

Types of Music Royalties: Learn How to Get Paid for Your Music

Recent research says that a hit song can have up to [900,000 royalty sources](#). Sadly, [20–50% of those revenues](#) may not reach the music owners, mainly because they know nothing about these sources! No wonder why many music artists struggle to make ends meet.

That's why I decided to write this post. I'll explain all types of music royalties, whether you're eligible or not, and how you can collect the money. Let's go!

In Short: Types of Music Royalties and Who Gets Paid

If you don't have time to read the full post, you can make do with the following summary.

The Music Royalty	Compensation for	Songwriters	Publishers	Recording Artists	Record Labels
Mechanical Royalties	CDs, vinyl, and digital downloads.	✓	✓	✗	✗
Streaming Royalties	Plays on Spotify, YouTube, Apple Music, etc	✗	✗	✓	✓
Public Performance Royalties	Plays in concerts, restaurants, bars, night clubs, etc.	✓	✓	✗	✗
Neighboring Rights Royalties	Plays in concerts, restaurants, bars, night clubs, etc.	✗	✗	✓	✓
Digital Performance Royalties	Plays on Pandora, Sirius XM, cable TV, etc.	✗	✗	✓	✓
Sync Rights Royalties	Syncing into movies, shows, commercials, video games, etc.	✓	✓	✓	✓
Grand Rights Royalties	Plays in dramatic stage performances.	✓	✓	✗	✗
Print Rights Royalties	Printing composition in sheet music or songbooks	✓	✓	✗	✗

Explaining the Jargon Behind the Music Industry

I'll be honest — when I first started learning about music royalties, I was expecting a straightforward scenario where I'll get a specific revenue each time someone listens to my music. In reality, it's way more complicated than this.

Music royalties involve lots of parties, such as record labels, publishers, recording artists, distributors, songwriters, etc. You must understand all these terms because each one will receive a different share of the total royalties. Besides, some parties may not be eligible for certain royalties.

If you're already familiar with this stuff, you can skip this section since it probably won't add anything new.

Songwriters vs. Recording Artists

The songwriters are the people who lay out the blueprint of a song (aka composition).

This includes both lyricists and composers. As you might already know, that composition can't be released to the public since it's just a written blueprint.

Recording artists are the ones who perform the song and create the master recording, which is the actual song that people can listen to.

Music Publishers vs. Record Labels

As a songwriter, you can sign up for a music publisher to promote your composition for commercial use. The publisher will search for performers, musicians, and production companies that can turn your composition into an actual song.

By signing up for a publisher, you'll be giving them the rights to your composition. They can issue licenses and collect royalties on your behalf. The collected royalties are then split equally between you (as a songwriter) and the publisher.

Record labels are the companies that finance the production and marketing of the master recording. Therefore, they earn a share of the royalties that go to the recording artists.

What Are Music Royalties?

Music royalties are the money paid to anyone who owns the copyright of a particular song, including songwriters, recording artists, and the companies representing them.

Who pays the money? Anyone using your music, such as TV channels, radio stations, streaming platforms, etc.

Who collects the money? Most of the time, that's the job of the performance rights organizations (PROs). However, publishers and record labels may choose to collect their due royalties themselves.

How is the money shared between the owners? It depends on the type of royalty, and that's what I'll explain in the following section.

Types of Music Royalties

Alright, now that we've covered the basics, let's see who gets a share in each music royalty.

1. Mechanical Royalties

Mechanical royalties are **paid to songwriters and publishers** each time their composition is distributed physically (CDs; vinyl) or digitally (on-demand downloads).

At the time of writing, you're entitled to receive [9.1 cents](#) whenever someone releases your song for sale as a physical album or a digital download. As such, to earn \$1,000 from these royalties, you'll need to sell about 11,000 copies of your song.

There's a catch here, though. In non-interactive streaming platforms (like Pandora), users don't technically choose to listen to your song, so you don't receive a mechanical royalty for these plays.

Who Collects Mechanical Royalties?

In the US, the [Harry Fox Agency \(HFA\)](#) collects **all the mechanical royalties** from streaming platforms and record labels.

After the HFA takes its share, these royalties are then **split evenly between songwriters and publishers**. But if you didn't sign up for a publisher, you'll get 100%.

2. Streaming Royalties

Streaming royalties are **paid to record labels and recording artists** whenever someone plays their songs on interactive streaming platforms, like Spotify, YouTube, Apple Music, and so forth.

Understandably, streaming royalties are fairly new. You may think of them as the evolved form of the mechanical royalties.

But unlike the mechanical type, streaming royalties don't have a fixed rate. Each platform pays a different sum according to [several factors](#).

To estimate how much you would receive from streaming royalties, you can use [Ditto's calculator](#). Although their estimates might not be 100% accurate, it gives you a general idea about the highest paying platforms.

To give you some examples, here's what you'll get for 1 million plays on the most famous platforms:

- Apple Music: \$7,350
- Deezer: \$6,760
- Google Play: \$ 6,760
- Spotify: \$4,370
- Amazon Music: \$4,020
- Youtube: \$690 (yikes!)

Who Collects Streaming Royalties?

Typically, **distributors gather the revenue** from streaming platforms on behalf of the record label and recording artists.

However, some labels may collect these royalties themselves.

3. Public Performance Royalties

Performance royalties are **given to songwriters and publishers** when their composition is performed in public.

But what does "in public" actually mean? It includes:

- Radio stations
- Shops
- Businesses
- Concerts
- Restaurants
- Bars
- Night clubs
- Shopping malls
- Gyms

Simply put, whenever someone listens to your song in public, you should receive a performance royalty.

Keep in mind that performance royalties are paid as compensation for your composition, not the master record.

So, you'll also receive a royalty if someone performs a cover of your song in a TV show like America's Got Talent.

Who Collects the Performance Royalties?

At first glance, you may think that public venues pay a fee each time they play a particular song, but that's not true.

Public venues pay a yearly [blanket license fee](#) for the local performance rights organizations (PROs). This “blanket” grants the right to all the songs in the PRO’s catalog. Afterward, the PRO **splits the money evenly between songwriters and publishers**.

In the US, these PROs include [BMI](#), [ASCAP](#), and [SESAC](#).

4. Neighboring Rights Royalties

Neighboring rights royalties are paid to **record labels and recording artists** whenever their master record is played in public.

To put it differently, neighboring rights royalties are exactly similar to public performance royalties, except that they’re paid to the people who own the master record rather than the composition.

The bad news is, these royalties are highly dependent on your location. For example, in the US, the radio doesn’t compensate record artists for plays.

If you’re eligible for these royalties, you can get them from the same PROs that collect public performance royalties.

5. Digital Performance Royalties

Digital performance royalties are **paid to the record labels and recording artists** whenever their master record is played on non-interactive streaming services, such as Pandora, Sirius XM, cable TV, etc.

How much do they pay? Well, just like streaming royalties, I’ll need more than one article to explain the complex calculations behind these revenues. Plus, it may vary according to your location.

And again, you can use [Ditto’s calculator](#) to get rough estimates. However, they’ve only listed Pandora. According to them, one million plays will yield about \$1,330 — which is way better than YouTube’s shameful \$690!

Who Collects Digital Performance Royalties?

[SoundExchange](#) **collects these royalties in the whole world, not just the US.**

Most of the time, the revenues are [split as follows](#):

- 50% for the record label
- 45% for the main recording artist
- 5% for the non-featured artists (musicians)

6. Synchronization (aka Sync) Rights Royalties

Sync royalties are **paid to both composition and master record owners** when their song gets incorporated in movies, TV shows, commercials, video games, and so forth.

Now, let's say the series that used your song was aired on TV. In this case, you may also get a digital performance royalty. You'll be killing two birds with one stone!

Who Collects Sync Royalties?

The production company pays sync fees directly to the songwriters, publishers, recording artists, and record labels.

How much do they pay? There's no fixed sum. Each agreement will have a different fee that mainly depends on how big the production company is. For example, Pixar will probably pay way more than a local studio for any given song.

7. Grand Rights Royalties

Grand rights royalties are **given to songwriters and publishers** when their composition is featured in dramatic stage performances, such as Broadway shows, musical theaters, concert dances, etc.

Who Collects Grand Rights Royalties?

Just like sync licensing, the organizing theater pays these royalties directly to songwriters and publishers.

8. Print Rights Royalties

The last and least common music royalties are **given to songwriters and publishers** when someone prints their composition in sheet music, folios, or songbooks.

Despite being called "printed", these royalties also apply for Ebooks and digital sheet music.

Who Collects Grand Rights Royalties?

Again, the business interested in using the song will directly pay songwriters and publishers.

How to Claim Your Due Royalties

As I showed you earlier, each type of music royalties gets collected by certain entities. So, I can't really give you a step-by-step guide on how to claim every single royalty — I'll need to dedicate an entire blog for that!

I can, however, give you a simple roadmap, detailing how the steps *should* look like. Let's see.

1. File for a Copyright

Technically speaking, your song will be protected by copyright laws once you lay out the composition on paper or make a preliminary master record on your smartphone.

However, in order to fully protect your intellectual property against infringement, **you should register your work at the [US Copyright Office](#)**. I highly recommend completing this step as early as you can — better safe than sorry!

2. Craft Agreements With Music Intermediaries

If you're a songwriter or composer, you should sign up for a publisher and your local PRO. Those entities will license the music and collect the revenue on your behalf.

Recording artists and record labels will have to contact a trusty distributor to market the music across streaming platforms and collect the royalties.

3. Track Your Revenue

With the right marketing, your song should work its way up the global music charts. Your intermediary will then collect payments from the licensed users to pay you back.

What About Royalty-Free Music?

At first glance, some people may think that royalty-free music is, well, free! That couldn't be further from the truth, though.

Royalty-free is a license that you purchase only once; you won't have to pay the artist for plays, downloads, or even sales. Furthermore, you can use the purchased music for as long as you want, even if you'll incorporate it into different projects.

Should You License Your Music as Royalty-Free?

That depends on your needs and ambitions.

The good thing about royalty-free music is that it's relatively easier to sell them. All you need is a website to market and your music on. If your music is good, you'll hopefully make a large fanbase in no time.

On the downside, these licenses are way cheaper than the other royalties I discussed in this post. As such, you'll have to make more music to cover your expenses.

The good news is, if your music becomes so successful that it gets featured on TV or in public events, **you'll be eligible for public performance royalties!**