

A woman with blonde hair, wearing a brown leather jacket and a black top, is playing a light-colored wooden bass guitar. She is wearing a gold ring on her left hand. In the foreground, a silver mixing console is visible, featuring various knobs and buttons labeled 'BASS', 'MIDDLE', 'TREBLE', 'D.I.', 'OUTPUT', 'INPUT', 'COMPRESSION', 'SUB-HARMONICS', 'EFFECTS', and 'TYPING LINE OUTPUT'. The background is a wooden wall. The image is overlaid with a large teal shape on the right side and a large orange circle on the bottom left.

Get Paid

A Financial Primer For Indie Artists

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What this is...and isn't.

Too often artists are undervalued and underpaid. Songs of the 60's helped end the Vietnam war. Music is the engine behind retail sales in the millions. Songs & soundtracks bring movies & TV to life. Music surrounds us everyday and everywhere.

There are tons of materials on how artists can make money. And while I believe musicians should learn all they can about monetizing their craft, this was meant to be a short read to point musicians in the right direction.

Finally, there's no single path to success. Creativity works in making music and making money. Just because an opportunity isn't listed here that doesn't mean it's not valid. Don't be afraid to try something new and different.

You and your music are valuable, so it's up to you to use every opportunity available to get paid fairly for it. I'd love to know if this was helpful and invite you to mail me at organiksol@gmail.com to share your thoughts - DS



Royalties - A Basic Definition

Music royalties are payments that go to recording artists, songwriters, composers, publishers, and other copyright holders for the right to use their intellectual property. The music industry relies on royalties as a primary form of payment to musicians & songwriters.

There are two general types of Royalties: Artist Royalties and Publishing Royalties.

Different kinds of royalties are generated for various types of licensing and usage. They include mechanical, public performance, synchronization, and print music among others.

U.S. copyright laws give artists & songwriters exclusive rights to their work. Because songwriters have certain inherent rights to royalty payments, it's especially important to clarify song splits when collaborating with others (i.e. two writers may decide on a 50/50 split whereas a band with 3 members and one member as the primary author may split the song 50/25 & 25). How a copyright is split is up to the writers and there's no minimum or maximum number of people who can be listed.



The two general types of Royalties explained

Artist royalties - paid to artists per unit sold

Normally paid by a record company. Record companies charge deductions against artist royalties (packaging costs, giveaways, producer, video, tour support, recording costs, website costs, etc.

Publishing royalties - paid to copyright holder (songwriter). Includes:

- Mechanical royalties - Refers to the actual “sound recording” and are generated for the physical or digital reproduction and distribution of copyrighted works. For example, record labels pay mechanicals to a songwriter every time they press a CD of their music. This applies to all formats - vinyl, CD, digital downloads, streaming services, etc.
- Performance royalties - paid to the performer and the songwriter when songs are broadcast on radio, TV, in movies **or** performed live. These are most often paid by Performance Rights Organizations. Songwriters are paid royalties because they are the sole owners of a song’s copyright (unless they give up these rights). Artists receive royalties from Performing Rights Organizations (PROs) like ASCAP, BMI or SESAC. PRO’s get paid a percentage of proceeds for collecting royalties from radio stations and other places where the artist’s work is publicly performed. To receive these royalties, songwriters must belong to a PRO like BMI, ASCAP or SESAC.



“Physical” Music Sales (CD’s, Vinyl, and Downloads)

This largely relates to selling physical CDs or downloads at your shows. Selling music directly at a show means you may be able to cut out the middleman and the cash is immediate. Some artists are finding that selling music via a download card or other digital media is increasingly popular since they are cheaper & more easily transportable than CD’s.

You may also sell music via your website. If you have a strong fan base, a little technical knowledge and have time to handle admin & fulfillment this might be for you. The downside - you’ll have upfront set-up costs and a heavier administrative load. This will also be discussed more later in this document.

There are companies that can help with physical distribution. DistroKid, CD Baby, Tunecore and others can handle both mailing CDs to customers and digital distribution to sites like iTunes.

Sync Licenses & “Work For Hire”

Sync License - A music synchronization license (or "sync" for short) lets the songwriter (copyright holder) to be paid for use of their music with some kind of visual media output. A songwriter can be paid for use of their composition on film, TV, commercials, video games, accompanying website music, movie trailers, etc.

Work For Hire - Here you're hired to create music for a specific use (video game, television show, or similar) and you're paid directly for this service. Note that under a “Work For Hire” agreement you generally lose all copyright claim on compositions.

For either of the above, a publisher may be useful. A competent publisher will have the industry contacts needed for Sync and “Work For Higher” gigs. They can also be helpful in navigating copyright issues. Publishers are also called on to monetize an artist's catalog and increasingly play a role in landing record deals for musicians.

A man with a beard is shown in profile, playing a saxophone. He is wearing a white t-shirt. The background is a light-colored wall with vertical lines, possibly a door or paneling. The image is partially obscured by a green text box on the right.

A Deeper Dive - Music Publishing

Publishing Companies can be a helpful partner for artist to make money...for a fee. Publishers pursue revenue for music makers from licensing, exploiting music catalogs, handling administration help with songwriting and even in setting up meetings for record deals. Some songwriters/artists start their own publishing companies because 50% of publishing royalties are paid to the songwriter/s and 50% is paid to the publisher/s. Owning a publishing company means they keep 100% of income. The downside - administration can be hard and songwriters don't often have the relationships necessary for success. Publishers generally take a half of your total royalties (i.e. mechanicals, performance, synchronization, etc.) as payment for getting songs used in TV shows, commercials and movies. Thus, while you're risking half of your royalties, the bet is that you'll benefit from the possibility they can help you get bigger checks.

A Deeper Dive - Film & TV

When a song is licensed for film, TV or ad placements there is a synchronization license and associated royalties for the use of the song, as well as a master use license and any associated royalties for the use for the recording. The sync royalties are paid to the songwriter and publisher, and the master use royalties will go to the record company and the artist. These are generally negotiable fees set on a one time basis to cover whatever uses are intended.

Merchandise Sales

By “Merchandise” the reference is to T-shirts, hats and paraphernalia - all things “non” music. These dollars can be hard to count on - some bands make a lot of money on merch, some make less. Also, you’ll probably have to be on tour for significant merch sales, which can sometimes be a losing proposition in itself. There are now companies specifically set up to handle the merch needs of bands. Currently, it looks like [K-Pop bands are revolutionizing Merch Sales](#). The takeaway is that there are more things to sell than “T”Shirts



Tour Smarter

At the end of the day, live gigs/touring pay the bills for most artists. **Here's a few tips:**

- “Lockdown” hometown fans. Making money on the road normally begins with strong hometown support
- Relationships Matter One thing you can do, right now, is to get on a 1st name basis with the talent buyers for venues in your region that support your genre of music. Having these relationships can be crucial to getting gigs as a headliner or to being chosen as an opener for a national act
- Know Your Numbers Knowing the following will help set fees and plan gigs
 - What's the least you're willing to settle for doing a gig?
 - How many days/week are you available for gigs?
 - How far can you travel geographically?
 - What's your estimated daily gig expenses? (single performance or tour)?

Tour smarter (cont.)

Your pitch to promoters and talent buyers is key; here's few tips:

- Good photos are key. They say something about who you are and are often used in promo materials if you get the gig
- Be sure to include links to your best music and/or videos
- Most talent buyers at venues work over email, but some still work exclusively over the phone. **Don't be afraid of the phone**
- Keep initial emails short and to the point
- Make your email subject line clear (i.e. press packet for ABC Band). Also, if you're trying to book a gig at a venue on a certain date check their calendar first. Asking to do a gig on a night that's clearly taken tells the talent buyer you haven't done your research & don't care about the venue



Youtube & Website Sales

Youtube

- Youtube pays money based on sharing the ad revenue they collect. The amount you make is based on the number of views a video gets. You'll need to make sure your account is set up for monetization (the info is on Youtube's website). The main thing you need to know - it takes a significant number of views to make real money. It takes 300,000 views of your content to yield about \$700. The word "content" was specifically chosen because whether you upload a music video or a cat video, if you own it, you may be able to monetize it

Website

- Sell Music Files On Your Website For Free (click the link for more info) on linking your music "store" to your website (i.e. CD Baby, Tunecore, Distro Kid, etc.)
- Offer a subscription Service Another opportunity is for artists to ask fans to pay a certain amount of money to get into a private area on their website for "members only" content
- Virtual Tip Jars Here we're asking fans to simply show their support through donations similar to open-source software companies asking for donations to use free software

A deeper dive - “How artists can (finally) get paid in the digital age” Jack Conte | TEDX Talk



A deeper dive - “How To Sell Music Files On Your Website For Free”



GRANTS AND FOUNDATIONS

While not the typical source of income for artists, a quick look at public monies to support musicians is in order. A surprising amount of money is available for musicians, but will require time consuming internet searches and often a very detailed application processes. These types of funds normally take 6 mo - year to secure, so it's nothing to count on for the short term. For the savvy songwriter/artist in this business for the long-term (however), this is both an opportunity worth exploring and a great opportunity to think about your finances over the long-term. A great start is to google “grants, foundations and endowments for musicians”.





So what does this all mean?

Not every opportunity works for everyone and most artists win by maximizing all available outlets to monetize their music. Most of your money will probably still come from touring, so you gotta get that right.

Musicians today are faced with both incredible opportunities...and challenges. CD sales (while small) still exist. Vinyl sales (while even smaller) are rising. Technology lets you record for a fraction of what it cost years ago and you can reach fans world-wide. You're no longer tethered to a record company because the digital age offers incredible opportunities for promotion, sales & distribution. And while pirating music is still a huge problem, file sharing, Youtube and other opportunities to access free music seem to be increasing music sales rather than reducing them.

For most, there's not a single magic answer. It starts with making the best music you can and understanding the established channels to make money.

You and your music have value and the better you understand where the opportunities lie, the better you'll be able to pick and choose the ones that will work best for you.

THANKS TO

- "Virtual Tip Jar or Charity Case? by Jenny Toomey and Kristin Thomson, Future Of Music Coalition
- HOW MUSIC ROYALTIES WORK IN THE MUSIC INDUSTRY - Icon Magazine Rory PQ,
- Recording Artist Royalties (ASCAP)
- What are mechanical and performance royalties? (CD Baby)

Organiksol Marketing specializes in the music industry, nonprofits and small business. Learn more by emailing organiksol@gmail.com