €11.84 billion, €8.48 billion was channelled through the global network of collective management organisations (CMOs), and reported via CISAC, and $3.44 billion directly generated by publishers, mostly though synchronisation rights.

The income going through CMOs is usually split 50-50 between publishers and songwriters. Based on Will Page's figures, this would equal to €4.24 billion for publishers, to which the €3.44 billion generated directly by music publishers is added.

In total, the global music publishing market was worth €7.68 billion in 2021, against €6.51 billion in 2020, based on restated figures.

Since independent music publishing represents 27.1% of the €7.68 billion total, according to Music & Copyright and estimates from IMPF, and based on Will Page's figures on the overall value of the music copyright market, we estimate that the independent music publishing market was worth €2.08 billion in 2021, compared with €1.95 billion in 2020.

3. About the Independent Music Publishers International Forum

The Independent Music Publishers International Forum (IMPF) is the world association representing the interests of the independent music publishing community globally.

IMPF is made up of member companies from around the world. Its mission is to foster a better environment for the industry and to act as a visionary and disruptive forum for consolidating global positions through collaboration.

IMPF’s executive instrument is the board of directors. The current board was elected in March 2022 for a period of two years. Its current President is Annette Barrett from Reservoir Media.

IMPF also promotes indie music publishers as a force for cultural diversity in music and recognises that the ultimate goal of the publisher is to foster and promote high-quality music, as the success of the music publisher depends on that of the song and the songwriter.

IMPF works with local and international trade groups to nurture a community of independent music publishers internationally that can influence policy to the benefit of the composers and authors they represent.

IMPF aims to provide its members with insights into developments that affect music publishers and to increase copyright protection internationally. It organises the annual “Music Entrepreneurial and Creative Industry Summit” in Palma de Mallorca in Spain. The next event — which combines conference sessions, song writing camps and networking events — will take place in October 2023.

IMPF is the recipient of a Creative Europe grant to build the capacity of independent music publishers. This IMPF network project runs for three years — from 1 March 2022 to 1 March 2025 — and aims to empower in the first instance, independent European music publishers, but with benefits for all IMPF members globally.

4. MARKET ANALYSIS

The role of music publishers

Music publishers are the custodians of the works created by songwriters. They are usually the first port of call for aspiring artists attempting to get their foot in the door of the music industry. Their functionalities are multiple — they are at the start of the creative process, they often finance the first recordings of their protégés, help them find labels, offer guidance about their careers, ensure that their works are tagged with the appropriate metadata, and then monetise their creative works through licensing and promotional initiatives.

They also serve as the interface with collective management organisations and deploy their international network to ensure that works are developed globally and the potential revenues for the use of these works worldwide are maximised.

Publishers are at the heart of the creative economy. They are the natural partners of songwriters, and they are equally interested in partnering with all the entities that populate the music ecosystem.

Publishers works with record labels, music producers, collective management organisations, licensees — such as audio and video streaming platforms, movie studios, gaming platforms, and anyone interested using in music. They are the facilitators to access music.

Filippo Sugar, Sugar Music (Italy): *"My family has been in the publishing business for almost a century and we have seen so many things happening over the years. Yet, one thing was a constant — there was always a need for music publishers, who looked after composers, lyricists and songwriters. What has been the bedrock of our business, throughout the years, were strong copyright laws. We tend to take it for granted but without a proper copyright system, we would not exist and we would not be able to be remunerated for the works we represent. Most importantly, we could not invest in new writers that we believe have the talent to enrich everybody's life through their art. In the digital space, this has been even more important, since we have found ourselves in places where companies were building businesses using music but were taking shortcuts or using loopholes to avoid paying us."*

The key players in the music publishing ecosystem

Authors

The category "authors" is a generic term that includes both composers who create music, lyricists who write the words to a song and, by extension, songwriters who often compose and pen the lyrics to songs. Authors are assigned rights, usually referred to as authors' rights, which in turn generate revenues for the authors since they receive remuneration for the use of their creative works. Authors also benefit from moral rights — but not in every country —which allow them to protect their works from being used in certain circumstances.

Music publishers

Historically, music publishers were the entities in charge of printing and distributing sheet music, which was the bedrock of the music publishing business. That function has evolved to incorporate several layers of licensing: for the use in sound recordings, for the public performance of the works through various media (radio, streaming, etc) or via live performance, for the synchronisation of music to audiovisual images. They also license lyrics to digital platforms. Publishers act as the administrators of the rights and remunerate the authors when their music generates revenues.

Collective management organisations

Collective management organisations (CMOs) are entities that collectively license the rights transferred from their members (authors, composers and music publishers), collect the royalties from the use of their music from radio stations, TV channels and streaming services, as well as from businesses using background music.

CMOs are usually governed by their members, but in the case of for-profit CMOs, the organisations are governed by the shareholders of the CMO.

CMOs work as an international network of societies, cross licensing their repertoire for the respective territories, ensuring that, for example, a song by Belgian authors, composers and publishers gets remunerated when played in Australia or Brazil.

Furthermore, in recent years, CMOs have acted as licensors of digital rights, either directly or through hubs set up to incorporate the repertoire of multiple CMOs.

A large proportion of music publishers' revenues is channelled through CMOs.

Elisa Amouyal, Talit MuZic Publishing (Israel): *"A large part of music publishers' revenues goes through the network of collective management organisations. They are music publishers' most important partners. Without them we would not be able to collect all the monies that are owed for the use of music. So that is why we, as a community, must ensure that this network works with the best efficiency for us and for the composers and songwriters we represent. It is equally our responsibility to ensure that the metadata we provide to CMOs is as accurate as possible."*

The various types of publishers

Major music publishers and their respective market share

The three global music companies, known as majors — Sony Music Entertainment, Universal Music Group and Warner Music Group — all have a music publishing division — Sony Music Publishing, Universal Music Publishing Group and Warner Chappell Music, respectively, in descending order of size. The three majors together control over 10 million copyrights.

In recent years, other music publishing companies have significantly increased their market share. This is the case of Bertelsmann-owned music company BMG, which has grown into the fourth largest music publishing company, through acquisitions and organic growth. In volume and market share, venture capital-backed Kobalt is also among the top five publishers.

IMPF has decided not to integrate the shares of BMG and Kobalt to the pot of independent music publishers. Both command over 6% of the global market and control a volume of copyrights that is above the accepted number to qualify as an independent. For the record, trade publication Music & Copyright also distinguishes Kobalt and BMG from other independent publishers.

Independent music publishers

The independent music publishing sector varies in the size of companies and structures: from NASDAQ-listed companies like Reservoir to family-owned such as Sugar Music and BuddeMusic, or venture capital-backed such as Concord Music Publishing.

IMPF members are present in multiple countries and represent small, mid-size and large independent music publishing companies. In every country, they develop local repertoire, some run a sub-publishing business, representing in their territories catalogues from other countries, and usually cover a wide range of activities, from administering catalogues to organising song writing sessions, to licensing content for synchronisation, etc.

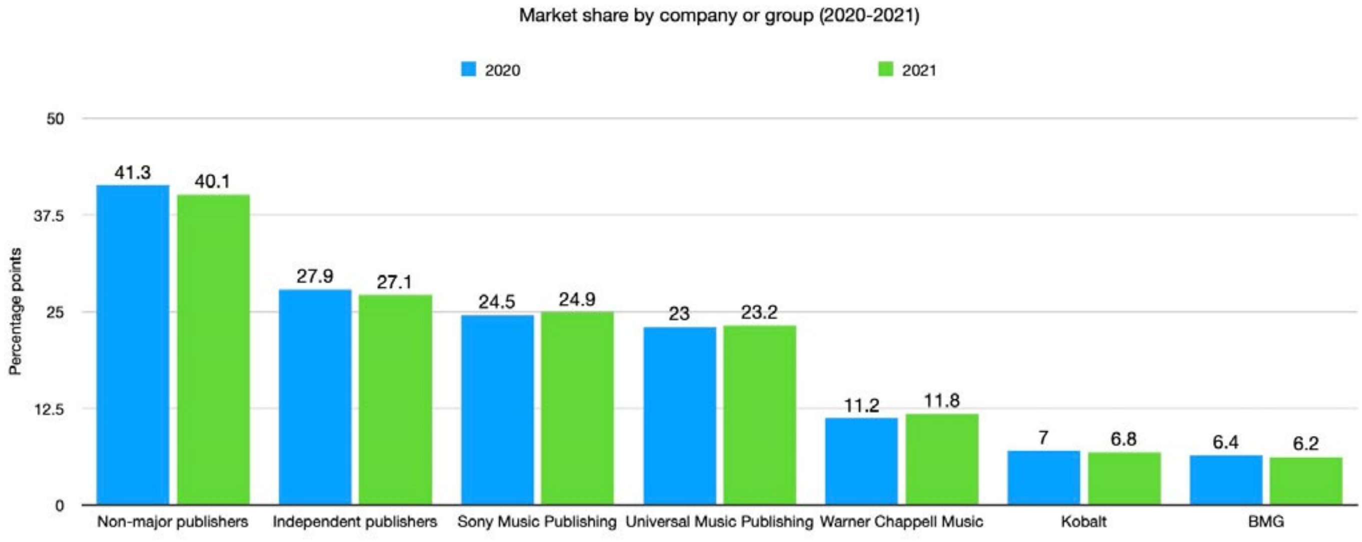
Ichi Asatsuma, Fujipacific Music (Japan): *"Independent music publishers, like my company, are very active in our local market, and outside of our country, we rely on a network of sub-publishers who know their local markets. As publishers, our ethos is very much 'think global, act local' and this is possible because of the global network of like-minded publishers with whom we work. They contribute to give life to the works we represent in their respective markets. This is truly the essence of independent music publishing."*

Market share

Defining music publishers' share is a difficult task in the absence of authoritative data, but some established data sources such as Music & Copyright publish market figures on a yearly basis, using a proprietary methodology.

IMPF's understanding is that these figures are at this stage the closest possible to the reality of the market.

For the year 2021, Music & Copyright estimates that Sony Music Publishing remained the market leader with a 24.9% share, up 0.4 percentage point over the previous year, followed by Universal Music Publishing Group with 23.2% (up 0.2 percentage point) and Warner Chappell Music at 11.8% (up 0.6 percentage point). Two other companies accounted for a significant market share: Kobalt with 6.8% (down 0.2 percentage point) and BMG with 6.2% (down 0.2 percentage point).



(Source: Music & Copyright)

According to Music & Copyright, independent music publishers accounted for 27.1% of the global publishing market, down 0.8 percentage point from the previous. This is a picture on a global basis and does not reflect variations according to the countries.

But as an aggregate, independent music publishers are market share leaders, ahead of the largest music publisher, demonstrating the strength of the sector. Each individual music publisher contributes to the diversity and the dynamism of the sector.

https://musicandcopyright.wordpress.com/2022/04/05/sme-and-wmg-the-biggest-market-share-winners-in-2021/

Molly Neuman, CMO, Downtown Music Holdings: *"What this report shows is that music publishing is a multi-billion-dollar industry and independent music publishers play a central role in this economy. In recent years, we've seen the rise and expansion of independent music publishers and self-published songwriters and creators, thanks in no small part to digital distribution and the growing global network of digital platforms. This new stream of revenues has brought a whole range of new and exciting opportunities and significant revenues."*

Music publishers' streams of revenues

Music publishers tap into multiple streams of revenues, some of which are directly negotiated and controlled, and others that require going through the collective management organisations system.

Sheet music

Before the existence of the music business as we know it, there was the sheet music business, with music publishers putting out music scores and lyrics, for purchase by the public. At its peak, sheets could sell over a million copies, with revenues split between the composers/authors and the publishers. Even today, the sale of printed music remains one of the activities of music publishers.

Lyrics

Until the advent of digital music and online platforms, lyrics were usually part of the sheet music package. Initially available as unlicensed content, the business of lyrics is mostly an online activity with platforms such as Musixmatch and LyricFind licensing lyrics from publishers who in turn license them to digital service platforms.

Performance rights

Performance rights are generated when music works are performed or played in public, directly in front of an audience or through broadcasters or digital services. Publishers and authors/composers are remunerated each time music compositions are used in a public performance.

Performance rights are usually part of the making available right and are usually licensed, collected, administered and distributed through collective management organisations. They remain the main source of income for publishers and songwriters, although digital revenues are now a close second.

Mechanical rights

Mechanical rights were initially linked to the reproduction of sound recordings on a physical medium (78rpm, vinyl, cassette, CD) to remunerate the underlined compositions. With the advent of digital music, mechanical rights now apply to downloading and streaming.

Mechanical rights on physical medium have steadily been diminishing over time. In the United States, for example, they used to represent over 37% of total publishing industry revenues in 2001 (according to a report from the National Music Publishers' Association (NMPA)). Twenty years later, US publishers' share of revenues from mechanical rights reached 18.5%, according to NMPA.

Synchronisation

Synchronisation rights are related to the licensing of music for use in films, TV shows, advertising, etc. They are usually negotiated directly by music publishers (in the United States notably), whereas in some countries they can be part of a blanket licence.

With the development of video streaming platforms, and the explosion of TV production, the business of synchronisation has been growing significantly in the past decade.

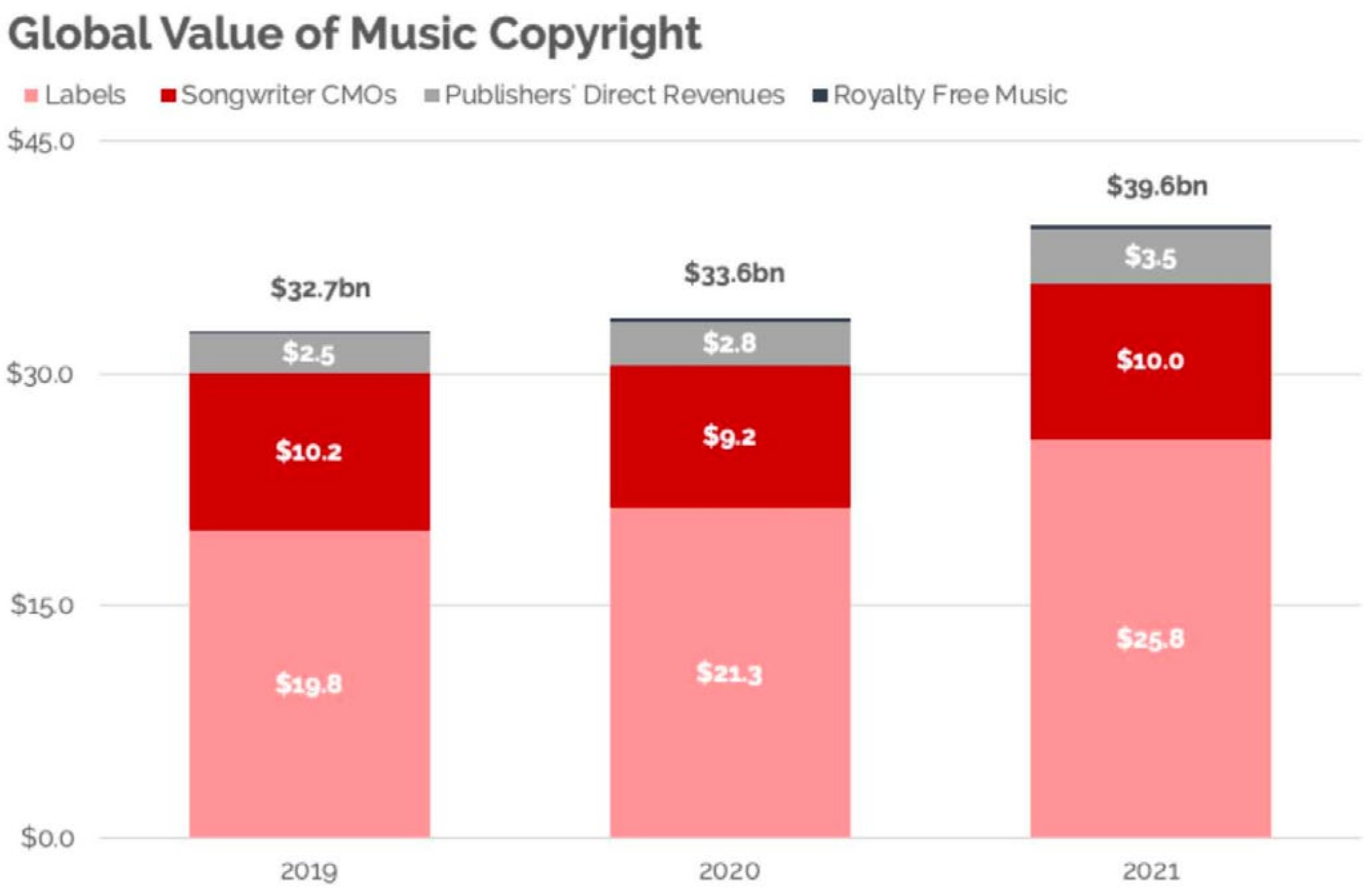
Jennifer Mitchell, Red Brick Songs (Canada): *"Music publishing is a complex business. Publishers are at the heart of the creative process, but they also deal with data issues, licensing agreements, royalty collection and distribution, and much more. This report shows the value music publishers, especially independent publishers, bring to the music ecosystem. And our great strength is that we are present in every country where music is created."*

Publishing value in the music rights ecosystem

According to studies by the economist Will Page, the global music rights market was worth $39.6 billion (€34.05bn) in 2021, with $13.5 billion (€11.84bn) generated by the music publishing sector.

Within this aggregate of €11.84billion, €8.48billion was channelled through the global network of CMOs, and reported through CISAC and $3.44billion generated directly by publishers, mostly through synchronisation rights.

Based on calculations by Page, some 34% of the music rights market was generated by music publishing in 2021 while in 2020, the figure reached 40%.



Source: Will Page, "Global Value of Music Copyright jumps 18% to a record high of $39.6bn in 2021: could it have been even higher?" (2022).

Page's data was sourced from the IFPI Global Music Report, the CISAC annual Global Collections Report, Music & Copyright's analysis of music publishing and MIDiA's estimate of royalty-free music services such as Epidemic Sounds.

The share and value of independent music publishing

In 2021, music publishing rights accounted for €11.84 billion, with €8.48 billion for the stream going through CMOs and €3.44 billion for the revenue directly managed by music publishers. For 2020, the figures were respectively of €8.46 billion and €2.28 billion.

The income going through CMOs is usually split 50-50 between publishers and songwriters. Based on Will Page's figures, this would amount to €4.24 billion, to which the €3.44 billion generated directly by music publishers can be added.

In total, the global music publishing market was worth €7.68 billion in 2021, against €6.51 billion in 2020, based on restated figures.

Since independent music publishing represents 27.1% of the €7.68 billion total, according to Music & Copyright and estimates from IMPF, and bearing in mind Will Page's figures on the overall value of the music copyright market, we estimate that the independent music publishing market was worth €2.08 billion in 2021, against €1.95 billion in 2020.[1]

The share of independent music publishers varies according to the countries. However, there is a lack of market information on music publishing, which makes it difficult to get into the granularity of each country.

The case of France

France's music publishers associations CSDEM (Chambre Syndicale de l'Edition Musicale or French Music Publishers Association) and CEMF (Chambre Syndicale des Éditeurs de Musique de France or Music Publishers of France) collaborate each year to publish a detailed overview of the French music publishing market.

The yearly report "Focus on Music Publishing in France" is based on a survey of over 540 music publishing companies in the country. The latest report covers the year 2021.

Taking into consideration the entire music publishing market in France in 2021, majors (defined as publishers with a turnover in excess of €10m) represented 39% of the total market (against 46% the year before), meaning that independent music publishers accounted for 61% of the total.

Overall, the music publishing market was worth €339 million in 2021, down 2% compared to the 2020 figure of €399 million.

In 2020, distributions to publishers from the rights society SACEM (through the collective management system) decreased by 6% year-on-year. Digital rights increased by 55%, while mechanical rights were stable and public performance rights were down 16%. Synchronisation rights in France were up 17%, against an 8% decrease in 2020, showing a post-COVID-19 recovery.

Other markets

IMPF asked Musixmatch, a lyrics licensing and data management company, (sponsor of this report) to allocate ownership by type of publishers (major or independent) of the top 100 most streamed songs in a series of countries, based on streaming data provided by Luminate.

[1] The market share has decreased but since the volume overall has increased therefore the value is up year-on-year.

The table below shows the results, including the share of non-identified tracks, which can be defined as songs whose ownership split exceeds 100%, thus making it complicated to assign ownership, or whose publishers have not been identified.

The results are used to illustrate the role of independent music publishers and should not be seen as a definitive market share of indie publishers in their respective countries. It is interesting to note however that the percentage share of indie publishers is 29%, not far from the global market share.

Percentage of song ownership by type of publishers in the Top 100 most streamed songs in each country

Market Share	**Publishers Group**			
Country	**Indies**	**Majors**	**Others**	**Grand Total**
India	54%	40%	6%	100%
Japan	46%	30%	24%	100%
France	35%	44%	21%	100%
Sweden	17%	57%	26%	100%
Mexico	14%	69%	17%	100%
Canada	13%	77%	10%	100%
South Africa	13%	58%	29%	100%
Brazil	13%	53%	34%	100%
Argentina	5%	58%	37%	100%
Grand Total	**29%**	**50%**	**22%**	**100%**

Source: Musixmatch/Luminate

Major companies account for some 50% of the songs identified in the top 100 most streamed songs and “others” (non-identified or not matched) account for 20%. The aggregates still allow for some analysis. By the laws of probability, it is conceivable that the share of non-identified would be split along the lines of the respective market shares of major and indie publishers.

The market share of indie publishers varies dramatically according to countries.

The highest share is found in India, at 54%, which is not surprising considering that major companies only recently entered this market and that most music — especially when featured in movies — is signed to local publishers.

The indie share in Japan is also very high at 46%, reflecting the very strong grip of local publishers in the country on the publishing market.

Markets such as France or Sweden show strong positions for indie publishers, which illustrate the commitment by local publishers in these countries to developing local talent.

The lower-than-average share for indie publishers in Latin American countries such as Argentina, Brazil and Mexico is related to the fact that major companies have developed a presence in these markets over the past decades and have signed many top artists.

Canada suffers from the presence of its southern neighbour, which leads to the signing of many top Canadian artists and songwriters to major companies. However, a strong network of publishers is active in the English-speaking part of the country, and in the French-speaking province of Quebec, almost all artists and songwriters are signed to local independent companies.

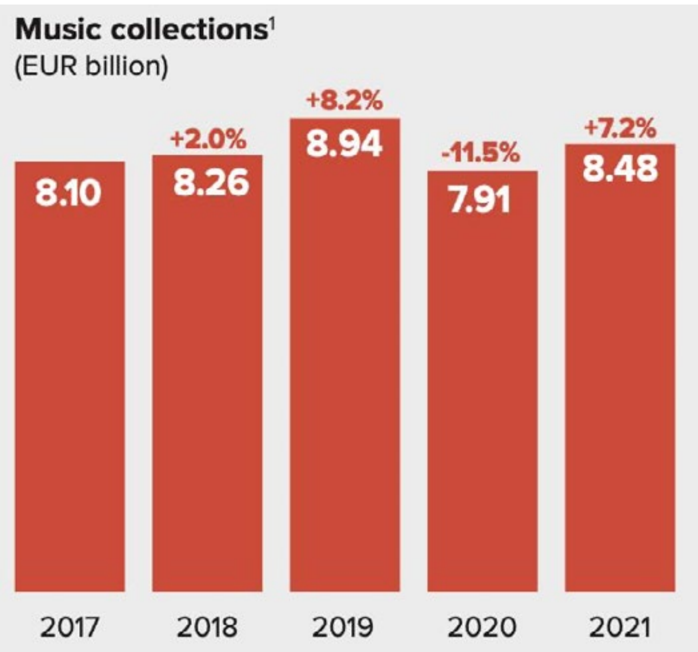
The low share of indie publishers in South Africa is more a reflection of the type of songs that were the most streamed in the country, with a strong presence of international acts.

5. Key issues facing publishers

Full recovery is not there yet

Music publishing is the music industry subsector that faced the biggest impact from the COVID-19 pandemic after live music. Live music shut down totally during lockdown, and was by far the most affected, but music publishers are facing a knock-on effect of the pandemic over multiple years, due to the way streams of royalties are paid to publishers, in particular through the network of collective management organisations.

In the year 2021, distributions from CMOs, according to figures from CISAC, were partly based on collections from 2020, and they showed the extent of the drop in revenues, which occurred again in 2021.



In 2020, CISAC reported an 11.5% drop in music collections to €7.91 billion from the year before, which was a record year for collections. The increase in 2021 to €8.48 billion still fell short of the 2019 figure of €8.94 billion. Furthermore, the analysis of CISAC posits that, based on the growth rate pre-2019, collections were €1 billion short, and would have probably been closer to €10 billion in 2021.

The first stream affected was public performance, with most public spaces shut down, including live venues. Figures for 2021 show a steady recovery of public performances, but still below pre-pandemic levels. "Even after the growth of 2021, collections remain more than 5% below their pre-pandemic level," wrote CISAC Director General Gadi Oron in the foreword to the organisation's Global Collections Report 2022.

In 2021, the share of live and background royalties fell from 29.5% to 16.5% over the same period a year before.

Even royalties from TV and radio did not reach pre-pandemic levels, as the advertising market did not fully recuperate pre-pandemic levels. Income from TV and radio remained the largest source of revenues for songwriters and publishers.

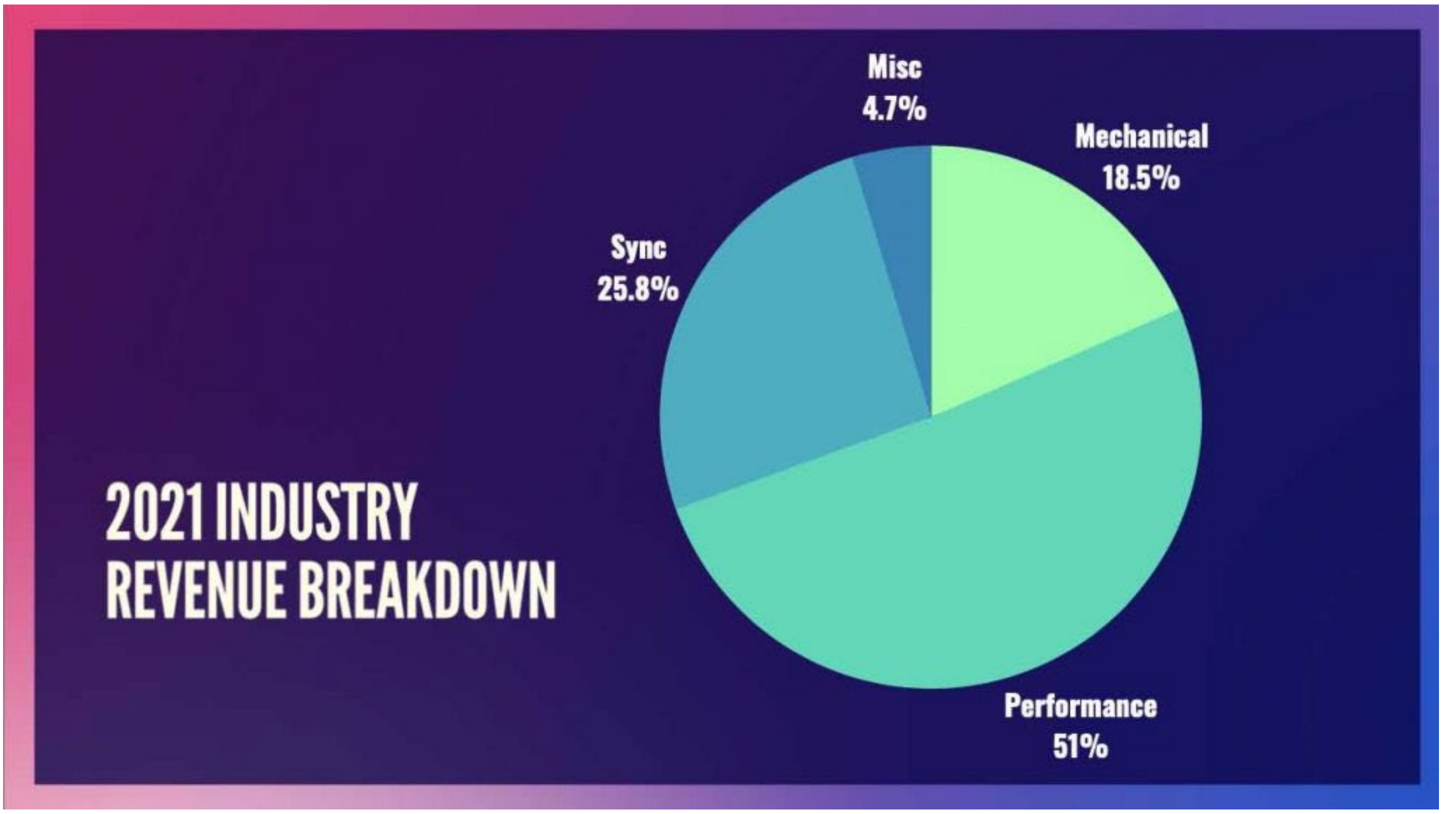
The key factor for the quick recovery of the music sector was the growth of digital income, up 27.5% year-on-year, almost double that of the previous year. Overall, digital collections accounted for over €3 billion in 2021.

According to Oron, over the last six years, digital revenues collected by CISAC members have grown from €1 billion in 2016 to over €3 billion in 2021. "It is a very impressive growth but it's nothing compared to what was seen on the recording side. For us, digital accounts for one third of all collections," said Oron.

Europe remained by far the biggest market for music rights collected by CISAC members, with €4.33 billion, or 51.1% of the market, followed by North America, Asia-Pacific, Latin America and Africa.

In the United States, the music publishing sector generated $4.70 billion in 2021 (€4,36bn), up from $4.08 billion in 2020 (€3.78bn), a 15.31% year-on-year increase, according to the National Music Publishers' Association (NMPA). Performance rights accounted for 51% of the total, synch for 25.8%, mechanical for 18.5% and "other" for 4.7%.

It was the sixth consecutive year of growth for the publishing industry. Music publishing revenues in the United States are poised for further growth.



Source: NMPA

The NMPA did not break down the US market figures between major companies and independents. Informed sources suggest that the indie market share is in the region of 30-35% in the United States.

The impact of the Mechanical Licensing Collective on mechanical rights

In the United States, the major change between 2020 and 2021 was the launch on 1 January 2021 of the Mechanical Licensing Collective (MLC), in charge of licensing and managing digital royalties on behalf of songwriters and publishers.

The new system, which functions under a blanket licence, provides digital services providers (DSPs) with access to repertoire, while publishers and songwriters have a guarantee, under the law, that their rights are licensed, collected and distributed.

MLC began receiving the first monthly usage reports and royalty payments in

February 2021 from DSPs operating under the new blanket licence. On April 16, 2021, MLC completed its first monthly royalty distribution, paying out more than $24m in royalties to its members for the use of their songs during January 2021.

For the full year, MLC distributed $420 million (€389.5m) (the distribution covering the use of music for December 2021 was paid out in April 2022). It also announced that it passed the $1 billion (€930m) mark in collections and $800 million (€742m) in distributions 18 months after its launch.

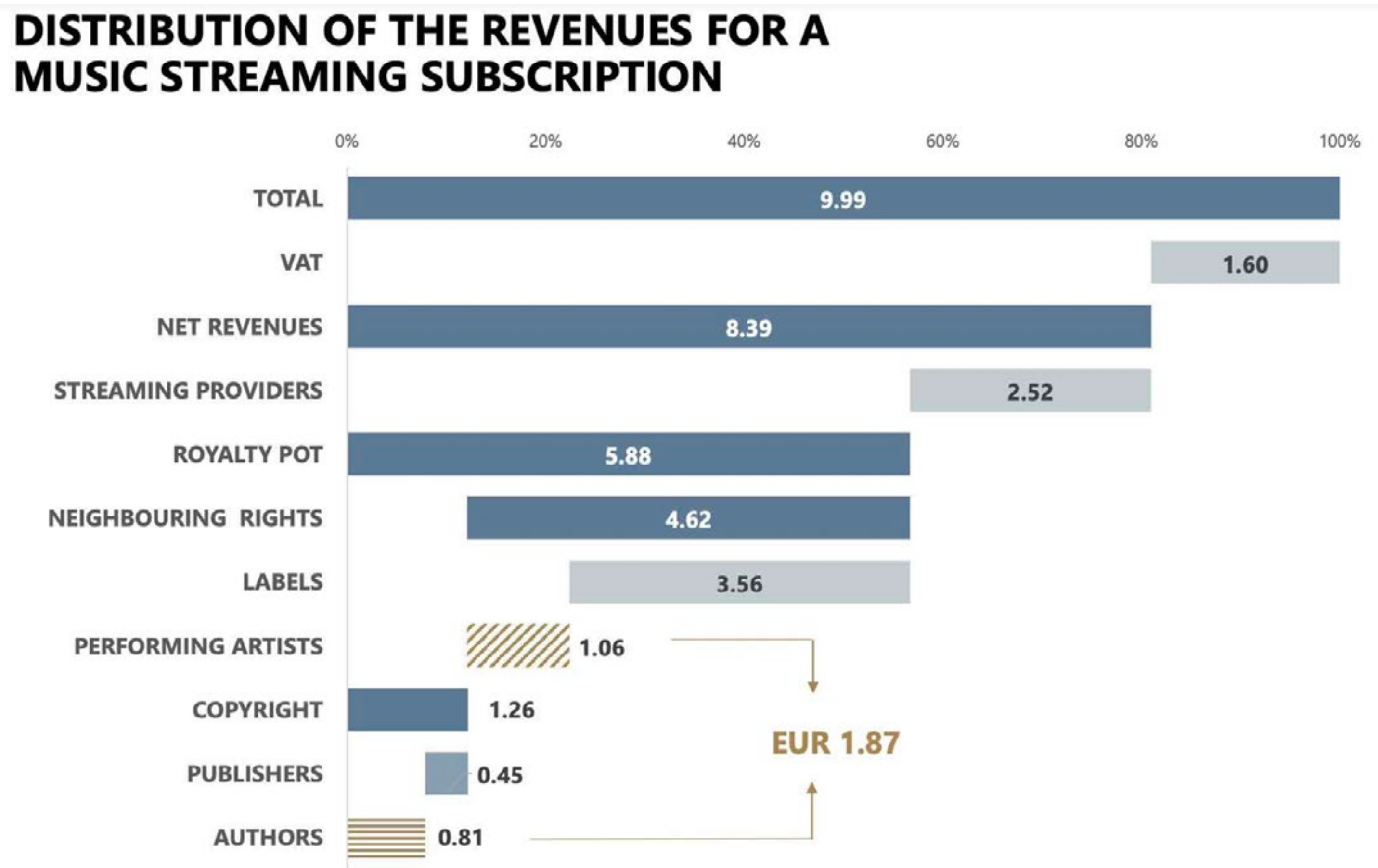
MLC did not disclose the split of distributions between major publishers and independent publisher, but estimates suggest that indie publishers captured a significant market share.

Imbalance in the split of revenues

Various voices from the publishing industry have raised their concern regarding the split between recorded music and music publishing from what is now the main source of revenues for the industry — streaming — with a structural inequity favouring owners of sound recordings vs. music publishers.

In the United Kingdom, the DCMS Committee in the British Parliament published a report following a long inquiry into the economics of streaming documenting the splits of revenues from streaming as such: 30/34% of the price paid by subscribers (after tax) goes to streaming services, and out of the remaining 70%, 55% goes back to the labels, 16.5% goes to the artist-performer, and 15% to the songwriter and music publisher.

A study from German rights society GEMA, based on research from Goldmedia, showed that music creators — performers, musicians and authors — receive about 22% of the net revenues from streaming, while streaming services capture 30% of the revenues and record labels over 42%.



Source: GEMA

The study determined that out of a €9.99 monthly subscription, €8.39 goes to remunerate the various stakeholders (as €1.60 goes to VAT). The €8.39 can be split the following way: €2.52 goes to streaming services (about 30%), and €5.88 (or 55%) falls into the royalty pot, of which €4.62 goes to recorded and €1.26 to publishing (of which music publishers take €0.45).

So, €0.45 for publishers compared to €4.62 to the recorded music side! Considering the contributions made by music publishers to the global ecosystem, particularly their work in identifying and developing new talent, many in the industry see this as a basis to call for a "rebalancing" of the streams of revenues between recording and publishing.

This 80-20 split between composition and recorded music is a leftover from the CD era when most of the investment in releasing music fell on the record labels, who had to incorporate the cost of physical distribution into their cost structure, noted GESAC in the report "Study on the place and role of authors and composers in the European music streaming market" (2022).

But while the split structure was relevant in the physical era, publishers and songwriters feel that time has come for a fairer distribution of revenue between recording and publishing.

Ender Atis, BuddeMusic (Germany): *"Like every other sector of the music industry, the business of music publishers has been transformed by the advent of streaming services. It has taken a while and a lot of effort, but digital revenues are starting to become significant for us and sit alongside our traditional revenue streams. However, many publishers believe that songs and compositions continue to remain undervalued in the digital licensing market, especially in comparison to recordings. It is our mission to establish fair terms for songwriters and publishers in the digital world; terms, that reflect the essential role our works play."*

A new model for sharing streaming revenue

IMPF has been advocating for changes in the music streaming payment models. The conversation about changes to the streaming models has reached a new level with the recent inquiry in the United Kingdom, the review underway in the European Parliament, the sessions at the World Intellectual Property Organization (WIPO), and the call by Chairman and CEO of the Universal Music Group Chairman, Lucian Grainge.

IMPF subscribes to the need to develop a music streaming model that will share the proceeds from the revenues generated by streaming services among stakeholders in a fair and equitable way.

Linda Bosidis, Mushroom Music Publishing (Australia): *"It's easy to forget the reason we are in this business — it's because of the songs! The compositions and the people behind them. Without them, there would be no music industry. For us, independent music publishers, it is a huge responsibility to be the custodians of these works and take care of them in the most respectful and active way. We may not have the biggest catalogues, and that's why every single composition matters to us, and we will do whatever needs to be done to extract the most value."*

6. Methodology

The present report is a compilation of existing data and statistics on independent music publishing. Data has been gathered from individual music publishing associations and other international organisations, and public music publications (journalistic and others).

Figures have been taken from reports and news sources, including:

- Billboard
- Bmat
- CISAC "Global Collections Report"
- Complete Music Update
- Creative Industries News
- CSDEM's "Baromètre de l'édition musicale"
- DCMS report on "The economics of streaming"
- GEMA's "Music Streaming in Germany"
- GESAC's "Study on the place and role of authors and composers in the European music streaming market"
- IFPI "Global Music Report"
- MIDiA Research
- Music Ally
- Music Business Worldwide
- Music Confidential
- Music & Copyright
- Music Week
- Musixmatch
- Will Page's Tarzanomics research

Numerous conversations with music publishers have also taken place, and information has been verified and contrasted with the IMPF and its members around the globe.

Information gathered from the CISAC Global Collections Report based on domestic collections reported to CISAC by its member societies is collected by each society for the use of the repertoires it represents within its own country/territory. The figures exclude revenues received from sister societies to avoid duplication. Collections are gross collections before deductions for administrative, cultural or social purposes.

The euro is used to report numbers in this report, as the majority of collections come from the Eurozone.

This report gathers information from various publications, and from industry and trade associations in the music sector, with the purpose of providing a gross estimate, a big picture, of the indie music publishing industry, but note that numbers do not correspond to exact values.

Compiling this information presents several challenges:

First of all, much of this data reflects information provided by CMOs featuring many different accounting periods and currencies. This information reflects domestic collections – not distributions – reported to CISAC by its member societies; they are authors' and publishers' collections for the use of the repertoires the CMOs represent within their own country/territory.

Revenue from publishers' direct licensing of rights (e.g., synch rights and "grand rights") are not included in CISAC numbers. Direct publishers' revenue was gathered from industry publications and conversations with music publishers in the different regions.

Secondly, calculations were necessary to arrive at an estimate of the value of music publishing, including music publishers' direct revenue.

Thirdly, there is no exact data on the percentage of the music publishing market represented by the majors and the indies respectively. This percentage differs in every country. And most importantly, not all countries categorise indies according to the same criteria.

In conclusion, calculating the volume of the indie market is no easy task. Extrapolating independent publishers is not always straightforward, either. The data gathered in this report comes from both public reports used by the European Commission and from different publicly available industry publications. An extrapolation for the years 2019, 2020 and 2021 has been made to obtain the average percentage of the indie market as understood by the authors and IMPF.

7. Financial sponsors of the Report

This report has been generously supported by Musixmatch, the world’s leading music data company whose mission it is to provide data, tools and services that enrich the experience of music throughout the whole world.

8. IMPF members

IMPF is made up of over one hundred and fifty publishing companies members worldwide representing thousands of people working in the independent music publishing community globally.

22D Music Group
235 Music Publishing
ABKCO Music
Active Music Publishing
Akin Publishing
All Stars Music
Alondra Music
Altafonte Music Publishing
Angry Mob Music
Aporia Records
Beggars Music
Beutara Cameroon
Big Machine Music Publishing
Big Yellow Dog
Bigpop Music Publishing
Bolero Recordings & Songs
Bonatarda Publishing
Broma 16
Bucks Music Group
Budde Music Publishing
Café Concerto
CCS Rights Management
Cloud 9 Music
Concord Music Publishing
Copyright Power International
Cosmos Music Publishing
Crunchy Tunes
CTM Publishing
CYMBA Music Publishing
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Doite Media
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Drive Music Publishing
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Lemonade Factory Music (Associate Member)

IMPF also has a separate category of "Friends and Supporters" for companies who wish to support independent music publishers. The "Friends and Supporters of IMPF" category is aimed at commercial companies whose mission it is to have an open and transparent relationship with the independent music publishing community worldwide and is aligned with the vision of IMPF. IMPF is pleased to work with, **ESMAA, ICE, LyricFind, Musixmatch, On Music, Pex, Vistex.**

IMPF is an associate member of the International Confederation of Societies of Authors and Composers **(CISAC)** and the International Confederation of Music Publishers **(ICMP)** and works closely with the collective management organisations (CMOs) that that are members of CISAC at national level.

IMPF has a memorandum of understanding with the Association of Independent Music Publishers **(AIMP)**, a charter of cooperation with the licensing hub for independent music publishers **(IMPEL)**, and a strategic alliance with **The Ivors Academy** to strengthen ties between music creators and publishers. IMPF liaises at international level with the International Council of Music Creators **(CIAM)** as well as being represented on the Standing Committee on Copyright and Related Rights **(SCCR)** at **WIPO**. It is also a member of the Advisory Board of **WIPO for Creators**.

IMPF is a stakeholder to the European Observatory on Infringements of Intellectual Property Rights of the European Union Intellectual Property Office **(EUIPO)** and is also a member of the **Pro Music** international coalition which promotes the myriad ways in which people can enjoy music safely and legitimately online.

IMPF works with **IMPALA, GESAC, ECSA and IFPI** as part of an informal coalition of rights holders on issues pertaining to the music and copyright spheres in Europe.

IMPF has a best practice **Code of Conduct and Ethics** and partners with **Keychange** network to work towards gender balance on the boards, committees, and activities of IMPF.

IMPF is also an early supporter and champion of the **Credits Due** initiative which has the aim of ensuring that "complete and accurate song metadata is attached to all recordings at the point of creation," leading to all songwriters and contributors being accurately and fairly paid for their work. IMPF is a member of the **Human Artistry Campaign** a coalition that supports the development of AI in ways that strengthen the creative ecosystem while continuing to recognize the unique and irreplaceable role of human artistry in culture and the arts.

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Media partner: Creative Industries News is an online platform that provides up-to-date news at the intersection of copyright and creative content in the digital ecosystem to readers around the globe. It is edited by Washington, DC-based Emmanuel Legrand, founder of Legrand Network, a company specialising in the entertainment business and cultural trends.

Authored by Emmanuel Legrand, with Ger Hatton, for IMPF, Independent Music Publishers International Forum

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IMPF represents independent music publishers internationally. It is the global trade and advocacy body that helps stimulate a more favourable business and entrepreneurial environment for artistic, cultural, and commercial diversity for independent music publishers everywhere and the songwriters and composers they represent.

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