



**CompleteMusicUpdate.com**

# THE GLOBAL MUSIC MARKET

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The music business is a global industry serving a global market.

There are many global opportunities for artists and songwriters, record labels and music publishers.

The shift to digital has expanded the opportunity to generate revenue globally.

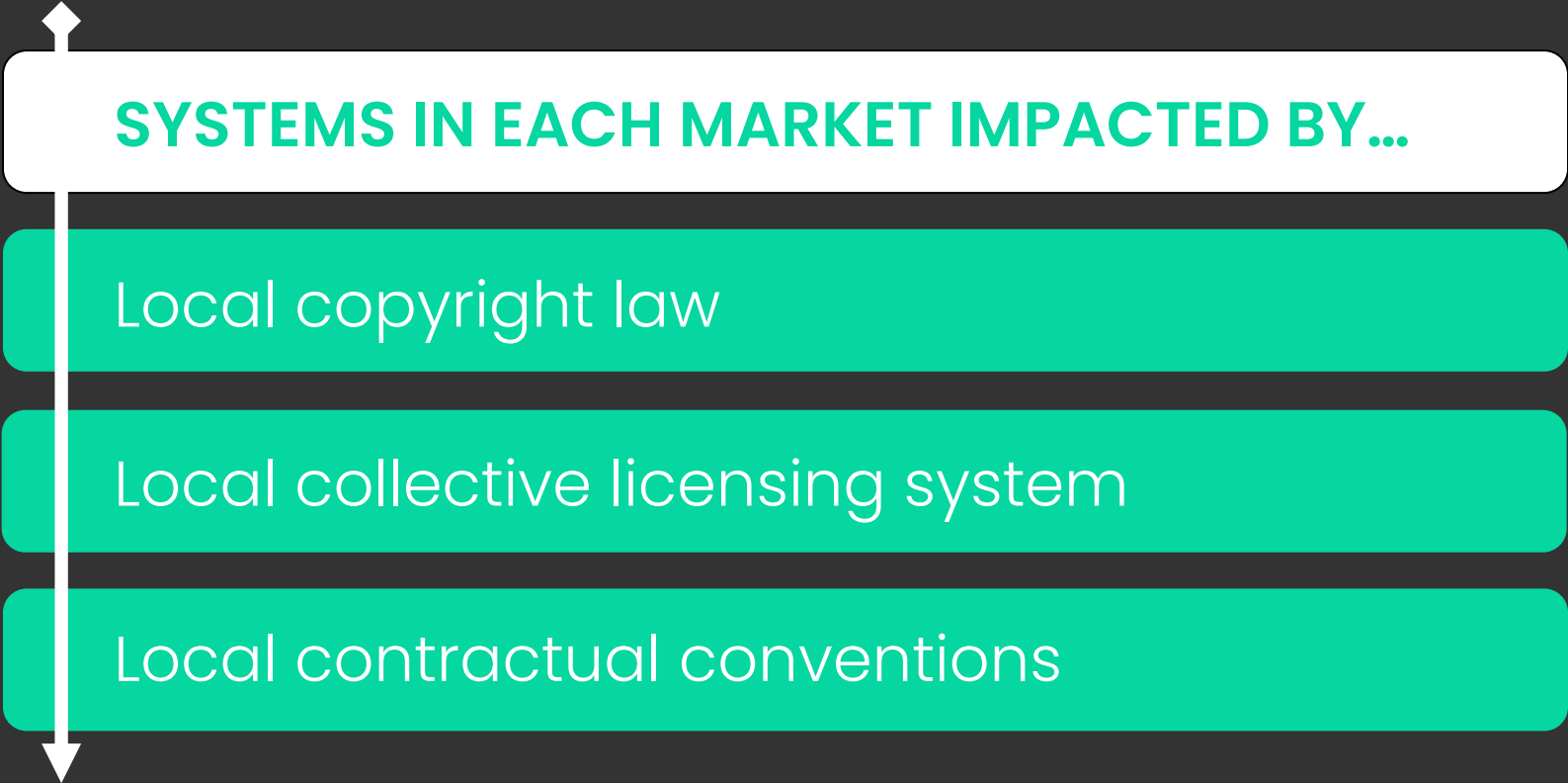
## THE GLOBAL MUSIC MARKET

However the music industry,  
and especially music publishing,  
has traditionally been very territorial.

Rights are often managed and licensed  
separately and differently in each market.

This is even true when labels and publishers  
have operations in multiple markets.

# MUSIC LICENSING IN EACH MARKET



A diagram illustrating the factors that impact music licensing systems in each market. It features a central vertical double-headed arrow. To the right of the arrow, there are three stacked rectangular boxes. The top box is white with a black border and contains the text 'SYSTEMS IN EACH MARKET IMPACTED BY...'. The two boxes below it are solid blue and contain the text 'Local copyright law' and 'Local collective licensing system' respectively. The bottom-most box is also blue but empty. The text 'Local contractual conventions' is positioned to the right of the bottom-most empty box, aligned with the middle of the three boxes above it.

## SYSTEMS IN EACH MARKET IMPACTED BY...

Local copyright law

Local collective licensing system

Local contractual conventions

## MUSIC LICENSING IN EACH MARKET

In many cases licensees are territorial too...

BROADCASTERS

VENUES +  
PROMOTERS

BARS, CLUBS,  
SHOPS etc

Many licensees want a blanket licence.

And that means a **global** blanket licence.

So territorial collective licensing makes sense.

# THE TRADITIONAL APPROACH

# THE TRADITIONAL TERRITORIAL APPROACH



# THE TRADITIONAL TERRITORIAL APPROACH



## BENEFITS FOR THE LICENSEE...

Access to all music via one licence

Don't need to navigate co-ownership

Lack of public rights data not an issue

# THE TRADITIONAL TERRITORIAL APPROACH



## HOW IT WORKS...

CMOs enter into reciprocal agreements

Rights + royalties flow around the world

Publishers decide how to collect their share

# THE TRADITIONAL TERRITORIAL APPROACH



## HOW PUBLISHERS GET PAID...

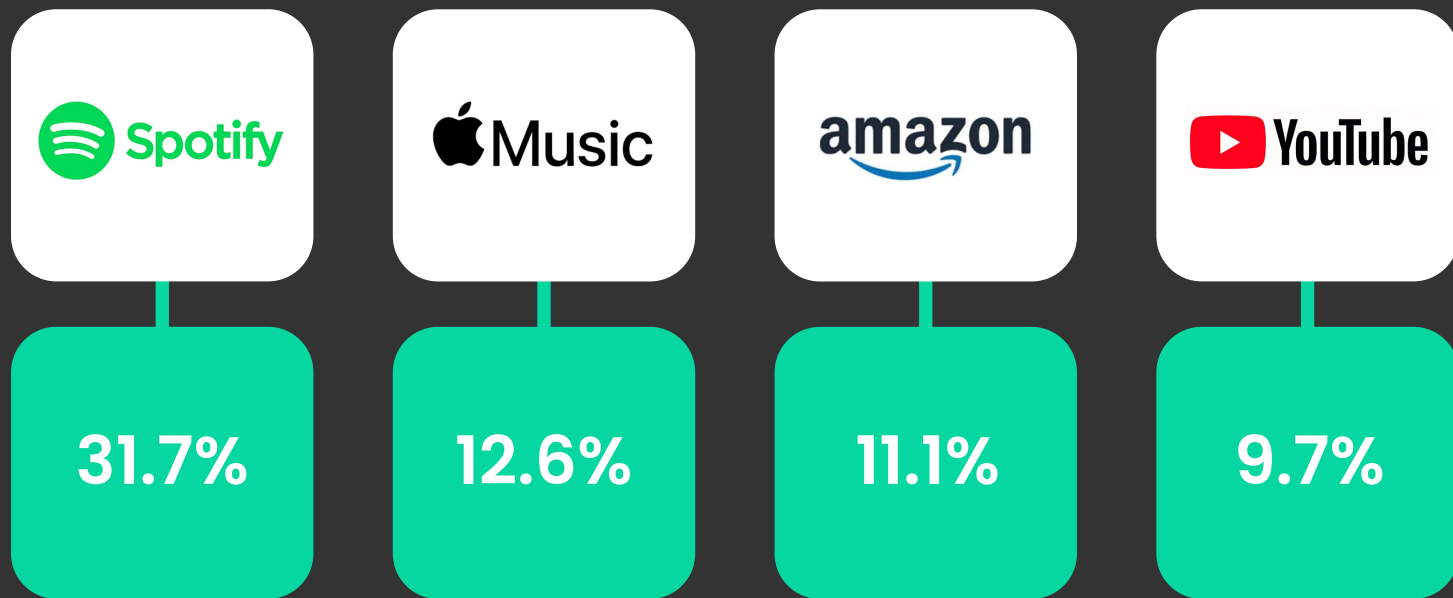
Directly join each CMO

Connect to other CMOs via sub-publisher

Allow money to flow through local CMO

# THE DIGITAL MARKET

# THE DIGITAL MUSIC MARKET



% of premium subscribers globally according to [midiaresearch.com](https://www.midiaresearch.com)

# THE DIGITAL MUSIC MARKET



## AUDIO SERVICES

## UGC + SOCIAL MEDIA SERVICES



# DIGITAL LICENSING



Small number of global platforms

Basic business model the same globally

A direct relationship is always attractive

And makes the process more efficient



**FOR EACH SERVICE IN EACH MARKET...**

Direct deal with the service?

Direct deal via a partner or licensing hub?

Allow local CMO to include in blanket?

# MULTI-TERRITORY DIGITAL LICENSING

## MULTI-TERRITORY DIGITAL LICENSING

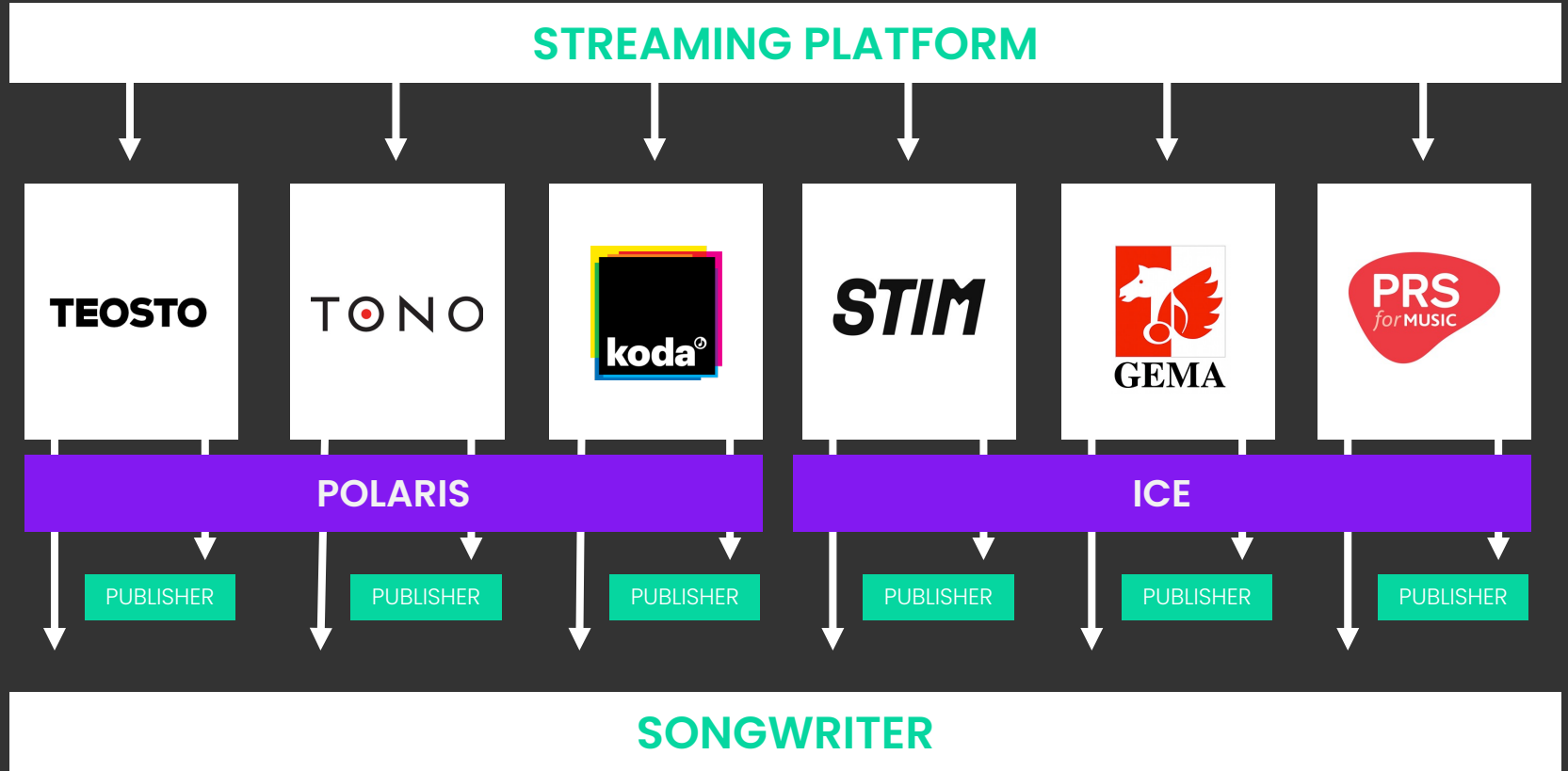
A lot of CMOs now negotiate multi-territory licences with digital services.

Those deals allow the service to exploit the CMO's own repertoire in multiple markets.

How many markets will differ from CMO to CMO and service to service.

Some CMOs do this together via hubs.

# MULTI-TERRITORY DIGITAL LICENSING: HUBS



## MULTI-TERRITORY DIGITAL LICENSING: PUBLISHER-LED DEALS

With some (especially Anglo-American) repertoire publishers will negotiate the deal.

These deals also allow the service to exploit the publisher's repertoire in multiple markets.

There is a complication with these deals in that, even with Anglo-American repertoire, the publisher only controls mechanical rights.

# WHAT RIGHTS DOES A STREAM EXPLOIT?



**REPRODUCTION (MECHANICAL RIGHTS)**

**MAKING AVAILABLE (PERFORMING RIGHTS)**

Publishers control the mechanical rights\*

CMOs control the performing rights

## MULTI-TERRITORY DIGITAL LICENSING: PUBLISHER-LED DEALS

Either the publisher only licenses mechanical rights and the service has to secure a separate CMO deal for performing rights.

Or the Anglo-American CMOs allow the publisher to include performing rights via a JV with one CMO, which ensures that the writer's share still flows through each writer's CMO.

# MULTI-TERRITORY DIGITAL LICENSING: PUBLISHER-LED DEALS



## OPTIONS FOR PUBLISHERS...

Direct deal or IMPEL deal

Work with CMO or licensing hub on deal

Direct deal managed by CMO or hub

**HOW GLOBAL  
IS GLOBAL?**

# THE EVOLUTION OF MULTI-TERRITORY LICENSING



Multi-territory deals originally covered EEA

Increasingly moving to global

Even more so with UGC + social platforms

However, there will still usually be gaps



## WHY MIGHT MARKETS BE EXCLUDED?

Local copyright law

Local licensing systems

Position taken by the services

# EXCLUDED MARKETS



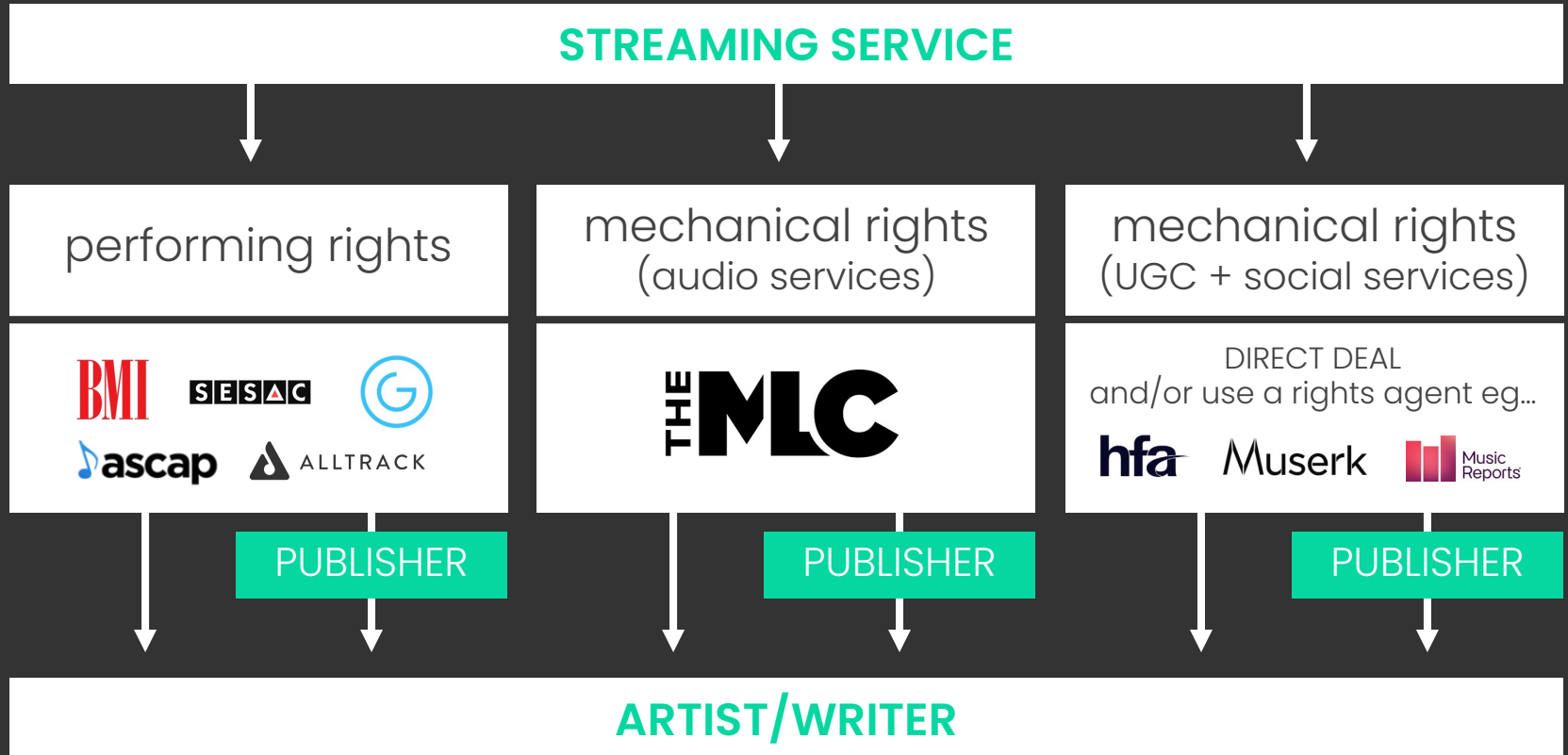
## COMMONLY EXCLUDED MARKETS

USA (the biggest music rights market)

China (one of the fastest growing markets)

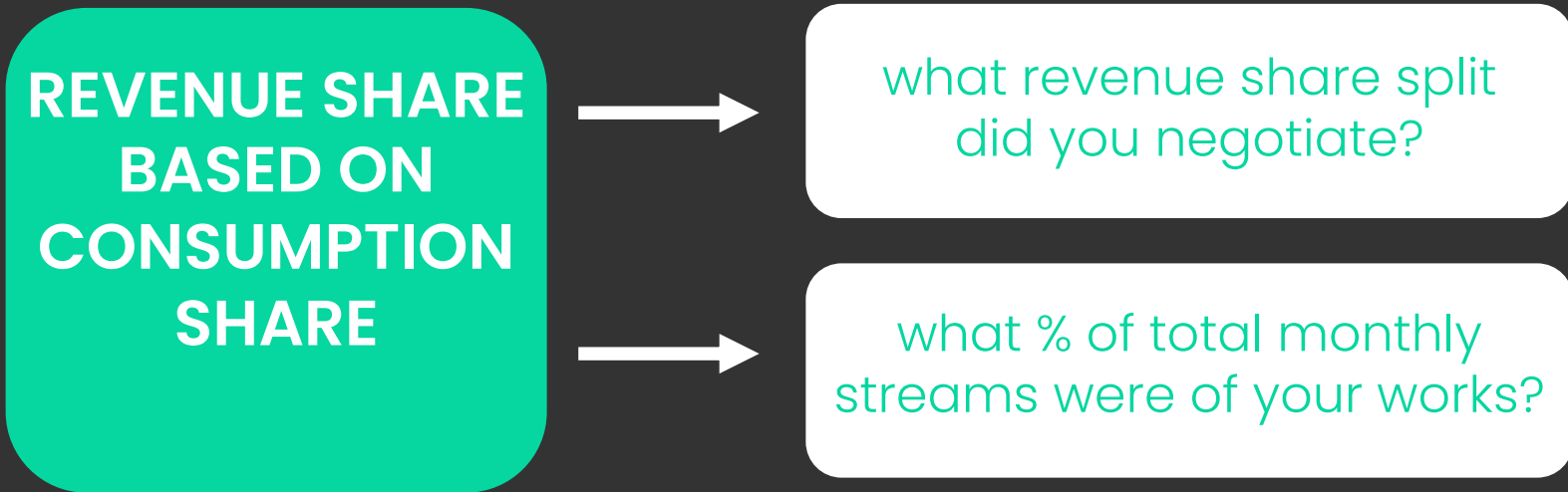
Argentina

# THE USA MARKET



# THE LOCAL DIMENSION

## CALCULATING WHAT EACH LICENSOR IS DUE



These calculations are done separately in each market  
- and separately for different subscription types.

## THE VALUE OF A STREAM IN EACH MARKET



Subscription price-point has an impact

Free to premium user ratio has an impact

Services may have to pay levies or ER

There may be other local quirks

# THE MECHANICAL RIGHTS v PERFORMING RIGHTS SPLIT



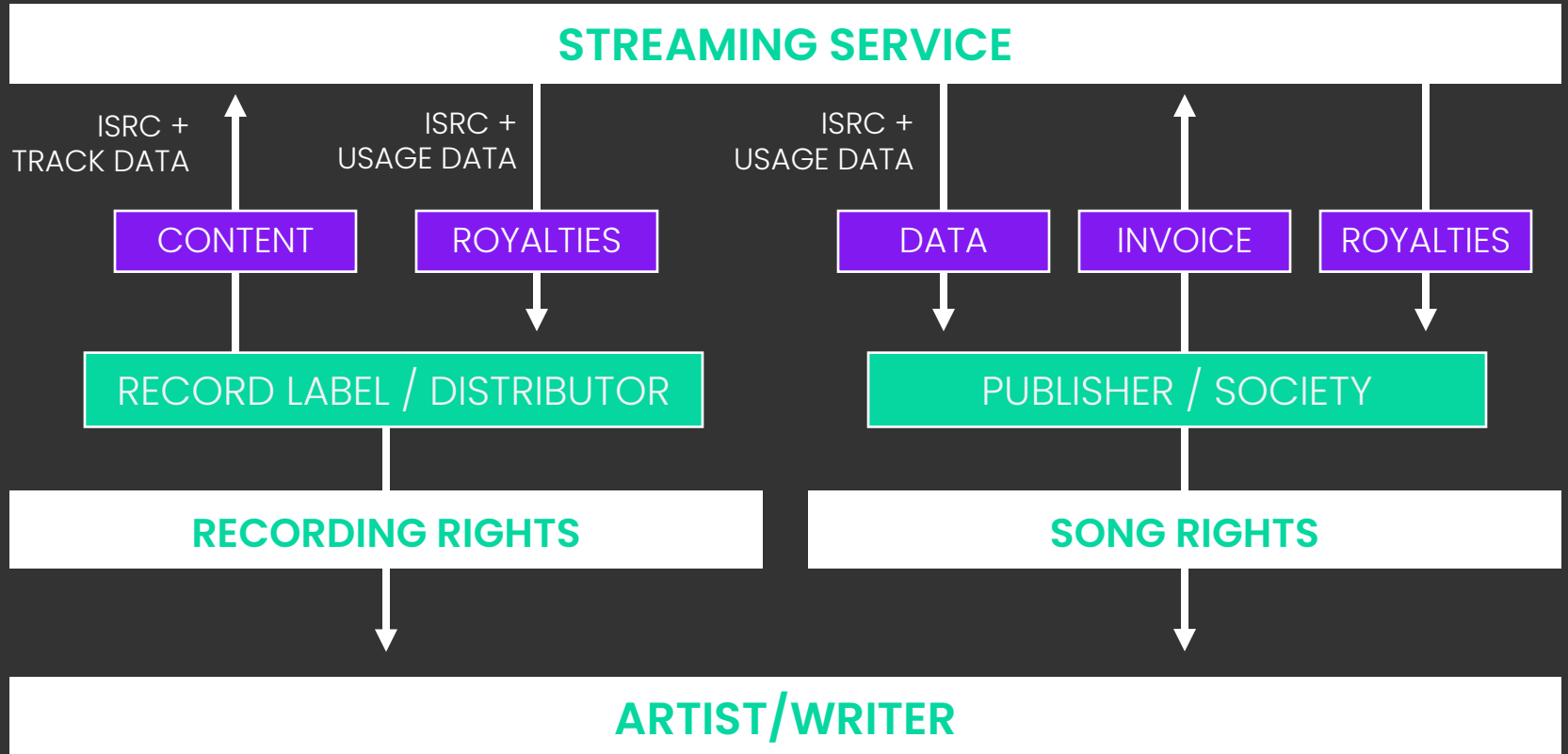
**REPRODUCTION (MECHANICAL RIGHTS)**

**MAKING AVAILABLE (PERFORMING RIGHTS)**

Split differs from market to market

In some markets they are paid separately

# MATCHING WORKS + MAKING A CLAIM



## MATCHING WORKS + MAKING A CLAIM



Services report usage with ISRC data

Licensors need to match ISRC to ISWC

And then claim for works they control

This work may be done locally

## LOCAL SERVICES

In some markets there are local services that are as big or bigger than the global services.



In China, most of the global services don't operate and the local services dominate.

## THE CMO's ROLE IN ITS HOME MARKET



### CMO MAY CONTINUE TO...

Offer global blanket licence to small services

Manage the local mop-up for all services

Lobby + campaign on digital music matters

# TRACKING YOUR MONEY

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**FOR EACH SERVICE IN EACH MARKET...**

Who is issuing the licence?

How are you getting paid?

How is usage + royalties reported?

# TRACKING YOUR MONEY



**FOR EACH SERVICE IN EACH MARKET...**

Who is matching works + making a claim?

What databases are they using?

What fees are they charging?

## OTHER DEBATES



**WHAT ABOUT...**

Production music?

Global video services?

New digital platforms + services?

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