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THE BUSINESS OF MUSIC

1: MAKING MONEY FROM MUSIC	p02
2: MUSIC RIGHTS	p09
3: DEALS & MANAGEMENT	p16
4: THE DIGITAL MARKET	p19
5: EVOLVING YOUR BUSINESS	p26

THE BUSINESS OF MUSIC

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1: MAKING MONEY FROM MUSIC

WHY MAKE
MONEY?

REVENUE
STREAMS

BUSINESS
PARTNERS

THE MUSIC
MARKET

YOUR LOCAL
INDUSTRY

1: MAKING MONEY FROM MUSIC

WHY MAKE
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STARTING POINT

- Why do we need to make money out of music at all?
- If artists want to work on their music full time, and to develop and distribute their work widely they need money...
 - To live off.
 - To pay for touring.
 - To pay producers, engineers, songwriters etc.
 - To pay for the creation and distribution of recordings.
 - To pay for marketing.
 - To pay for someone to manage all this activity.
 - etc

1: MAKING MONEY FROM MUSIC

WHY MAKE
MONEY?

REVENUE
STREAMS

BUSINESS
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THE MUSIC
MARKET

YOUR LOCAL
INDUSTRY

THE BIG QUESTION

- How can we make money out of music?



HOW DO YOU MAKE MONEY OUT OF MUSIC?

INTELLECTUAL
PROPERTY

LIVE
PERFORMANCE

FAN
RELATIONSHIP

HOW DO YOU MAKE MONEY OUT OF MUSIC?

INTELLECTUAL PROPERTY

SONGS

- Sell sheet music
- License for recording
- License for public performance
- License to broadcasters
- License to streaming services
- License to film, games and brands

RECORDINGS

- Sell CDs or downloads
- License for compilations
- License for public performance
- License to broadcasters
- License to streaming services
- License to film, games and brands

ARTWORK / MARKS

- Sell merchandise
- License to merchandisers and brands

LIVE PERFORMANCE

FAN RELATIONSHIP

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LIVE PERFORMANCE

FAN RELATIONSHIP

- These revenues enabled by 'copyright'.
- **Copyright Act of Barbados, 1998.**
- Copyright in lyrics, musical score + recording.
- No registration required (some registration in the US).
- Enables ownership and assignment of works.
- Provides certain exclusive controls over works.
- These can be monetised.
- Directly exploit or license.
- All copyrights limited to a term.

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INTELLECTUAL PROPERTY

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ARTWORK / MARKS

Sell merchandise
License to merchandisers and brands

LIVE PERFORMANCE

- Can directly exploit by selling sheet music.
- Though most revenue from licensing to...
 - labels and digital services that want to distribute 'mechanical copies' (ie recordings) of songs.
 - promoters, broadcasters, digital services, bars, shops etc that want to provide public performances or communication of songs.
 - film, TV, game and ad producers that want to synchronise songs to video.

FAN RELATIONSHIP

HOW DO YOU MAKE MONEY OUT OF MUSIC?

INTELLECTUAL PROPERTY

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License to film, games and brands

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License to film, games and brands

ARTWORK / MARKS

Sell merchandise
License to merchandisers and brands

LIVE PERFORMANCE

FAN RELATIONSHIP

- Traditionally directly exploit by selling CDs.
- Though increased revenue from licensing to...
 - digital music services (download and streaming).
 - promoters, broadcasters and club/bar/shop owners which want to provide public performances or communication of tracks.
 - film, TV, game and ad producers that want to synchronise tracks to video.

HOW DO YOU MAKE MONEY OUT OF MUSIC?

INTELLECTUAL PROPERTY

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ARTWORK / MARKS

Sell merchandise
License to merchandisers and brands

LIVE PERFORMANCE

FAN RELATIONSHIP

- Artwork also protected by copyright.
- Names and logos can be trademarked.
- Trademarks are a separate body of IP law.
- Directly exploit or license these rights.

HOW DO YOU MAKE MONEY OUT OF MUSIC?

INTELLECTUAL PROPERTY

SONGS

- Sell sheet music
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ARTWORK / MARKS

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- License to merchandisers and brands

LIVE PERFORMANCE

GIGS & CONCERTS

- Sell tickets
- Sell food + drink
- Sell sponsorship

CORPORATE GIGS

- Charge for corporate gigs
- Charge for public appearance

FAN RELATIONSHIP

HOW DO YOU MAKE MONEY OUT OF MUSIC?

INTELLECTUAL PROPERTY

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ARTWORK / MARKS

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License to merchandisers and brands

LIVE PERFORMANCE

GIGS & CONCERTS

Sell tickets
Sell food + drink
Sell sponsorship

CORPORATE GIGS

Charge for corporate gigs
Charge for public appearance

FAN RELATIONSHIP

- Ticket sales most obvious revenue stream.
- But commissions, other services and sponsorship also important - depending on 'level'.
- Marketing channel before revenue stream.

HOW DO YOU MAKE MONEY OUT OF MUSIC?

INTELLECTUAL PROPERTY

SONGS

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RECORDINGS

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ARTWORK / MARKS

- Sell merchandise
- License to merchandisers and brands

LIVE PERFORMANCE

GIGS & CONCERTS

- Sell tickets
- Sell food + drink
- Sell sponsorship

CORPORATE GIGS

- Charge for corporate gigs
- Charge for public appearance

FAN RELATIONSHIP

FAN SERVICES

- Sell membership
- Sell premium products

BRANDS

- Charge for brand endorsement

HOW DO YOU MAKE MONEY OUT OF MUSIC?

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LIVE PERFORMANCE

GIGS & CONCERTS

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Sell food + drink
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Charge for corporate gigs
Charge for public appearance

FAN RELATIONSHIP

FAN SERVICES

Sell membership
Sell premium products

BRANDS

Charge for brand endorsement

- Band/Brand partnerships and direct-to-fan services biggest growth area.
- Potential and model will depend on fanbase.

1: MAKING MONEY FROM MUSIC

WHY MAKE
MONEY?

REVENUE
STREAMS

BUSINESS
PARTNERS

THE MUSIC
MARKET

YOUR LOCAL
INDUSTRY

HOW DO ARTISTS ACCESS THESE REVENUE STREAMS?

INTELLECTUAL
PROPERTY

LIVE
PERFORMANCE

FAN
RELATIONSHIP



THE MUSIC RIGHTS INDUSTRY

INTELLECTUAL
PROPERTY

MUSIC PUBLISHER

RECORD LABEL

DISTRIBUTOR/RIGHTS ADMIN

RETAILER/DSP

PR/MARKETING AGENCY

COLLECTING SOCIETY

MERCHANDISER

LIVE
PERFORMANCE

FAN
RELATIONSHIP

THE RECORD INDUSTRY

INTELLECTUAL
PROPERTY

LIVE
PERFORMANCE

FAN
RELATIONSHIP

MUSIC PUBLISHER

RECORD LABEL

DISTRIBUTOR/RIGHTS ADMIN

RETAILER/DSP

PR/MARKETING AGENCY

COLLECTING SOCIETY

MERCHANDISER

THE RECORD INDUSTRY

STUDIO
FACILITIES

PRODUCERS/
ENGINEERS

CD/VINYL
MANUFACTURE

THE LIVE INDUSTRY

INTELLECTUAL PROPERTY

MUSIC PUBLISHER

RECORD LABEL

DISTRIBUTOR/RIGHTS ADMIN

RETAILER/DSP

PR/MARKETING AGENCY

COLLECTING SOCIETY

MERCHANDISER

LIVE PERFORMANCE

BOOKING AGENT

PROMOTOR

VENUE OWNER

TICKET AGENT

PR/MARKETING AGENCY

FAN RELATIONSHIP

THE FAN BUSINESS

INTELLECTUAL PROPERTY

MUSIC PUBLISHER

RECORD LABEL

DISTRIBUTOR/RIGHTS ADMIN

RETAILER/DSP

PR/MARKETING AGENCY

COLLECTING SOCIETY

MERCHANDISER

LIVE PERFORMANCE

BOOKING AGENT

PROMOTOR

VENUE OWNER

TICKET AGENT

PR/MARKETING AGENCY

FAN RELATIONSHIP

FAN SERVICES

BRAND AGENCY

ARTIST MANAGEMENT

INTELLECTUAL PROPERTY

MUSIC PUBLISHER

RECORD LABEL

DISTRIBUTOR/RIGHTS ADMIN

RETAILER/DSP

PR/MARKETING AGENCY

COLLECTING SOCIETY

MERCHANDISER

LIVE PERFORMANCE

BOOKING AGENT

PROMOTOR

VENUE OWNER

TICKET AGENT

PR/MARKETING AGENCY

FAN RELATIONSHIP

FAN SERVICES

BRAND AGENCY

**ARTIST
MANAGER**

LAWYER
ACCOUNTANT

01: MAKING MONEY FROM MUSIC

WHY MAKE
MONEY?

REVENUE
STREAMS

BUSINESS
PARTNERS

THE MUSIC
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YOUR LOCAL
INDUSTRY

A GLOBAL INDUSTRY

- The music industry is global and many artists and music companies operate in multiple territories.
- Though each country has its own music industry with its own...
 - Structure.
 - Contractual conventions.
 - Levels of formality.
 - Copyright regime.
- Music markets also vary in a number of ways...
 - Relative importance of different revenue streams.
 - Relative significance of different genres, and international v domestic repertoire.

KEY MARKETS

- Which are the key markets will depend on various factors: eg artist, genre, level, language, logistics etc.
- Five biggest recorded music markets in the world...
 1. USA
 2. Japan
 3. UK
 4. Germany
 5. France
- But emerging markets also key in sustaining global revenues.

KEY MARKET TRENDS WORLDWIDE (RECORDED MUSIC SECTOR - IFPI FIGURES)

Digital combined is now the biggest revenue stream



Key trend: CD and download declining, streaming growing

KEY MARKET TRENDS WORLDWIDE (RECORDED MUSIC SECTOR - IFPI FIGURES)

Remember, it varies between label, genre and country...

China	89% digital	Peru	56% digital
Sweden	68% digital	Thailand	64% digital
Norway	64% digital	Denmark	57% digital
USA	66% digital	Columbia	52% digital

Percentage of overall recorded music revenues (according to IFPI figures for 2015)

01: MAKING MONEY FROM MUSIC

WHY MAKE
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REVENUE
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YOUR LOCAL
INDUSTRY

MAPPING THE LOCAL MUSIC INDUSTRY

INTELLECTUAL PROPERTY

MUSIC PUBLISHER

RECORD LABEL

DISTRIBUTOR/RIGHTS ADMIN

RETAILER/DSP

PR/MARKETING AGENCY

COLLECTING SOCIETY

MERCHANDISER

LIVE PERFORMANCE

BOOKING AGENT

PROMOTOR

VENUE OWNER

TICKET AGENT

PR/MARKETING AGENCY

FAN RELATIONSHIP

FAN SERVICES

BRAND AGENCY

ARTIST
MANAGER

LAWYER
ACCOUNTANT

END OF PART ONE

any
questions?

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2: MUSIC RIGHTS

WHAT HAS
PROTECTION?

COPYRIGHT
BASICS

COPYRIGHT
CONTROLS

COPYRIGHT
OWNERSHIP

COLLECTIVE
LICENSING

2: MUSIC RIGHTS

WHAT HAS
PROTECTION?

COPYRIGHT
BASICS

COPYRIGHT
CONTROLS

COPYRIGHT
OWNERSHIP

COLLECTIVE
LICENSING

WHAT HAS COPYRIGHT PROTECTION?

A jury yesterday ruled that Led Zeppelin did not rip off the Spirit song 'Taurus' when they wrote their hit 'Stairway To Heaven'. As much previously reported, the Zeppelin were accused of ripping off 'Taurus' - four decades after they wrote their song - by the trust that benefits from the estate of the man who wrote the Spirit track, the late Randy California, aka Randy Craig Wolfe.

Following last year's 'Blurred Lines' case - another high profile song-theft lawsuit, but where the party claiming infringement prevailed - lawyers will now be considering what this new ruling tells us about what American copyright law says about songs that sound rather similar.

On that point, J Michael Keyes, from the Californian office of law firm Dorsey & Whitney, told reporters: "The jury's verdict may have several noteworthy implications for current music copyright cases - such as those pending against Justin Bieber and Ed Sheeran - and future ones, too. Although teasing out exactly what swayed the jury is a bit like reading tea leaves, here are some observations".

CMU Daily report by Chris Cooke

WHAT HAS COPYRIGHT PROTECTION?

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WHAT HAS COPYRIGHT PROTECTION?

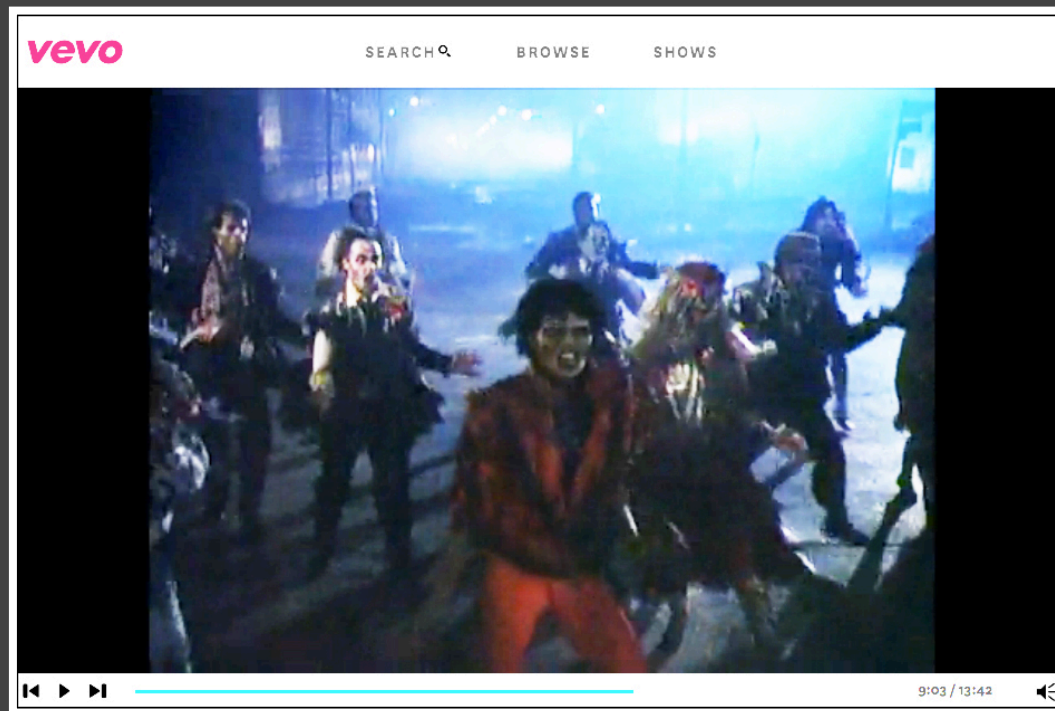
Now that it's raining more than ever
Know that we'll still have each other
You can stand under my umbrella
You can stand under my umbrella

Umbrella by Christopher Stewart, Terius Nash, Kuk Harrell and Shawn Carter

WHAT HAS COPYRIGHT PROTECTION?



WHAT HAS COPYRIGHT PROTECTION?



WHAT HAS COPYRIGHT PROTECTION?

To be, or not to be- that is the question:
Whether 'tis nobler in the mind to suffer
The slings and arrows of outrageous fortune,
Or to take arms against a sea of troubles
And, by opposing, end them. To die, to sleep
No more - and by a sleep to say we end
The heartache and the thousand natural shocks
That flesh is heir to - 'tis a consummation
Devoutly to be wished. To die, to sleep
To sleep, perchance to dream. Ay, there's the rub,
For in that sleep of death what dreams may come,
When we have shuffled off this mortal coil,
Must give us pause. There's the respect
That makes calamity of so long life.

Hamlet by William Shakespeare

2: MUSIC RIGHTS

WHAT HAS
PROTECTION?

COPYRIGHT
BASICS

COPYRIGHT
CONTROLS

COPYRIGHT
OWNERSHIP

COLLECTIVE
LICENSING

INTRODUCING COPYRIGHTS



- Copyrights are a form of ‘intellectual property’.
- Automatic in most countries - no registration.
- Copyright Act of Barbados, 1998.
- Sets criteria for what enjoys copyright.
- Fulfilling criteria = ‘subsistence’.

COPYRIGHT WORKS

Literary
works

Dramatic
works

Musical
works

Artistic
works

Sound
recordings

Films

Broadcasts

Typographical
Arrangements

COPYRIGHT WORKS: CORE MUSIC RIGHTS

Literary
works

Lyrics

Dramatic
works

Musical
works

Score

Artistic
works

Sound
recordings

Recording

Films

Broadcasts

Typographical
Arrangements

COPYRIGHT WORKS: THE MUSIC RIGHTS INDUSTRIES

PUBLISHING RIGHTS (the music publishing industry)

Literary
works

Lyrics

Dramatic
works

Musical
works

Score

Artistic
works

RECORDING RIGHTS (the record industry)

Sound
recordings

Recording

Films

Broadcasts

Typographical
Arrangements

COPYRIGHT WORKS: ALL THE MUSIC INDUSTRY'S WORKS

Literary
works

Lyrics, Biogs,
Liner Notes

Dramatic
works

Musical
works

Score

Artistic
works

Album Artwork,
Band Photos

Sound
recordings

Recording

Films

Video

Broadcasts

Typographical
Arrangements

Album artwork

OTHER ACT STUFF



- Connecting factors - reach of each copyright system.
- Berne Convention - literary and musical rights.
- Rome Convention - recording rights.
- Originality of expression.
- Fixation.

2: MUSIC RIGHTS

WHAT HAS
PROTECTION?

COPYRIGHT
BASICS

COPYRIGHT
CONTROLS

COPYRIGHT
OWNERSHIP

COLLECTIVE
LICENSING

MONETISING RIGHTS



- S9 of the Copyright Act.
- Outlines 'controls' that come with the copyright...
- exclusive right to copy the work.
- exclusive right to issue the work.
- exclusive right to perform work in public.
- exclusive right to broadcast the work.
- exclusive right to make an adaptation of the work.

COPYRIGHT CONTROLS

REPRODUCTION

DISTRIBUTION

RENTAL

ADAPTATION

PERFORMANCE

COMMUNICATION

COPYRIGHT CONTROLS

REPRODUCTION OR MECHANICAL RIGHTS

REPRODUCTION

DISTRIBUTION

RENTAL

ADAPTATION

PERFORMANCE

COMMUNICATION

PERFORMING OR NEIGHBOURING RIGHTS

MONETISING RIGHTS



- So... either you monetise the copyright by directly exploiting an exclusive control.
- Or... you grant permission to a third party that wishes to perform a controlled act - ie licence.

2: MUSIC RIGHTS

WHAT HAS
PROTECTION?

COPYRIGHT
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OWNERSHIP

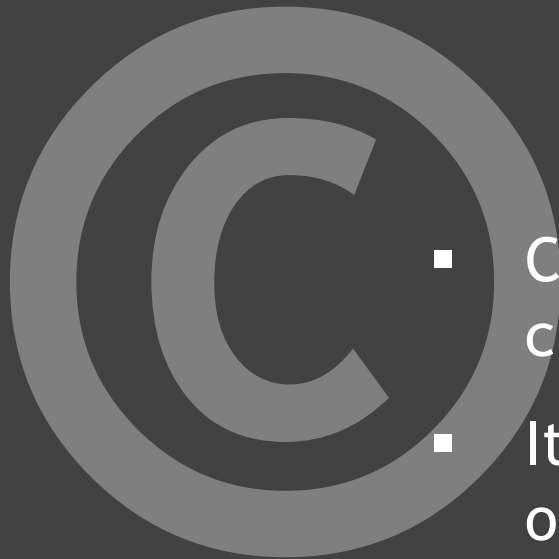
COLLECTIVE
LICENSING

WHO OWNS COPYRIGHT?



- Because copyright is automatic, the Act has to define who owns a copyright by default.
- Default ownership rules vary:
 - country to country.
 - if creator is an employee.
 - sometimes according to the kind of creative work.

CO-OWNERSHIP



- Copyrights can be co-owned - so if multiple creators they co-own the copyright.
- It is usually for creators to decide what share of the copyright each collaborator owns.
- Courts can intervene in absence of agreement.

ASSIGNMENT



- Default owners can often transfer ownership to other parties, usually for money.
- This is called assignment.
- Terms of assignment subject to contract, may only apply to specific controls, or may be limited to specific period of time.

MORAL & PERFORMER RIGHTS



- Where the creator has assigned their copyright, they may retain 'moral rights'.
- Recording artists also often have 'performer rights' over recordings they appear on, the most important is Performer ER.

2: MUSIC RIGHTS

WHAT HAS
PROTECTION?

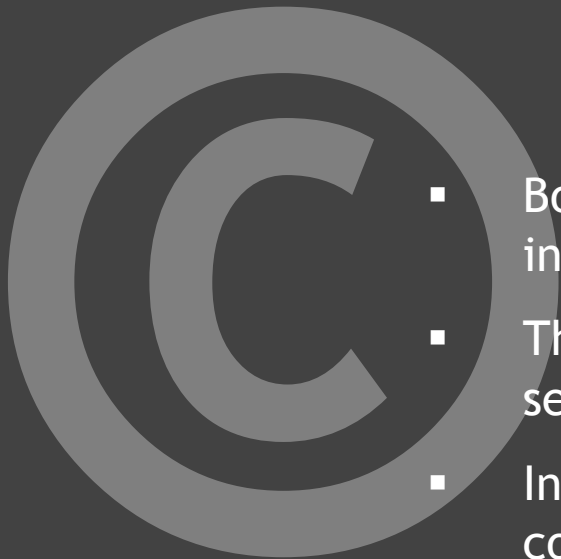
COPYRIGHT
BASICS

COPYRIGHT
CONTROLS

COPYRIGHT
OWNERSHIP

COLLECTIVE
LICENSING

MONETISING RIGHTS



- Both sides of the music rights industry are increasingly in the licensing game.
- Though labels and publishers still usually license separately, even when a licensee needs all rights.
- In the licensing space the different ‘elements’ - or controls - of the copyright are important because they may be licensed differently and separately.
- Plus Performer ER applies on some but not all elements of the sound recording copyright.

UNDER CLASSIC PUBLISHING CONTRACT (UK MODEL)...

PUBLISHER OWNS COPYRIGHT - SONGWRITER RIGHTS BY CONTRACT

REPRODUCTION

DISTRIBUTION

RENTAL

ADAPTATION

PERFORMANCE

COMMUNICATION

PRS CONTROLS COPYRIGHT - PAYS 50/50 TO PUBLISHER & WRITER

UNDER CLASSIC RECORD CONTRACT...

LABEL OWNS COPYRIGHT - ARTIST RIGHTS BY CONTRACT

REPRODUCTION

DISTRIBUTION

RENTAL

ADAPTATION

PERFORMANCE

COMMUNICATION

LABEL OWNS COPYRIGHT BUT PERFORMER ER DUE BY LAW

MONETISING RIGHTS



So the licensing process and terms may differ depending on whether a licensee wants to...

- copy the work.
- issue the work.
- rent or lend the work.
- adapt the work.
- perform the work in public.
- communicate the work (or 'make it available').

LICENSE DIRECTLY OR COLLECTIVELY?

When licensing, content owners need to decide?

License directly?

License collectively?

DIRECT LICENSING: BENEFITS

When licensing, content owners need to decide?

License directly?

- Can choose whether to license on a case-by-case basis.
- Can negotiate fee based on how much licensee wants track.
- Particularly appropriate when usage is low and possible licence fees high.
- eg licensing a track for inclusion on a compilation, a sync deal.

License collectively?

DIRECT LICENSING: HOW IT WORKS

When licensing, content owners need to decide?

License directly?

- Rights owner negotiates with licensee directly.
- Asks for as much as they like, or what you think you can get.
- Permission will be granted subject to limitations (timings, territories, channels).
- Rights owner usually deals with collecting payments directly.

License collectively?

COLLECTIVE LICENSING: BENEFITS

When licensing, content owners need to decide?

License directly?

License collectively?

- Maybe obliged to by compulsory licence.
- Reduces legal and admin costs.
- Blanket licences encourage and enable greater use of music.
- Enables licensing in hard and costly to regulate scenarios.
- Particularly appropriate when usage is high and possible licence fees low.
- eg radio, live.

COLLECTIVE LICENSING: HOW IT WORKS

When licensing, content owners need to decide?

License directly?

License collectively?

- Rights owner and/or creator signs over right to license in certain scenarios to collecting society.
- Licensee then deals with society, NOT the rights owner.
- Rights owner and/or creator often banned from direct dealing.
- Collecting society usually collects where majority of rights owners opt to license collectively.

COLLECTING SOCIETIES

- Where collective licensing applies, rights owners and/or creators join a collecting society (or societies) - aka CMO or PRO.
- In most countries, collecting societies focus on just one set of rights ie publishing rights or recording rights.
- With songs, societies may also focus on granting licences for just one 'element' of the copyright - ie
 - Reproduction rights
 - Performing rights
- With recordings, in addition to the societies representing the rights owners, you will have societies representing performer rights.

COLLECTING SOCIETIES

- Each society has its own rules, regulations and conventions.
- Often not-for-profit and governed by membership.
- Often members cannot make direct deals with licensees where collective licenses apply (though there may be exceptions to this rule).
- Membership conventions vary between recordings and songs, reproduction and performing rights, and country to country.
- Where empowered to do so, the collecting society does the deal, collects royalties and distributes to members usually based on usage.

COLLECTIVE LICENSING: RULES & REGULATION

- Copyright law allows collective licensing and collecting societies.
- But often includes extra rules for collective dealing to counter competition law concerns raised by rights owners licensing as one.
- This usually includes a mediation process for collective licensing disputes - eg Copyright Tribunal.
- There can be multiple societies representing the same 'kind' of rights in any one country...
 - eg in US - BMI, ASCAP, SESAC, GMR
 - Rights owners must choose a society to represent them.
 - Licensees need licences from all societies if they plan to use the wider catalogue (eg radio).

END OF PART TWO

any
questions?

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3: DEALS & MANAGEMENT

BUSINESS
PARTNERS

LABEL
DEALS

PUBLISHING
DEALS

EVOLVING
DEALS

ROLE OF
MANAGEMENT

3: DEALS & MANAGEMENT

BUSINESS
PARTNERS

LABEL
DEALS

PUBLISHING
DEALS

EVOLVING
DEALS

ROLE OF
MANAGEMENT

THE MUSIC INDUSTRY

INTELLECTUAL PROPERTY

MUSIC PUBLISHER

RECORD LABEL

DISTRIBUTOR/RIGHTS ADMIN

RETAILER/DSP

PR/MARKETING AGENCY

COLLECTING SOCIETY

MERCHANDISER

LIVE PERFORMANCE

BOOKING AGENT

PROMOTOR

VENUE OWNER

TICKET AGENT

PR/MARKETING AGENCY

FAN RELATIONSHIP

FAN SERVICES

BRAND AGENCY

ARTIST
MANAGER

LAWYER
ACCOUNTANT

WHO TO DO DEAL WITH DIRECTLY?

INTELLECTUAL PROPERTY

MUSIC PUBLISHER

RECORD LABEL

DISTRIBUTOR/RIGHTS ADMIN

MERCHANDISER

COLLECTING SOCIETY

PR/MARKETING AGENCY

RETAILER/DSP

LIVE PERFORMANCE

BOOKING AGENT

PROMOTOR

↓
VENUE OWNER

TICKET AGENT

PR/MARKETING AGENCY

FAN RELATIONSHIP

FAN SERVICES

BRAND AGENCY

AND ON WHAT TERMS?

- Traditionally artists would look to do a separate deal for each key revenue stream, working with a number of partners.
- But on what terms?
 - Who will cover business partner's upfront costs?
 - Fees or profit share (or combination)?
 - How long?
 - Exclusivity (regional or global)?
 - Who owns intellectual property?
- Artists would then look to one partner to make a substantial investment to fund 'launch' - reducing the risk for all other partners.
- This investment was traditionally made by the label.

3: DEALS & MANAGEMENT

BUSINESS
PARTNERS

LABEL
DEALS

PUBLISHING
DEALS

EVOLVING
DEALS

ROLE OF
MANAGEMENT

THE LABEL DEAL

- Therefore traditionally starting point = record deal.
- The label covers:
 - Upfront cash advance for artist.
 - Cost of developing and recording album.
 - Cost of manufacturing and distributing album.
 - Marketing and communications activity.
- This investment can fully 'launch' a new artist.
- In return label demands recordings exclusivity (for pre-set time) and ownership of sound recording rights.
- Artist gets share of royalties once investment paid off.

ROYALTIES SUBJECT TO CONTRACT - EXCEPT PERFORMER ER

LABEL OWNS COPYRIGHT - ARTIST RIGHTS BY CONTRACT

REPRODUCTION

DISTRIBUTION

RENTAL

ADAPTATION

PERFORMANCE

COMMUNICATION

LABEL OWNS COPYRIGHT BUT PERFORMER ER DUE BY LAW

THE LABEL DEAL

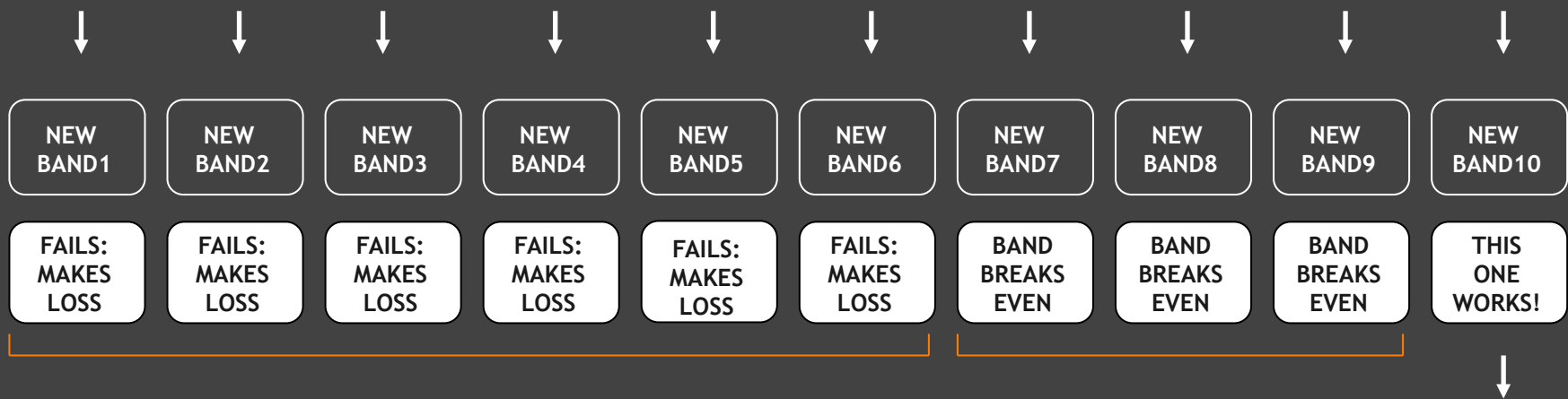
- Record labels get a bad rep - why?
 - Investment does not guarantee success.
 - Label may interfere artistically to safeguard investment.
 - Label may screw up marketing and/or overspend.
 - Label and artist may just fall out over time.
 - Artist gets no recordings revenue until recouped.
 - Artists often grow to resent having signed over the rights in their early (and possibly best) work.
 - Most record labels ultimately profit driven.

THE LABEL DEAL

- But despite the problems, the label system is good.
- Encourages and enables investment in new talent.

NEW TALENT INVESTMENT

THE CURRENT BIG THING



THE NEXT BIG THING

3: DEALS & MANAGEMENT

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HOW PUBLISHING DEALS COMPARE

- Publisher also pays advance.
- Provides A&R, rights management, sync/commission pitching.
- Rights assigned to publisher - though maybe for set period.
- Pays royalty after recoupment.
- Songwriter royalty will usually be at least 50% and often more.
- Deal often excludes some elements of the copyright, which are actually assigned (or as good as) to the songwriter's collecting society.
- Society then pays both songwriter and publisher share of that income.

UNDER CLASSIC PUBLISHING CONTRACT (UK MODEL)...

PUBLISHER OWNS COPYRIGHT - SONGWRITER RIGHTS BY CONTRACT

REPRODUCTION

DISTRIBUTION

RENTAL

ADAPTATION

PERFORMANCE

COMMUNICATION

PRS CONTROLS COPYRIGHT - PAYS 50/50 TO PUBLISHER & WRITER

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GROWTH OF SERVICES DEALS

- Assignment (or as good as) was traditionally a key part of label and publishing deals, especially for new talent.
- Though many labels and publishers will provide their services on a revenue share basis without assignment where there is no or less upfront investment.
- These deals have various names: distribution deal, administration deal, licensing deal, services deal.
- Becoming more common, especially for established talent.
- There are an increasing number of standalone divisions and companies that specialise in this kind of arrangement.

GROWTH OF MULTI-REVENUE STREAM DEALS

- Meanwhile, for those looking for a more conventional label deal with upfront investment, the label may now look for a cut of other revenue streams beyond sound recordings.
- Why?
- Recorded music is generating less than half the revenues it did pre-2000 - for various reasons including loss-leader retailers pushing down profit margins, expansion of music TV and radio, piracy, and the ongoing challenge of evolving the digital market.
- So record companies make less out of successful recordings.

THE RESULT...

LESS PROFIT

LESS TO INVEST

Labels sign less bands and become more risk averse.

Will look for artists to do more ground-work before investing.

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DILEMMA FOR ARTISTS AND MANAGERS

DO LABELS TAKE OWNERSHIP OF OTHER REVENUE STREAMS?

And if so...

Other existing revenue streams?

- Why would artists give these up?
- Are they already contracted to others?
- What do artists live off?

Other new revenue streams?

- If so, what?

HOW ELSE CAN WE MAKE MONEY FROM MUSIC?

OR DO ARTISTS FIND A NEW MODEL WITHOUT A SUBSTANTIAL INVESTMENT FROM A LABEL?

Given...

- Artists hate giving up rights.
- Labels sometimes interfere.
- Production costs are lower.
- Distribution costs are lower.
- Labels will sell you their services.

HOW ELSE CAN WE RAISE INVESTMENT?

3: DEALS & MANAGEMENT

BUSINESS
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DEALS

EVOLVING
DEALS

ROLE OF
MANAGEMENT

EVOLVING ROLE OF MANAGEMENT

- Artist management is arguably becoming more important...
 - For new talent, labels are signing later, so management needs to fill the gap.
 - For more established talent, services deals may be attractive, but requires management to become the strategist.
 - Opportunities in streaming and direct-to-fan need a new approach to music marketing, which has always been label-led around album releases.
- This is arguably an opportunity for artists and their managers, but are there enough managers up to the job?
- And if managers are doing more, do they need a bigger cut?

END OF PART THREE

any
questions?

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