

# **Powering an Independent and Culturally Diverse European Music Ecosystem**

The importance of strengthening Europe's music economy through fair markets and a sustainable independent sector.

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# Executive Summary

**Cultural diversity drives a resilient, innovative, and globally competitive European music ecosystem.** It fuels the export of distinctive creative content, while strengthening communities and sustaining local economies. **Independence is synonymous with cultural diversity.** Independent music businesses that are artist-first and comfortable with creative risks by necessity, are the infrastructure through which diversity thrives.

**Independence, and by extension cultural diversity, faces acute structural challenges.** Market concentration, financial and data asymmetries, intentional co-opting of an “independent” identity, as well as other factors, such as the rapid rise of generative AI and streaming manipulation, are providing severe tests that need to be overcome to maintain a healthy ecosystem.

**Issues of ownership, infrastructure, investment and oversight are fundamental.** This is as much a question of sovereignty and democracy as it is an economic, social, and cultural imperative; a challenge and an opportunity.

**European institutions, national governments, and the music sector at large, must recognise the independent sector as a unique economic engine, a cultural custodian and a key pillar of soft power.** To secure a future of diverse culture and maximise the opportunities that this brings, we recommend:

1. **Increasing focus on a wider range of financing options:** Effective Europe-wide investment in cultural diversity requires a range of potential routes for companies and artists to finance their endeavours and grow, ranging from public to private to public-private initiatives.
2. **Guaranteeing independent European infrastructure and fair access to markets (digital and other):** Independent companies can only reliably invest in new artists with free and fair access to markets (digital and other), without dilution of opportunities and revenue.
3. **Reinforcing voluntary collective negotiation:** The right to choose collective options for licensing must be protected as it remains the most effective way to ensure small and independent rightsholders can monetise their works in a global market.
4. **Embedding cultural diversity and plurality in digital market frameworks:** Diversity must be explicitly recognised within digital services, platform governance and AI framework regulation, as well as competition regulation and other essential oversight tools.
5. **Making diversity a measurable, trackable priority:** A European Music Observatory could gather data on performance and ownership, functioning as an evidence base for an industrial strategy, built in concert with wider cross-border initiatives with the UK and other 3rd countries.
6. **Supporting industry collaboration and standards to protect independence:** Industry-led collaborative action to build an optimal ecosystem, agree on terminology such as “independent”, and more, will deliver enhanced clarity and trust without the need for further regulatory oversight.

In summary, a culturally diverse ecosystem in Europe is a huge asset, which requires strong independent European music companies and infrastructure at its core, supported by significant investment, targeted regulatory oversight and ambitious collaboration within the sector. As the wider, global, political landscape continues to change radically, we face a critical point in history that necessitates an urgent rethink by regulators and the sector.

*These recommendations are aimed at the industry as well as European and national decision makers. They align with the European Work Plan for Culture (2023–2026) and the objectives of the UNESCO 2005 Convention on the Protection and Promotion of the Diversity of Cultural Expressions, which commits signatories to ensuring diversity in the digital environment.*

*Furthermore, these recommendations fit well within the scope of the European Commission's Culture Compass for Europe (launched in 2025), and emphasise the need for the ecosystem around music to be a key area of focus as Culture Compass plans are developed.*

*Music Moves Europe, the European Commission's umbrella initiative dedicated to music, cites "promotion of European music diversity and inclusion" as one of its key six strategic priorities, further indicating that there is wide support dedicated towards the progression of a culturally diverse and independent music ecosystem.*

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# Introduction

## Cultural Diversity is a Key Indicator of a Strong Music Ecosystem

Cultural diversity is a critical enabler of resilience, innovation, and economic growth.

- **Innovation and creativity:** When ecosystems create space for, and support, wide-ranging genres, languages, local scenes and underserved voices, the result is a greater chance of breakthrough for artistic movements and new business models.
- **Economic growth and cultural export:** Cultural diversity is a market advantage, not a friction, and significantly contributes toward export growth, soft power, global collaboration and tourism.
- **Social and policy outcomes:** Culture that reflects the full breadth of Europe's languages, regions, and identities has been, and will continue to be, a key driver of social cohesion, particularly in an increasingly fragmented and digital world.

Independent music companies, by virtue of their model that is artist-first, rooted in local communities, and comfortable with creative risks, sit at the heart of that diversity and provide the infrastructure it needs. They discover, invest in, and export local and otherwise underrepresented artists.

However, this ecosystem needs fair conditions to remain strong and vibrant. Issues of ownership, investment and oversight are also fundamental; it is as much a question of sovereignty and democracy as an economic and cultural imperative in all jurisdictions.

**This paper sets out why the independent music sector is a strategic policy priority for European and national governments, and the music sector at large.** It outlines the economic and social importance of a strong independent sector with European infrastructure and oversight, examines structural barriers and presents practical measures to support its growth.

We release this paper at a critical time. The European Commission's [Culture Compass for Europe](#), launched in November 2025, defines key targets and initiatives for the next 5 years, painting a vision of "Europe for Culture, Culture for Europe".

Alongside this, developments in technology continue to test the foundation on which the industries that invest in culture can operate. Consolidation among music businesses raises issues about who controls the sector's routes to market as well as who owns Europe's music, with more deals being announced. Decisions are taken by regulators and by the sector every week on fundamental issues. Each decision is an opportunity to grow through diversity if the right parameters are put in place. The political landscape internationally is rapidly evolving and adds urgency. It has never been more important to build a robust and actionable plan to support and grow Europe's cultural and creative sectors. Some of this may require a complete rethink by regulators and the sector.

# The Independent Music Sector is the Engine of Europe's Cultural Diversity

## Economic and employment contribution

The recorded music sector in the EU-27 + UK supports approximately [2 million jobs](#) and contributes around €82 billion annually in Gross Value Added (GVA). This economic contribution is greater than the GDP of nine EU countries and shows higher levels of export than the European wine industry.

EY cited in a report titled "[Overview of cultural and creative industries: Music sector](#)", in 2025, that the music industry in France generated €0.91 in additional and induced value per euro of direct added value.

Given that the independent sector accounts for roughly 30–35% of the global recorded market by value, and c.80% of new releases by volume, its contribution to both job creation and local reinvestment is significant. In France, for example, the [Centre national de la Musique reported](#) in 2023 that 95% of new releases came from independent producers, small and medium enterprises ("SMEs"), and self-releasing artists, showing how the sector sustains small professional businesses and freelancers across the value chain.

## Language and genre diversity

Independent labels operate across the 27 markets within the EU, plus the UK and other European countries, each sustaining its own linguistic, cultural repertoire, and national genres, which global majors often underrepresent.

IMPALA's recent paper, [Universal/Downtown Why Does it Matter from a Cultural Diversity Perspective](#) highlights that over the last 12 years, independent artists from the European Economic Area (EEA) have released music in up to 578 different music genres (via Chartmetric). With genre being a relatively subjective issue, we can also point to Glenn McDonald's [Every Noise at Once](#) project, which charted genres released within Spotify up until 2024, citing over 6,200 "genre-shaped distinctions", the majority of which are logically being released by the independent music industry.

Studies of European radio and playlist curation show that major label and legacy repertoire dominates the top positions. For example, according to IMPALA's Cultural Diversity Perspective paper, on 10 October 2025, only 8 tracks in the Top 1,000 were new releases on independent labels, and [The UK Competition & Markets Authority \(CMA\)](#) reported that in the UK the majors had 92% of recording rights share for the Top 1,000 singles in 2021.

Yet independent releases represent the vast majority of the catalogues beyond the Top 1000, and over half of the national Top 10 radio charts across Europe include at least one independent track. Independents were responsible for 50% of the nominations for the [2026 Grammys](#), and, in terms of genre diversity, [Chartmetric noted in a study](#) in 2023 that "*if we aggregate the major share across the top 100 Spotify genres, only 43% of the tracks could be attributed to the big three, with the major share further dropping to 27% if we expand the sample to the top 500 genres. Such discrepancy is hard to write off on external factors—leading us to believe that, on average, the genre niches tend to be driven by independent catalog*".

The value of diversity for AI training models is a key emerging factor. With intensifying competition, they need a constant supply of diverse fresh repertoire to keep their models at the state of art. With independent music, Europe clearly has an edge, emphasising the need for regulatory support around licensing and copyright; another reason to boost the sector.

## Reinvesting in the source of cultural diversity despite challenges

The independent music sector pioneers the development of diverse music by reinvesting in creativity.

ORCA's second report, "[The Economic and Social Impact of Independent Labels](#)", released in December 2025, is a study of nine large independent labels. It found that, across the sample set, the aggregate annual investment in artists and music was \$134m, raising \$240m in revenue. As this was a focused deep dive into a handful of companies operating within the independent ecosystem, we can tentatively expand the numbers outward to get to a significant contribution to the music industry and culture as a whole. The report notes: "*Independent labels are high-impact institutions. They are incubators of talent, hubs of innovation, and critical drivers of both economic and cultural value. Their contributions are not incidental; they are foundational. Recognizing, supporting, and learning from this model is essential to building a more sustainable and inclusive global music industry.*"

This requirement for investment in new varied music is amplified for some smaller nations. Where independents account for the majority of domestic or regional language production, they also become the primary investors in national culture itself. Without their support, local artists face higher barriers to entry, and the market can tilt toward imported repertoire. A [recent survey](#) in South East Europe noted that "*85% of these respondents confirmed suffering a revenue reduction due to Spotify's 1,000-stream minimum – with 65% sustaining a "significant negative impact".*

Recommendation algorithms within digital music services are increasingly being cited as exacerbating the challenge. In many cases, this takes the form of English-language crowding out local-language repertoire, but even in non-US English-speaking markets, like the UK or Australia, local repertoire is losing out to imported US repertoire, as highlighted in UK Music's recent "[This Is Music 2025](#)" report, and the Australia Institute's "[Reversing the decline of Australian music](#)" report, co-authored by Will Page, former Chief Economist at Spotify.

Emphasising the importance of local context in the development of a healthy and growing music ecosystem, the Centre National de la Musique recently put out a paper titled "[Music and territories](#)" which underscores how important supporting local music scenes is to music's "*anchoring, structuring and attractiveness*".

## Independent labels are leaders in sustainable and inclusive growth

Independent labels lead the way on responsible business practices across climate action, equity, and inclusive governance. This positions them as natural partners for EU institutions and investors seeking to support culturally significant, small and medium sized businesses aligned with wider European policy goals.

On climate, the independent sector has developed many of the tools now used across the industry. IMPALA and Julie's Bicycle launched the first pan-European [Carbon Calculator for record labels](#) in 2021. Many independents now use it to track and reduce emissions linked to their label operations. The calculator is free to members and updated annually, [supported by Merlin through the Weidenmuller](#)

[Sustainability Fund](#) announced last year, as well as [Murmur](#), also launched with independent labels as founders, as well as the European Union for certain aspects. Furthermore, the Association of Independent Music (AIM) in the UK spearheaded the creation of the [Music Climate Pact](#) in 2021. Supported by IMPALA, Merlin, MURMUR, and the UN Environment Programme (UNEP), it defines real-world monitored pledges and knowledge-building for the entire industry, and includes all three major labels as signatories.

Independent labels continue to build capacity on equity, diversity, and inclusion. IMPALA's [2025 EDI Report](#) provides a qualitative picture of progress across the independent community, noting that members are increasingly adopting structured approaches to workplace culture, staff wellbeing, inclusive recruitment, anti harassment policies, and accessibility. The report emphasises that many independent companies are prioritising EDI even while operating with limited resources, and that the sector is converging around shared standards and expectations. To support this, IMPALA launched a [pilot for a new practical EDI Toolkit](#) in 2025 to help members implement policies, track progress, and embed inclusive practices across governance, staffing, and roster development. Aligning closely with EU objectives in the Work Plan for Culture and the Commission's Gender Equality Strategy, both of which call for cultural organisations to strengthen diversity, representation, and safe working environments.

European cultural, industrial, and financial policies increasingly prioritise organisations that can demonstrate both social and environmental responsibility. Independent labels reinvest most of their revenues locally, sustain thousands of SMEs in regional clusters, and operate with governance models that are often cooperative or founder-led. By embedding climate action and EDI practice into the core of their operations, they already align with the principles underpinning [Creative Europe](#), the [European Pillar of Social Rights](#), the [EU Taxonomy for Sustainable Activities](#), and the [Green Deal Industrial Plan](#). Few parts of the cultural ecosystem deliver economic and cultural impact while meeting these governance expectations as systematically as the independent sector.

For policymakers and investors, supporting independent labels strengthens a segment of the cultural economy that already meets the benchmarks the EU seeks to mainstream across creative industries. Investment in independent labels is an investment in the sustainability and inclusiveness of Europe's creative economy as well as a significant boost toward cultural diversity.

Independent music production has been recognised by the EU as a distinct segment of the cultural sector under a programme that is designed for European associations who represent a distinct and essential part of the cultural value chain. IMPALA is now a [recognised EU cultural network](#) under this scheme.

The sector demonstrates that responsible cultural entrepreneurship is both viable and globally competitive, and therefore represents one of Europe's most strategic cultural assets. As such, questions of diversity of control and ownership are strategic, alongside investment and regulatory oversight.

# The Key Conditions for Growth in Cultural Diversity

To ensure the continued growth of a culturally diverse music ecosystem, we can focus on three distinct areas: 1. **Free and Open Access to the Market**, 2. **Ability to Collectively License**, and 3. **Support in Discoverability and Visibility**.

## 1. Free and open access to the market

Diversity depends on the freedom of smaller players to participate across physical and digital markets with free and open access to the market, meaning open and accessible distribution and supply chain, equitable terms, and equal visibility.

The [UK Competition & Markets Authority \(CMA\)](#) market study on Music and Streaming in 2022 demonstrated that major labels still dominate top chart positions and that streaming platforms' commercial relationships can entrench incumbent advantages. Where platform-level preferential treatment or bundled deals exist, independents face higher barriers to achieving scale and visibility. Ensuring non-discriminatory access, commercial and technical, is central to preserving diversity.

We have previously highlighted challenges with respect to the [emergence of a two-tier streaming market](#) in a report published in June 2025.

Of particular concern has been the planned acquisition of Downtown and its subsidiaries by Universal Music in 2025. Notably, FUGA, CD Baby, Curve, and Songtrust play critical roles in the value chain for independent labels and publishers, and are not easily replaceable.

While there is a range of global independent distribution businesses, as well as those operated by the other major labels, they are often not equivalent businesses. They may offer differing services and not be available to the same client base. In addition, moving between distributors is far from straightforward even for established labels and can effectively represent a barrier for many independent music entities both for physical and digital distribution.<sup>1</sup>

Acquisitive moves by majors, like this, threaten to restrict the options to market for independent entities, putting cultural diversity in the market at risk overall. As referenced by IMPALA, [modelling by Professor Amelia Fletcher](#) that was submitted to the European Commission as part of the Universal-Downtown investigation saw that *“any reduction in the streaming revenues (modelled on the basis of a net effect of a reduction per stream for a representative independent label) will lead to a reduction in total market releases, and that smaller genres and countries, including non-English language music, would be most impacted”*.

Consolidation also raises questions about ownership, control, and risk for the European music ecosystem. Specifically, who controls the means of production and distribution of Europe's cultural diversity. These decisions impact on fundamental questions for Europe in the current political climate.

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<sup>1</sup> *Independent distributor members of AIM (the UK's trade body for the independent music sector and community) have implemented a code of best practice called the “Digital Distribution Switch Code”, with commitments and guidance to reduce friction in the process as far as possible, but this cannot erase the cost and other challenges which go into moving to another distributor. There is no such best practice agreement currently in place in the physical distribution space, and far fewer operators in the supply chain, with similar complexities and costs cited in relation to severely restricting options for movement.*

Free and open access to the European market means that European companies need to be in the driving seat. It is dependent on tackling dilution across the whole market, not just digital, as well as a range of structural issues. Many of these are general issues which impact all players in the market, not just smaller businesses; for example, AI, and streaming manipulation. Other forms of dilution are sector specific such as appropriation of the word “*independent*” by major-owned businesses, market share figures using different interpretations of “*independent*”, or payment thresholds that exclude legitimate artists and businesses. Financial health is important to grow stronger and bigger independent businesses as it enhances power and market access and allows Europe to grow big and medium sized music companies, now, and in the future.

## **2. Ability to collectively negotiate**

Licensing infrastructure that allows rights holders, especially smaller labels and self-releasing artists, to monetise their work efficiently across markets is the foundation of independent-led cultural diversity.

Collective negotiation organisations, like Merlin, and national Collective Management Organisations (CMOs), make it possible for smaller players to access revenue streams without the heavy fixed costs of individual licensing. They provide an important base and upward pressure on the value of music. While national CMOs provide advantages in specific areas where consent for use of music is effectively impractical, this should not be mandated to extend to all areas, as this could, in practice, increase barriers to trade for independent labels.

When licensing is fragmented or opaque the independent sector’s ability to support diverse artists is compromised. If digital music services are able to proactively work against collective licensing and seek to divide groups of rights, then it can create a major imbalance in power.

The [move from TikTok](#) at the end of 2024 to refuse to engage with Merlin on a new licence, and instead to target labels directly, flies in the face of collective negotiation and shows significant intent to undermine the value of independent music. The real harm of this move will become apparent in future years, once protections afforded by Merlin’s previous terms have been eroded across the sector through individual deals where the advantages of collective licensing are lost.

## **3. Support in discoverability and visibility**

Even when market access and licensing are correct, cultural diversity cannot flourish if audiences cannot find, access or engage with a diverse repertoire. Discoverability in the digital era is the central challenge: there is enormous supply, but visibility and attention are constrained; a challenge when algorithmic and editorial systems can often favour past hits, global repertoire, and significant label catalogues.

As Midia cited in its report, “[State of the independent music economy: Fragmentation AND consolidation](#)” in 2024, “*Non-major labels are firmly streaming-first, with it accounting for the majority of their income and Spotify being more than half of it. However, they also feel streaming has its challenges - 87% of non-major labels feel it is becoming more difficult to get artists to cut through and 78% find it difficult to retain fan interest. Little wonder then that non-major labels spent \$1.5 billion on marketing in 2023, with smaller labels (<1m revenue) generating the largest share of the spending*”.

In practice, positive resolutions should point toward playlists, recommendation systems, metadata and marketing actively supporting non-mainstream, local-language, non-roman character sets, and emerging

artist repertoire. IMPALA's [streaming reform work](#) is also relevant. Generally boosting access to culture would also be welcome, whether through specific schemes or reduced VAT rates. The question of ownership of essential infrastructure in the ecosystem that independent companies and artists need has a clear impact on discoverability.

# Structural Barriers and the Future of Cultural Diversity

## Access to capital, and financial asymmetry, inhibit the growth of commercially viable independent companies

Independent music companies typically operate on tight working-capital cycles and lack access to the catalogue-backed credit lines that major groups use to secure financing. Smaller firms face higher borrowing costs and lower investment resilience, particularly post-COVID, when liquidity pressures increased across the live and recorded music sectors.

While national and regional funding bodies (such as IFCIC or the Centre National de la Musique in France or ICEC in Catalonia) offer targeted support and the EU's financial instrument also supports national banks lending in cultural sectors, many European countries still lack dedicated financial instruments for independent labels or publishers. As a result, commercially viable independents can face difficulty in scaling. This creates a systemic bias toward larger, well capitalised players and indirectly disincentivises risk-taking on culturally diverse or experimental artists.

Private equity and venture capital flows, meanwhile, have overwhelmingly targeted music rights acquisition over production. Billions of euro have been channelled into catalogue buyouts by major funds and listed vehicles, further consolidating control of long-tail cultural assets. This reallocation of capital away from creation and toward financialisation weakens the pipeline for new, diverse works. In essence, a move toward value transfer over value creation.

The European Parliament highlighted the importance of alternative investment models in its resolution of 17 January 2024 on [cultural diversity and the conditions for authors in the European music streaming market](#), *"Stresses the importance of ensuring investment in new European talent and music, including local artists, niche artists and artists from vulnerable communities, through appropriate funding instruments, including the Creative Europe programme to boost investment in more diverse forms of repertoire in terms of language or genre, in the provision of digital skills and in the digital transformation of business models and stresses the need to raise authors' awareness of their rights."*

The European Commission highlights a direction that some solutions can be found within its [Culture Compass report](#), *"Exploring innovative mechanisms for cultural and creative sectors and industries' financing is crucial to ensure their long-term sustainability. Collaboration between the public and private sectors is strongly encouraged to expand funding sources for culture, such as complementing grants with market instruments, incorporating novel financing approaches, including philanthropy and public-private-partnerships, tailored to the specific needs of the sectors. The Commission, together with the European Investment Fund (EIF), has developed innovative financial instruments as an alternative to traditional grant funding. These aim to leverage financial markets, both in equity and lending, to the benefit of media and other cultural and creative industries."*

This vision for public-private investment as a complement and alternative to grants, private equity, or major label acquisition is extremely encouraging and should be taken forward in a concrete way as a priority. Industry initiatives such as [BeatBread's Global Independence fund](#) and [Merlin and Pipeline's strategic partnership](#) to deliver advances to members, launched in association with the independent sector, are also to be encouraged.

An overall assessment of the relationship between finance and ownership as well as the barriers to accessing capital for growth for European businesses is key. With diverse music a key asset, not only economically but as a vector for culture, values and inclusion, ownership of both repertoire and the means of distribution must be part of Europe's overall ambition.

The impact of more general measures to boost access to culture such as reduced VAT rates or more specific approaches should also be part of the finance equation.

## **Concentration of the music market creates friction against independent music development**

The European recorded music market remains among the most concentrated cultural industries. According to data from Omdia which produces *Music and Copyright*, the three major label groups (Universal, Sony, and Warner) collectively control just over 80% of the European recorded music market and 70% of global recorded music revenues. In parallel, just a handful of digital music services account for the vast majority of consumer access to music across Europe. Concentration and control impacts other parts of the music ecosystem too, including distribution and infrastructure, as well as live. When it comes to innovation and diversity it's a different picture, with independent labels accounting for the vast majority of new releases in Europe, as well as the sector's jobs. The conclusion is significant; despite Europe's world leading position as a source of incredible diversity and talent, most of the power is effectively in the hands of non-European businesses.

Our recent report "[Combating the Emergence of a Two-Tier Music Streaming Market](#)" highlighted a systemic bifurcation in the music economy. The report identifies how a combination of market consolidation, demonetisation, pay-for-play boost tools, the mass oversupply of music, and subscription pricing historically lagging behind inflation has produced a structural divide between large right-holders and independent operators.

Concerns with regard to the development of culturally diverse music and artists were echoed by MEP Iban Garcia del Blanco in his [explanatory statement](#) accompanying the vote at committee level of the European Parliament's report, which he was responsible for, on cultural diversity and the conditions for authors in the European music streaming market. In his statement, he warned that "...we are witnessing an extreme commodification of the musical experience in which the less popular styles are heard less frequently, as are the less common languages, even in their home countries. The creation of a large online global music market has resulted in an increasingly uniform playlist, carved out of lists of recommendations and algorithms that increasingly encapsulate listeners' tastes".

A clear indication of the challenges faced by artists seeking to grow their career was [highlighted by Infinite Catalog](#) in its annual breakdown of the Spotify Loud and Clear data; "*The rich are getting richer...Artist income growth is slowing...Upward mobility is getting harder*". Specifically, the comparison of \$ per artist growth rate by tier of payout tier, "*feels like the clearest indication of the "more money overall, but smaller slices per artist" phenomenon.*"

It was noted in UK Music's recent [This Is Music 2025](#) report that from 2015 to 2024, "older / catalogue albums" have risen from 40% to 80% of the share of UK Top 100 year end top albums chart. This is a global trend, and has a large knock-on effect when it comes to new and diverse artists' development cycles. Also noted in the UK Music report was a statistic from ROSTR, "*the time taken from first release to nomination for the Best New Artist category at the 2025 Grammys has increased from around 2 years in*

2001 to 7.8 years in 2025. This year's nominations include Sabrina Carpenter (10.8 years), RAYE (8.3 years), Chappell Roan (7.2 years), and Doechii (6.3 years)."

## Uneven access to data and discoverability bias compound the challenges that independent music companies face

Access to data is increasingly a competitive differentiator. The majors have privileged access to streaming analytics, as part of their licensing deals, and, through the acquisition of independent and DIY distributors, are increasingly gaining insight into the transactional data of their independent competitors. A fact that was identified and highlighted by the European Commission in its investigation into Universal's acquisition of Downtown and its subsidiaries, including Fuga, CD Baby, Songtrust, and Curve.

This business case was [laid out quite clearly by Rob Stringer](#), CEO of Sony Music Entertainment, in June 2025, where he described that owning the pipes of independent distribution gave them the "inside track" on future rights acquisition. This, across a bedrock of industry changes that saw "*In 2020, 24% of the top 200 tracks were catalogue songs. In 2024 that percentage grew to about 50%*".

This data asymmetry undermines their ability to plan releases and demonstrate market performance to investors or policymakers.

We note that within the recently announced [Culture Compass for Europe](#), the European Commission details plans for an "EU culture hub, "to collect and analyse cultural data and information, monitor trends and developments, and pool best practices. The Commission will also cooperate with EU Member States and their statistical offices, as well as with relevant international organisations, to continue improving EU cultural statistics and support evidence-based policy making.". The music industry must remain a key priority within this EU culture data hub, and preferably, it would have its own Observatory, akin to the European Audiovisual Observatory.

Discoverability bias further compounds the issue. The ORCA (2024) report and [UNESCO's RelShaping Policies for Creativity \(2022\)](#) both identify algorithmic opacity as a threat to cultural diversity, noting that recommendation systems "*systematically favour tracks with pre-existing high engagement.*" In practice, this means that diverse, local, or niche content remains less visible in global recommendation streams.

Independent labels spend a relatively high amount on marketing and visibility support. [ORCA's recent survey](#) detailed that across the nine labels in their report, an average of 36% of a label's cost base was spent on "marketing, distribution, and visibility support", making it their second-highest cost category.

## Infrastructure inequality across Europe creates a divergence in opportunities dependent on location

Europe's music markets operate on unequal infrastructural foundations. In Northern Europe, high-performing export offices (e.g. Music Norway, Export Music Sweden) and public funding channels underpin independent competitiveness. In Southern and Eastern Europe (SEE), however, fragmented ecosystems and weak export mechanisms hinder growth. This regional imbalance perpetuates cultural inequalities across the Single Market.

For example, the [Music Equality](#) initiative found that SEE artists are starkly under-represented in major festivals and digital platforms, especially when compared to regions with similar levels of population. In 2025, only 0.6% of acts at major European showcase festivals (11 of 1731) were from the SEE region.

Will Page cites the discrepancy in volume and value from regional market to market in his latest [Global Value of Copyright](#) update, highlighting the relative growth of the US music market, *“Back in 2011, the US made up a quarter of a \$15bn business. Today it’s 38% of a \$30bn business – that’s a 40% bigger share of an 80% bigger pie”*, and that, *“the rich four [countries] make up almost 90% of streaming value from 60% of the volume”*. Europe is on the mature-side of market development within music streaming, but within the block there remain countries that lag.

## **Generative AI is catalysing debate around the future of creative labour**

The next frontier for digital disruption in music is generative AI (genAI), systems that create musical tracks, arrangements, and entire works using algorithms trained on massive datasets of existing recordings, lyrics, and compositions.

In January 2026, [Deezer reported](#) that 39% of all new music uploaded, over 60,000 tracks a day, was fully genAI. This represents an increase from 10,000 tracks a day in January 2025, which highlights the scale and the growth of this emerging challenge.

For Europe’s independent music ecosystem, which underpins cultural diversity through local language repertoire, niche genres and early-stage artist investment, the rise of genAI music presents material risks and also potential opportunities.

## **Future risk and investment for independent music companies; the challenge of AI**

For independent music companies to be able to continue to invest and risk capital into emerging artists, local language music, and diverse genres, there needs to be a future commercially viable market for human creation.

GenAI music threatens this through mass-produced, lower-cost or even copyright-free content that competes with human-created works, in volume and also attention. According to a [global economic study by CISAC](#) in 2024, *“By 2028, 24% of music creator revenues will be at risk ... The market for music and audiovisual content generated by AI will grow from around €3 billion now to €64 billion in 2028.”*

We are starting to see licences being struck between labels and genAI companies, including by Merlin with [Eleven Labs](#) and [Udio](#), which is a welcome development. It is essential that any future environment can support independent music companies investing in new and emerging artists.

It is also worth noting that, due to the breadth and diversity of content in the independent music sector, it is logical that this would be more valuable to AI model engineers, not less. However, this will only be true if there is free and open access to the market, strong collective licensing, and if the content is discoverable at all.

## **Other forms of dilution, risk, and opportunity**

As IMPALA laid out in its [streaming reform plan](#), there are also other forms of risk for investment in diversity, forming multiple value gaps in the digital market, which we touched on in our previous report, the [two-tier music streaming market](#).

The question of monetising the “moment economy” is a shared challenge for the whole industry. IMPALA’s upcoming report will offer practical guidelines for independents on the opportunities and include clear recommendations to fix this value gap. For independents the question of access to collective negotiations is a pre-requisite and there is clearly also a role for regulators.

Another value gap, the problem of streaming manipulation, is a systemic issue across all platforms and continues to undermine trust in the music industry, in addition to the broader challenge of dilution. A problem further exacerbated by the rise of generative AI music, as fraudsters increasingly redirect revenues away from legitimate artists and use AI tools to scale fraudulent activity. These include unexplained spikes in streaming activity and instances in which fraudulent tracks are uploaded to legitimate artists' profiles, allowing bad actors to siphon off royalties. In such cases, artists and labels bear the consequences; content is removed and royalties are withheld or clawed back. This risks putting the burden of proof on artists and labels to prove non-involvement in streaming manipulation rather than addressing it effectively at service level. Many independent operators may lack the resources, contacts or leverage to effectively demonstrate their compliance and assert their legitimacy with digital service providers, so these practices risk disproportionately affecting independent artists and labels. This is an excellent opportunity for cross industry collaboration including with digital services to renew the [anti-manipulation charter launched a few years ago](#).

One specific area of importance is that the definition of the word "independent" is experiencing dilution. In the music industry, "independent" has a specific meaning, with real value and integrity; eroding that distinction directly harms the independent sector and cultural diversity as a result. Major-owned companies are increasingly describing themselves as "independent" without disclosing their state of ownership, undermining trust; the independent sector would argue that it amounts to cultural and commercial appropriation, commercially and politically.

The same applies to market share figures; "independent" has come to have many meanings, and methodologies vary, which creates confusion from a market and regulatory perspective. Different approaches are of course needed to determine market shares; depending on the circumstance, it might be ownership (for example when assessing contribution to diversity or new releases, or distributing collecting society income that can't be allocated), in other cases it can be distribution and ownership together (for example when regulators assess bargaining power with digital services).

Counting all streams that are not major as "independent", however, is dilution. It provides an artificial view, diluting the share of big labels and growing the share of smaller labels in a way which is not reflected in commercial negotiations. There has to be coherence. We sometimes hear that half of revenues on streaming services is "independent". Yet, this rarely translates into playlisting, algorithmic influence and exposure opportunities.

Other markets are also important, not just digital, and there are multiple structural barriers that also pose specific challenges. For example, the question of broadcasting and performance rights and the [RAAP case is one example of a considerable source of dilution](#) where European labels and performers are losing millions of Euro per year. The evolving state of international politics poses significant risks for the cultural sector, with direct attacks on Europe's sovereignty visible at multiple levels in impacting basic principles of trade and other commercially relevant areas.

# Recommendations to Protect a Diverse European Music Industry

Protecting and promoting diversity requires a coordinated Europe-wide policy approach that treats cultural diversity as an economic and strategic asset, essential for growth as well as sovereignty and democracy.

## 1. Increasing focus on a wider range of financing options

Strengthening cultural diversity in Europe requires a strategic ambition to invest in culture and infrastructure. That means not just a wider set of financial tools that match the needs of small and medium-sized independent music companies, but a mindset shift. If Europe wants to avoid a culture drain, building big independent European music businesses is a logical path forward. Traditional funding routes often favour larger or catalogue-focused entities, which leaves early-stage or culturally specific repertoire at a disadvantage, along with ambitious businesses who want to grow. New financing instruments that support creation, risk-taking, and long-term artist development, as well as growth and independent European infrastructure are essential if Europe is to remain competitive in the global market.

Growing Europe's "missing middle" is an urgent issue not just in the EU but in other jurisdictions and a joined up approach across broader Europe including the UK is one way of supporting this as a strategic priority.

Public sector programmes already demonstrate the value of targeted support for creators, but they remain unevenly distributed and often limited in scale. A more coordinated European approach would close the gap, with instruments designed to support both company growth and export activity. This would allow more independents to invest in diverse talent and to compete fairly in markets where commercial pressures have been rising steadily.

Private finance has an important part to play, particularly when routed into production and new releases rather than catalogue acquisition. This aligns with the European Commission's broader aim to stimulate investment that fuels long-term sustainability across cultural industries. Blended finance models, public-private partnerships, and new innovation funds could all build resilience for independent labels and publishers.

A strong policy focus on financing diversity and building strong European businesses would signal that Europe values the pipeline of new work and also ownership of existing repertoire. If supported by clear eligibility guidance and cross-border cooperation that also takes into account how recipients of finance distribute their repertoire, these models would rebalance the market, sustain risk-taking, and encourage future-facing creative entrepreneurship. More general measures to boost access to culture such as reduced VAT rates or more specific approaches should also be assessed.

## 2. Guaranteeing European independent infrastructure and fair access to markets (digital and other)

Independent labels can only continue discovering and nurturing new talent if they can reach audiences on fair commercial and technical terms and if there is genuinely independent infrastructure in Europe. At

present, access to the digital marketplace is shaped by a small number of global platforms and a highly concentrated ownership of repertoire, often controlled outside Europe. This creates structural barriers for smaller European companies, especially when distribution options, commercial incentives or platform design choices amplify already dominant content. In addition to digital, other markets also need attention, and the question of access means shoring up all revenue sources and taking a strong stance internationally in trade discussions.

Ensuring fair access means addressing control of infrastructure, excessive concentration, discriminatory practices, minimum thresholds to access payment on streaming services and the broader emergence of a two-tier streaming market, preferential partner programmes, and deal structures that prevent smaller operators from competing. Free and open access must include distribution pathways, data availability, and visibility mechanisms.

Regulators and European institutions have an important role in dealing with all these aspects. They monitor markets, can carry out sector enquiries and assess how behaviour on the supply side and the digital services affects independent repertoire. Intervention is most effective when directed at structural incentives rather than individual product decisions. This includes competition oversight in terms of unfair practices, control of consolidation, transparency measures, and requirements that ensure independent content can surface on equal terms. We also refer to the recommendations in the [Two Tier Streaming Report in 2025](#).

By treating digital access as a condition for cultural diversity rather than a purely commercial matter, policymakers can support a market where innovation and artistic risk-taking have a genuine foothold. These are no longer questions of economic or even cultural importance; they go to the heart of Europe's sovereignty and democracy. Culture and music are not the only areas affected in the current climate, but they are essential levers if Europe wants to be in control and be sure that the music ecosystem is defined by choice, variety, and new talent rather than a narrow catalogue-driven marketplace or other values over which Europe has no say.

This must be integrated into all decisions impacting diversity and it needs a strategic approach. The Culture Compass is a good start, as is the EU's review of its merger regulation framework, which is ongoing. All competition guidelines and other tools must be fit for purpose in a world where Europe's diversity is a strategic economic asset.

Non-digital markets are also crucial. Broadcasting and public performance is one example and the RAAP case must be effectively dealt with [five years is a long wait in any sector](#). Basic trade principles such as reciprocity must be reinforced to maintain standards in copyright, whilst also allowing countries who apply other rules to continue to do so. Reciprocity encourages all nations to bring up their level of protections and ensures revenue is not transferred away from Europe generally.

### **3. Reinforcing voluntary collective negotiation**

Collective negotiations remain one of the most important pillars for independent music companies. It lowers administrative costs, improves negotiating strength, and ensures that creators of all sizes can access global markets. When collective structures function well, they act as a counterbalance to concentration elsewhere in the value chain. They also help ensure that the financial value of a diverse catalogue is recognised and protected.

Recent developments in parts of the market have highlighted how vulnerable independent players can be when collective arrangements are bypassed. Fragmented negotiations lead to lower rates, weaker protections, or inconsistent terms across different territories. This directly affects the ability of independents to invest in new and diverse repertoire.

A renewed commitment to collective solutions across Europe would signal support for fairness and transparency. This includes protection against attempts to undermine collective bargaining and incentives for digital services to engage through established collective bodies.

#### **4. Embedding cultural diversity and plurality in digital market frameworks**

Following the European Commission's commitment to "*deepen research and support investment on discoverability of diverse online cultural content created in Europe*" within its recently released Culture Compass for Europe report, we strongly recommend that particular focus is placed on the visibility and surfacing of a diverse library of musical content within digital services.

A clear set of expectations for discoverability within digital services would help to make diversity a structural objective rather than an optional feature. This might include transparent reporting on how recommendation systems treat niche and local repertoire, incentives for surfacing underrepresented languages and genres, and cooperation with industry bodies on best practice for metadata and editorial support. These steps would complement broader initiatives already outlined by the European Commission.

Embedding principles of cultural diversity, plurality and control also needs to be done in framework tools that govern market abuse such as the Digital Markets Act, and of course merger regulation and other competition rules that determine ownership of Europe's means of creating, producing and distributing Europe's expressions of cultural diversity. There is already an obligation in the European treaty to include impact on cultural diversity in all decisions. This is also enshrined in the UNESCO convention on cultural diversity. Strategic implementation of all these tools is needed to ensure that decisions can be taken that look at broader aspects so that overall priorities can be upheld without being lost in technical interpretations.

The growth of generative AI brings significant challenges that will require policy action. Training systems depend on large datasets and, without clear rules, independent repertoire is at risk of being exploited without consent or compensation. Requirements around provenance, consent, and opt-in mechanisms can help protect the value of culturally specific content. This is particularly important for smaller labels that rely on long-term investment cycles.

Embedding diversity and control into AI and platform governance would ensure that new technologies do not undermine the ecosystem that feeds them, and that the additional value of Europe's diversity in training can be realised in licensing models where diverse repertoire could have extra value.

#### **5. Making diversity a measurable, trackable priority**

A dedicated European Music Observatory could provide similar statistical and analytical infrastructure for music, as the European Audiovisual Observatory underpins film and broadcasting policy, allowing evidence-based policymaking and cultural-impact measurement.

The commitment to an “EU cultural data hub” as part of the Culture Compass for Europe is an important step forward, but there needs to be pressure maintained for the priority of data around the music ecosystem. We note that the audiovisual industry will retain its European Audiovisual Observatory alongside the EU cultural data hub, and support the European Parliament’s adopted position to *“Call on the Commission to set up a European music observatory to provide information on music markets in the Union by collecting and analysing data in the Member States, as well as to analyse and report on legal issues affecting the music sector, in particular the music streaming market, with a view to developing the sector”*.

Such a body should be run as a public body and would support independent companies as well as other actors by giving visibility to the cultural and economic value they generate. It should also track who owns and controls Europe’s cultural assets and infrastructure. This would empower decision makers to design targeted interventions, stop culture drain, reduce information asymmetries, and promote a more level playing field. As competition and digital policy become more complex, reliable sector data will be a core resource for regulatory oversight.

Establishing a European Music Observatory would send a clear message that music is central to Europe’s cultural strategy and that diversity is a measurable, trackable priority. It would anchor future debates in evidence rather than perception and create a shared reference point for both industry and institutions. This should be built in concert with wider cross-border initiatives with the UK and other third countries.

## **6. Supporting industry collaboration and standards to protect independence**

The integrity of the independent music sector depends on clear definitions, transparent practices, and coordinated action on shared challenges. As identified in this paper, public policy can support efforts through frameworks. At the same time, it is industry-led initiatives that will deliver faster, more targeted solutions to emerging threats, including AI licensing, streaming manipulation, reform of payment thresholds on streaming services and other key commercial aspects.

The protection of terminology is a key aspect here, as it carries both commercial and cultural weight. The appropriation of the term “independent” by major-owned distribution services is one example which creates confusion in the market and undermines trust among artists, investors, and policymakers. When major labels present their distribution arms as independent operations without clear disclosure of ownership, it distorts competition and misleads stakeholders who specifically seek out independent infrastructure. This practice should be addressed through industry-wide standards that require transparent ownership disclosure and restrict use of the term to genuinely independent operations. The assessment of market share figures also needs standardisation in how the term independent is used, and also coherence through their application in commercial situations.

Collaborative industry action is also essential for addressing structural challenges that affect all players. This already takes place on many issues and the whole sector is stronger as a result of having a clear and dynamic independent voice. IMPALA’s Helen Smith has [flagged](#) how it is a fundamental time for the music industry to work together to tackle the value gaps that exist across the sector, whether it’s AI, or fraud, or monetising moment economy services such as TikTok, or traditional areas of the business where music is exploited without proper remuneration. These are areas where voluntary industry agreements, backed by clear commitments and accountability mechanisms, can complement regulatory frameworks.

More ambitious collaboration is important in a market which needs big and small players. In 2026, IMPALA will advance proposals for improved access to finance and revised streaming reform that places diversity at the centre of remuneration policy. These initiatives will offer opportunities for cross-sector cooperation that benefits artists, audiences, and all music companies, both independent and major. Collaboration should include addressing manipulation and other forms of dilution. Building the optimal ecosystem to boost diversity across the whole sector and ensure proper independent routes to market with effective competition is a huge opportunity. Being on the front foot on collaboration would have a huge impact on the sector's public image and trust. Where industry can collaborate effectively, it reduces the need for regulatory intervention and demonstrates the sector's capacity to address its own challenges.

European institutions can support this approach by recognising voluntary industry standards, facilitating dialogue between sector representatives, and ensuring that frameworks align with broader cultural policy objectives. This creates space for the music industry to lead on solutions while maintaining public accountability for outcomes.

# Conclusion

Independent labels are synonymous with artists that have huge successes and also others that may otherwise get overlooked. They have unique partnerships with the artists they work with, investing in languages and genres that global markets and platforms undervalue, and sustain the creative ecosystems that give European music its distinctive identity and export strength.

In a market where artists have more options and music has clearly reached a critical state of over supply, the role of labels is more important than ever as trusted partners. The challenges outlined in this paper; market concentration, financial asymmetry, algorithmic opacity, the disruptive potential of generative AI, blurring of terminology, and streaming dilution; are reshaping the conditions under which independent companies operate. They are not abstract risks. Left unaddressed, they will narrow the range of music that reaches audiences, weaken the pipeline of new talent, and erode Europe's position as a global cultural force.

With coordinated action across financing, market access, voluntary collective licensing, digital governance, data infrastructure, common terminology, and ambitious industry collaboration, we can strengthen the conditions required for cultural diversity to thrive. The recommendations in this paper offer a practical path forward, one that treats independent music not as a policy or commercial afterthought, but as a strategic priority. This is not just an economic imperative but also a question of European participation in its own future; an issue of sovereignty and democracy.

The moment for action is now. As the Culture Compass for Europe takes shape, as AI frameworks are developed, and as markets for music and also digital continue to evolve. Will Europe's music ecosystem remain vibrant, diverse, and globally competitive, or will it continue to consolidate around a narrow band of content that reflects commercial convenience rather than cultural richness? Who will be in control of the ecosystem? Will Europe be a player? Will European artists in all their diversity get the spotlight they deserve?

Independent music companies demonstrate, daily, their resilience, their commitment to sustainability and inclusion, and their capacity to deliver both economic and cultural value. Recognition, investment and fair market conditions will allow them to continue doing what they do best. Independence is synonymous with cultural diversity; it is a huge strategic opportunity for Europe, and the whole music sector. Decisions taken right now and in the coming years will determine our future. Ensuring growth, soft power and real economic impact.