

# Music Publishing

## Sweet & Sour Notes

The debut in 1999 of Napster, the file sharing website, proved disastrous for many in the music publishing business, says Peer Music executive, Kathy Spanberger, "I call it the crash."

Widespread use of file sharing websites caused record sales to drop and companies began firing workers and instituting hiring freezes. Ten years later, the whole industry is still undergoing a change in response. Before Napster debuted, artists and songwriters could get substantial advances for their work, but not today. "Many songwriters can't get deals... or [have] left the business," says Spanberger.

In the industry's heyday, releasing a debut song by a group like Nsync might sell 2.5million records, but today you would be lucky to sell 100,000 copies, according to an ABC news report.

Music publishers earn their profits in many ways. For instance, they grant licenses for the right to produce their compositions on CD, DVD, etc., a source of revenue that significantly dried up. Furthermore, film companies cut their budgets for music on films another revenue stream.

But some publishers have stayed in business despite challenging times by buying music catalogues from other companies and focusing on licensing their music for the TV industry and commercials.

**Lesson:** New ideas and technology will always change the nature of an industry in some shape or form. Sometimes the changes are severe, but companies that survive are those that can problem solve creatively and defensively.

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