

Data Trends and the Songwriter

How songwriters can use music
publishing trends to plan their next year

A report by **Songtrust**

About the Author



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Introduction

As 2018 came to a close, our team went back and looked at all the data we had collected over the last year looking for trends that might stand out and give us insight into what we could expect for the new year. As we were discussing, this question of could we use our (and other's) data reports to better help our clients plan for their goals in the upcoming year arose. In an ideal world - a songwriter could use these trends to predict their new year profits and make smarter business decisions for their career. Realistically, the data would be 100% correct, but that isn't always the case. Our hope, however, is giving our creators a **way to utilize music publishing trends to plan out their next year.**

Over the next few pages, we'll break down some of the global trends that have regards to copyright¹ attached to musical compositions. Using multiple sources, we combed the internet for relevant data on how companies like BMI and ASCAP have been trending overall. **A small caveat**—as with most data reports, most of the data included in this report comes from annual reports, meaning most of this data is from 2017 and earlier. As we move closer into Songtrust's data, it will be more current, we promise. Finally, we'll lay out a rudimentary plan on how to best schedule your calendar year, as a songwriter and business person, without being too prescriptive.

¹copyright - a legal right created by the law of a country that grants the creator of an original work exclusive rights for its use and distribution, typically for a limited time.

The Big Picture

At large, revenue and distributions are up across CMOs¹, which is great news because these avenues are making money **and** songwriters are making money. For the music industry as a whole, this is resoundingly good news meaning that we continue to hit new benchmarks. For songwriters, the theme continues with larger distributions from collection societies, such as APRA AMCOS, BMI, and GEMA to name a few, which means more money for you. This is a sign of good health. In fact, most CMOs reported record growth in their annual reports. For example, APRA-AMCOS (Australia) grew 8.2% in revenue for the 2017-2018 financial year and, with it, had a comparable growth in distributions that went out to its songwriters and publishers. Digital was the largest contribution, growing 22% that year, including audio, video-on-demand, websites, and user-generated content.

In fact, most societies are reporting a five-year trend of growth. Additionally, many of the laws that have passed this year (e.g. [Music Modernization Act²](#)), should put more infrastructure in place so that this trend continues. Like most organizations, BMI has seen continued growth over the last five years with revenue being up seven percent across most income sources. Comparatively, ASCAP distributed more than one billion dollars to its members which is a ten percent increase over the previous year and had an eight percent increase in revenue across many platforms including streaming and audio. Further north, SOCAN saw a 46% increase in internet audio streaming. This was a huge year thanks to [streaming](#). It distributed more than \$300 million to SOCAN members and saw an increase in foreign royalties as well. Also seeing international growth, PRS increased distributions by 14.7% according to their last annual report.

¹CMOs (Collective Management Organizations) - commonly referred to as PROs (performing rights organizations) in the United States, these societies act on behalf of rights owners to license copyrighted works and collect royalties earned by the use of their works.

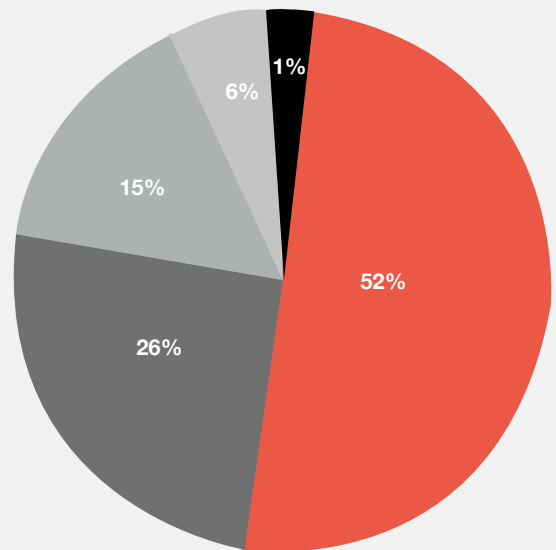
²Music Modernization Act - a recently passed legislation that changes the way mechanical royalty rates are paid out to copyright owners in addition to streamlining music licensing and providing payment to pre-1972 recordings.

Thinking Globally

Now, if you didn't read the large [CISAC report](#) for 2018, not to worry, we read through it for you. According to CISAC, [music publishing royalties](#) worldwide grew to over \$8B. That's roughly a 6.8% increase from the previous year. The strongest percentage increase was digital royalties growing to 51.9%. Billboard notes “. . . the report points out that despite its percentage increase, its overall piece of the pie is held back by poor returns from user-generated content video streaming platforms.” (e.g. YouTube). Following the trend, there has been a 28.3% growth in music royalties over the last five years.

When we break it down by region, we see that the lion share is collected in Europe of what is reported globally through CISAC. TV & Radio remain strong as the leading use for music collections with 40.8% and digital has grown to a full 15% of music collections. Year over year, there was a growth of 2.65% for mechanical royalties with an overall growth of 24.3% over the last five years. Performance royalties, doing slightly better, grew 6% for the year and 26.2% over the last five.

Royalties Collected by Region



■ Europe ■ US/Canada ■ Asia-Pacific ■ Latin America ■ Africa

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Broken out globally it looks like this:

Royalty Growth Rates

	Performance	
Country	Previous Year Growth Percentage	Five Year Growth Percentage
Europe	3.7	17.3
Canda/ USA	5.1	52.4
Asia-Pacific	3.4	21.9
Latin America	22.2	22.1
Africa	4.8	17.4

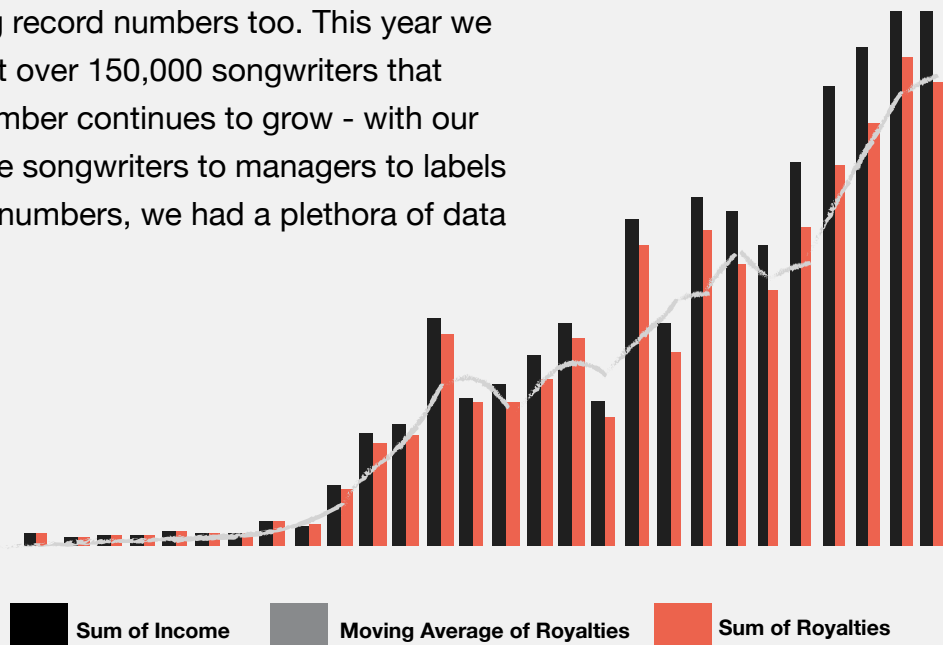
	Mechanical	
Country	Previous Year Growth Percentage	Five Year Growth Percentage
Europe	7.9	17.5
Canda/ USA	24.1	494
Asia-Pacific	-3.5	-2.6
Latin America	49	21.2
Africa	18.2	51.5

Songtrust's Part to Play

Seeing the growth at a global scale is important in understanding the bigger picture. For our team, how our numbers compare helps us realize those more unique trends. For those that are new to Songtrust, some context: Songtrust is a publishing administrator¹ who enables over **150,000 songwriters** and **20,000 publishers** collect their global publishing royalties for over **one million copyrights**. We have direct relationships with over 45+ societies in over 120+ territories making our publishing reach one of the world's largest.

Continuing from the aforementioned trend, Songtrust is also seeing record numbers of revenue. Taking into account that our self-service platform operates on a registration fee of \$100 and a 15% admin fee, this means, categorically, royalties payable is seeing record numbers too. This year we officially announced we hit over 150,000 songwriters that we represent, and that number continues to grow - with our clientele ranging from indie songwriters to managers to labels and lawyers. Given those numbers, we had a plethora of data to dive into.

Revenue by Quarter



¹Publishing Administrator - a third-party publisher that, for a fixed term, controls all licensing and the collection of publishing revenue streams on behalf of a composer and copyright owner.

Using our data, we pulled the income and royalties¹ numbers for every quarter since the beginning of our company, a little over five years. The trend line that you see is the moving average of royalties. That is what is paid out to our clients, a.k.a. cash in your pocket. There is a subtle trend seen when we break it up this way. We pay quarterly (ie. four times a year) and you can see there is a bit of a hill situation as the line continues to go up. The drop is almost consistently in the second quarter. With the average payout from exploitation² about six to nine months, spring and summer payouts are generally from the holidays. And unless you put out holiday music, you will also see this dip. Hold onto this notion for the next segment.

We drilled down to see what was driving growth and, much like reported earlier for global trends, it's streaming and digital. Both mechanical and performance royalties in streaming and YouTube revenues and distributions are up as well. All three top the list of all categories that we've been collecting year-over-year with **streaming performance royalties quadrupling** its current year value and **streaming mechanical royalties growing more than 10X**. It's worth noting - as a growing company, we're getting better at tracking royalties, so while these numbers are super impressive, there are other factors that contribute to these growing so fast including YouTube being up 25% in 2018 over 2017.

¹Royalties - Here, we are referring to publishing royalties which include performance, mechanical, and micro-sync royalties. For more information on the difference between royalty types, visit our glossary.

²Exploitation - the act of developing or using resources

Songwriter Success

The goal of this digest was to help songwriters utilize this information to inform their career decisions in the new year, so how does this help you as a songwriter? Ideally, it gives you insight on where you should be making sure your content is available, and also lend some encouragement. If streaming royalties are continuing to climb, making sure your works are registered, and licensed on all streaming platforms is key to making sure you get a share the distribution of those royalties. Same goes with YouTube.

While you're at it, make sure your metadata and ISRCs¹ are good. That's mostly for us when we're trying to find your money later. Now that your current catalog is registered with your PRO and with DSPs² and licensed, you should have some form of a marketing budget to make sure that content gets played. If you are also the recording artist, that's vital, but it's also good to promote the work if are only playing the part as the songwriter as well. That's income for you in the next six to nine months if it's getting traction.

Remember those dips previously mentioned in the royalties around summer? You have to plan and budget for that. A good tip is to average out your royalties so that the good quarters can cover the not-as-great quarters. There are also ways to ensure you are making income outside of just songwriting though. Check out [this](#) video from Songtrust client, Kato On The Track, for some tips for producers, or [this](#) Rolling Stone article on making money as a recording artist and songwriter, or [this](#) DIY musician guide on the CD Baby blog - to start.

¹ISRCs (International Standard Recording Code) - a 12-character alphanumeric code used to uniquely identify a sound recording. These are typically assigned by your label or distributor

²DSPs (Digital Service Provider) - a company that provides an outlet to distribute media online, such as Spotify or Apple Music.

Moving Forward

Let's recap everything we discussed - we covered how to start participating and budgeting your royalties; the various data trends and how those affect royalty payouts; and how, as a music maker, you can also supplement your income in addition to your royalties. That's quite a bit to digest, but what you should take away, more than anything else, is how to further utilize this information, more than just understanding your royalties, to make actionable decisions about your career.

For instance - if you are a singer/songwriter, it is a good idea to tour during the summer months when generally holiday royalties are being distributed. That requires a budget, but with door splits and merch, that income is much faster in being distributed and means you'll have revenue coming in during the holiday months. Keep in mind while you're on tour you can do a setlist submission to your PRO¹ or publishing admin to make sure you're getting performance royalties on top of playing live. If your sound is more commercial, it may also be a good idea to work with an independent sync house to get placements and sync royalties. Above all, keep in mind these general tips to you set you up for success:

- **Write all year long** (put in those 10,000 hours)
- **Network** (it gets your songs placed and helps finds artists to collab with)
- **Become a Social Media guru** (it's free/cheap marketing)

Make the most of the resources available to you and put in the time to understand how your songs are working for you. Should these trends continue, it looks like there will be new records to hit in terms of collections for songwriters, making 2019 the year of the Songwriter. Here's to 2019 and more money in your pocket!

¹PRO (performing rights organization) - interchangeable with CMOs, commonly used in the United States, refers to societies responsible for collecting income on behalf of rights holders when their works are used.

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