



**Setting the
Stage:**

**Executive
Summary**

This report, the first from the Organization for Recorded Culture and Arts (ORCA), represents a starting point. ORCA is a think tank comprising independent record labels who invest in artists and their businesses.



We are all lovers of music first, and are proud to play a part in putting vital creative work forward. This also makes us drivers of change, particularly in the way the industry monetizes songs and recordings, how its players share revenue among artists and workers, in the diversity and inclusivity of its organizations, and in the opportunities provided for its many skilled workers to achieve sustainable and satisfying careers.

We believe that creating a better music industry—in a way that benefits everyone and not solely ORCA members—requires understanding the complexity of the music industry and providing simple, effective explanations as to how it works and how it can be more inclusive.

To do this demands evidence-based research. This is our mission. *Drawing on its members' collective experience investing in artists and their businesses, ORCA is dedicated to undertaking qualitative and quantitative research aimed at understanding the challenges facing the music industry, and generating discussion around the best approaches to fixing them.* Ultimately, the goal is for this work to drive change that amplifies the global economic, social, and cultural significance of music.

The independent record label viewpoint is a useful lens for understanding the challenges facing the music industry and exploring equitable ways to solve them. Our intent is to start a conversation in collaboration with stakeholders from across music industry sectors and organizations outside the industry that engage with music.

This report was researched and developed by the nonprofit [Center for Music Ecosystems](#), commissioned by ORCA. It is intended to set the stage for our future work. To that end, the report is written primarily for a global target audience of individuals working outside the music business— governments, regulators, policymakers, global institutions, cities and places, and more.

It is an introduction to the music industry, the complexity of stakeholders and activities that constitute it, and the many benefits—economic, cultural, community-based, and so many more—that it generates. It's also an introduction specifically to ORCA, its members, and the roles and values of the independent record label business model.

Report 2 and future ORCA reports will focus on collecting primary data to demonstrate the benefits of independent record labels and also, the wider music industry they inhabit. We believe that investing in music is investing in communities and people. We want to partner on this both within and outside the industry—to develop and share best practices, demonstrate collective impact, and take a leadership role in showing, rather than telling, why music matters.

We hope you enjoy this first report and look forward to your feedback.

Thank you for reading it. For more information, visit the [website](#).

—ORCA Founding Supporters

Introduction



Foreword:

Setting the Stage



The foreword section offers a detailed version of the above, laying out ORCA’s motivations as an organization, defining its audience, and explaining in detail what it hopes to accomplish with this report and through its continuing research agenda. This section also provides a short guide for reading and getting the most out of the report, which you can read linearly on the ORCA website, or explore section to section, as you wish.

Foreword

Part 1:

**The Recorded Music
Industry—Where
It All Develops**

Part 1 of the report elaborates on the key role of the recorded music industry in the overall music ecosystem. It highlights the economic value generated by recorded music and explains the financial risks that labels take to support artists to release and amplify their music.



PJ Harvey by Steve Gullick

It then describes the many non-monetary contributions that record labels make to developing artist careers. The objective is to show the expansiveness of this kind of work and the skills, trades and experiences required to sustain it. Labels are made up of a huge number of talented experts, whose accumulated experience provides artists the edge that they need to break through in today's music industry and develop sustainable careers.

This section of the report also explains the different types of artist support organizations, elaborating on the differences between major labels, independent labels, artist services companies, crowdfunding, and direct investment platforms. It draws a clear distinction between the approach and services offered by more traditional record labels—like majors and independents—and contemporary artist services companies, explaining the differences between the business model and types of service provided by each.

Part 1 also highlights a few artist success stories, emphasizing how independent record labels including Everlasting Records (Madrid) and Secret City Records (Montreal) have worked symbiotically with artists like Guadalupe Plata and Patrick Watson to turn their recorded music into sustainable careers, and how that impacts those around them.

Part 1



Part 2:

**Independent record
labels—How labels
support artist
development**

Part 2 of the report focuses on independent record labels and their role within the broader music ecosystem as long-term artist developers committed to patiently supporting sustainable careers. This model is one of many, but one that has been practiced for decades and nurtures talent over time.

While independent labels do many of the same things as other labels, it is their unique expertise and the specific ways that they go about developing collaborative relationships with artists that matters, as well as what their trusted brand means for artists and fans. Indies are uniquely committed to risk taking and supporting artists over a long time horizon, even when immediate commercial success is elusive. They are also recognized for their formal commitments to offering fair and flexible artist deals.

Independent labels succeed based on their artist curation and development. They aren't positioned to take risks on short-term projects continuously, and so are committed to providing knowledge and tailored support for and helping artists develop across the full breadth of their careers—from support for recording and releasing music, to live touring, merchandising, sync licensing, and more. Indies recognize that when an artist successfully establishes a sustainable long-term career, it is a success for both the artist and the label. The value of the holistic approach and trust fostered between independent labels and artists is underscored by the fact that 77% of artists signed to independents choose to renew their contracts, continuing their career journey with an indie.



This section also expands beyond discussing the role independent labels play in artist development to explore their contribution to societal impact, including advancing economic growth, social mobility, increased diversity and representation, and as catalysts for cultural movements. It points to independent music companies' responsibility for approximately 40% of economic activity in the global music industry. This impact comes through direct investment in artists and services—like expertise, advances, label employees, tour support, marketing, distribution, business services, and much more—and indirect outcomes generated by artist tours, merchandise, manufacturing and promotion. Likewise, independent record labels play an important role as training grounds for the next generation of skilled, creative workers. By prioritizing internal talent development, they elevate staff from entry-level to management, creating lasting careers, fostering extensive industry knowledge, and ultimately, providing social mobility for a huge variety of professionals who go on to higher level and leadership roles at distributors, major labels, rights management organizations, or in entirely different industries.

While recognizing that the industry has a long way to go in prioritizing improved diversity and representation, this section also explores the active role taken by independent labels in seeking out and nurturing underrepresented and marginalized artists. This is achieved in many ways, including through explicit internal label initiatives to ensure artist A&R is broad and representative, and through demonstrating leadership via industry-wide commitments, like the Diversity & Inclusion Charter of European Independent Association IMPALA. This same commitment to championing diverse artists contributes to independent labels' track record of artistic risk-taking and catalyzing global artistic and cultural movements—whether it be the original creation of hip hop via labels like Def Jam and Death Row, or the grunge movement via Sub Pop Records.



Part 2

Part 3:

**Explaining Recorded
Music Revenues**

Part 3 delves into the economics of music, focusing on intellectual property (IP) and copyright. Copyright is the economic foundation from which all revenue from music materializes. As such, understanding copyright is pivotal to unlocking the economic and social value of music.



Adrienne Lenker by Germaine Dunes

This section explores the basics of copyright, explaining how music includes two distinct copyrights (pieces of property that are owned) that are administered and monetized separately: (1) the specific recorded version of the composition or “sound recording” (often referred to as the “master”); and (2) the composition (often referred to as the “publishing” or “musical work”). It further breaks things down, explaining the complexities of licensing and work-for-hire agreements, and describes the process for registering and attributing the use of music, along with a detailed diagram of the uses and pathways through which sound recordings generate revenues, including physical sales, digital streaming, and synchronization to visual media.

Recognizing that digital streaming is the largest driver of growth for the recorded music industry—generating 67% of global recorded music revenues in 2022—this section also unpacks the core tenets of streaming economics. This includes explaining the division of revenues among different stakeholders, as well as the functioning of the dominant pro-rata payment model, where artist royalties are based on the total number of streams of a track as a proportion of the total number of streams on the platform in a given month in a given country.

Finally, this section presents a simple explanation of the often misunderstood area of how session musicians are paid, and how samples are licensed.

Part 3

Part 4:

**Why music is more
than 'just' music**

Part 4 emphasizes the external value produced by music, exploring its positive impact on economies, communities, education, healthcare, the environment, inclusion, and international development. It makes clear that intentional, deliberate investment in music produces a global return on investment, with music playing a role in supporting the UN Sustainable Development Goals (SDGs).

This section emphasizes the pivotal role played by music in regional wealth building and community development, including stimulating economic outcomes through workforce development, tourism, night life, and attracting talent across industries, while simultaneously fostering cultural institutions that produce social capital and drive other positive outcomes. This role is emphasized through many examples of where independent record labels have driven community-level development, from Arles, France to Seattle, Washington, and beyond.

It also focuses on the connection between music and key domestic policy areas including education and healthcare. It points to many examples of programs incubated by independent labels that impact these policy areas—from a songwriting program for underserved youth in Berlin created by !K7 Music, to a mental health awareness and funding project conceived of by Hopeless Records, and more.

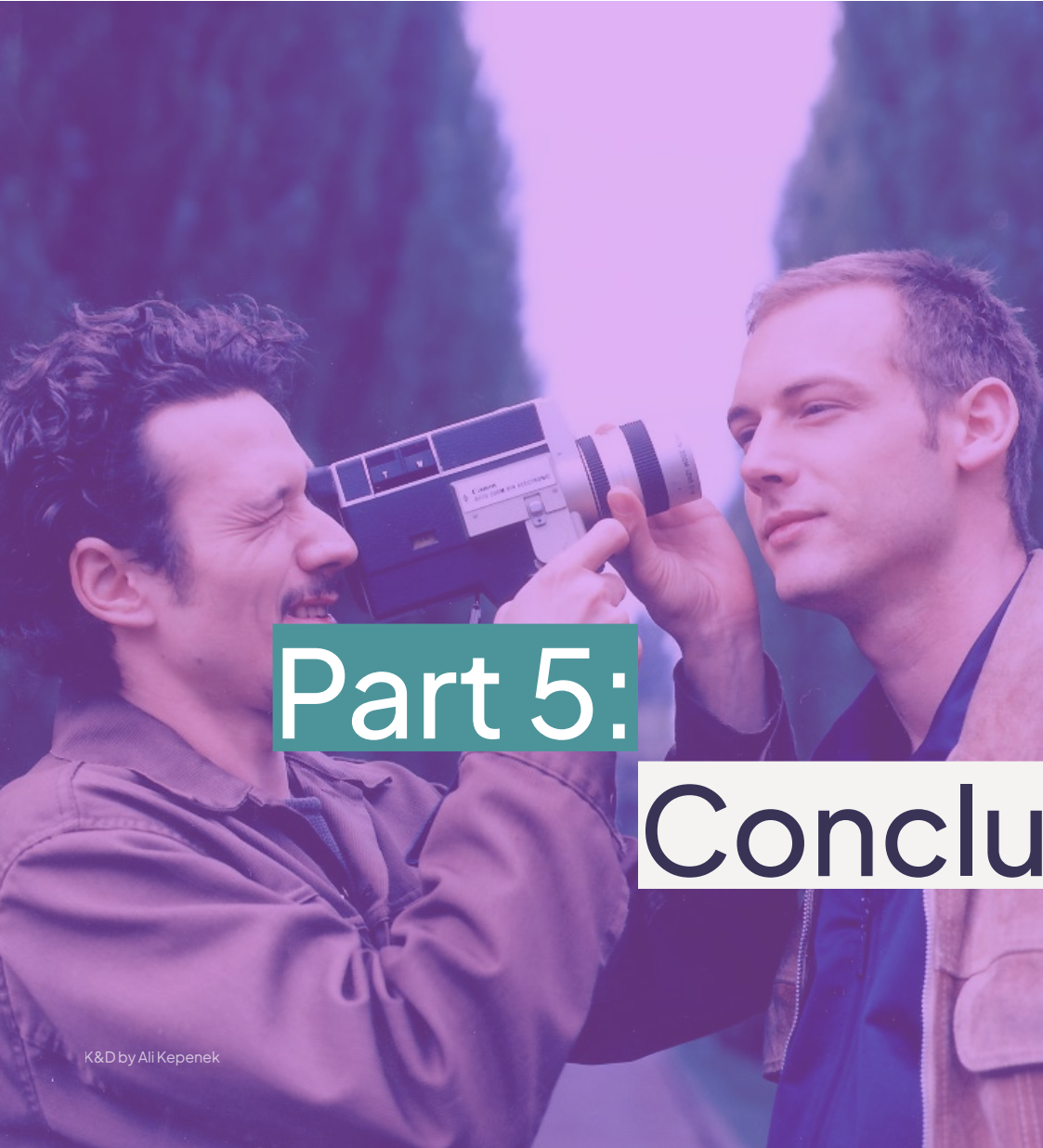


Additionally, this section explores the music industry's role in provoking public and government action toward environmental sustainability and in reducing its own environmental impact. Here, the report explores how music contributes to environmental education and activism, with artists, labels and other industry stakeholders directing audience and listener interest towards learning about environmental challenges and taking action in their own lives. This engagement is demonstrated by profiling the leadership of the independent music sector around environmental initiatives and greening the music industry. From championing awareness initiatives like Music Declares Emergency, to actively developing the industry's transparent processes for quantifying, reducing, and compensating for their carbon emissions, independent labels, including ORCA members, are at the forefront of generating momentum for and taking action on the climate emergency.

Finally, this section covers the varied ways in which music can be used to foster inclusion and as a basis for promoting cross-cultural understanding. It highlights research showing the scientific basis for music as a connective force, and spotlights several programs that use music to unite people and communities. It then highlights how the inclusive nature of music makes it a tool to support international development and provides examples of programs where music has been used to promote tolerance and enable bridge-building in conflict and post-conflict societies.



Part 4



Part 5:

Conclusion

Part 5 summarizes the report and introduces future research topics.

Part 5



The National by Graham MacIndoe



Appendix 1:

**The Music Industry—
Mapping the Complex
Ecosystem**

Appendix 1 provides a comprehensive picture of the music industry by mapping the ecosystem of stakeholders contributing to its \$41.5 billion of economic value. This section demonstrates the diversity of contributors to the industry—from artists to labels, publishers, media, the live industry, managers, and more—and the ways that their work intersects to support artists and drive the music industry forward.

Appendix 1



[ORCA website](#)

[Contact us](#)

ORCA is coordinated through the
Center for Music Ecosystems,
which acts as its secretariat.