



LICENSING DIGITAL
MUSIC
IN CANADA

music 
CANADA

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SERVICE PROVIDERS' GUIDE TO DIGITAL MUSIC IN CANADA

WELCOME TO CANADA'S DIGITAL MUSIC MARKET

This guide has been prepared for businesses seeking to start a digital music service in Canada. Here you will find information on market opportunities, Canadian consumer preferences, music licensing, and more.

Canada's music market is in transition. Every year, more Canadians buy and enjoy music online and on mobile devices.

Canada's major and leading independent record labels are proactively helping digital music service providers succeed through initiatives such as this guide. Beyond this, Canada's recently reformed copyright framework offers the prospect of an improved legal environment for digital music.

The time is right to get your digital music business started in Canada. Canada's major and leading independent record labels, in association with their trade association, Music Canada, look forward to helping you navigate and maximize the opportunities for success.

CANADIAN MARKET SNAPSHOT

Country Stats	
Population (July 1, 2013) ¹	35.2 million
GDP (2014) ²	\$1.9 trillion
World Rank of Economy (2013) ³	11th
GDP per Capita (2013) ⁴	US\$51,206
Median Age	41
Official Languages	English/French

1 Statistics Canada

2 Ibid

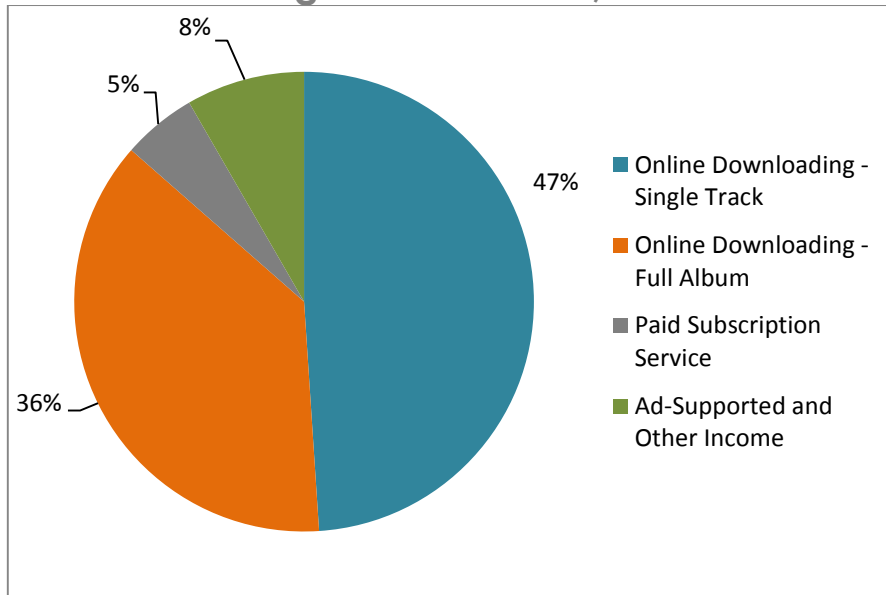
3 International Monetary Fund

4 The World Bank

Canada's Music Market

World Rank (2013) ⁵	Overall: 7th Physical: 6th Digital: 7th
Recorded Music Retail Sales (2013) ⁶	US\$436.9 million
Digital Music Retail Sales (2013) ⁷	US\$210.0 million
Digital Share of Retail Sales ⁸	48%
Digital Sales Growth ⁹	2013: 10% 2012: 22%

Breakdown of Digital Music Sales, 2013



SOURCE: International Federation of the Phonographic Industry (IFPI), "2013 Recording Industry In Numbers"

⁵ International Federation of the Phonographic Industry (IFPI), "2013 Recording Industry In Numbers"

⁶ Ibid

⁷ Ibid

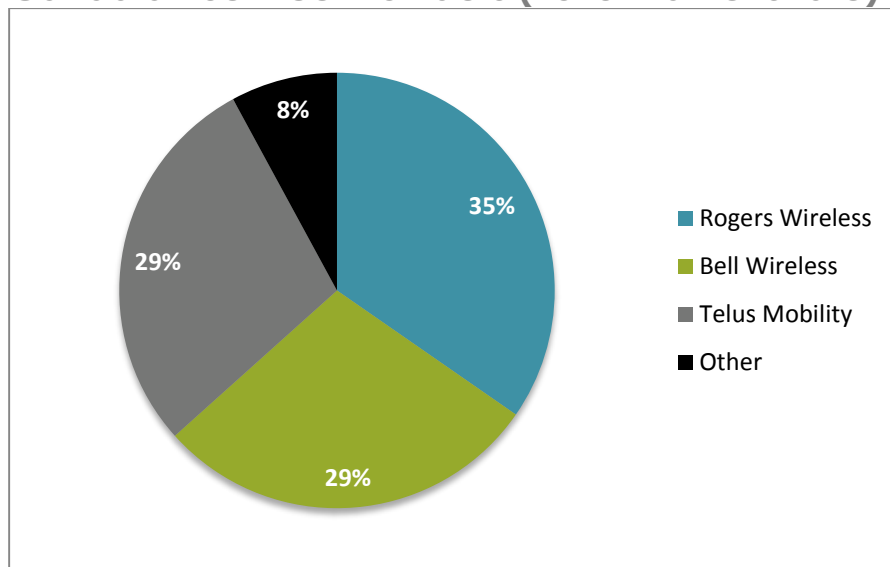
⁸ Ibid

⁹ Ibid (based on year-over-year retail value of digital music sales, in US\$)

Canada's Digital Landscape

Internet access (% of households with access to the Web) ¹⁰	83%
Households with broadband ¹¹	10.9 million
Mobile subscriptions (as of Q1 2014) ¹²	27.5 million
Smartphone users ¹³	17.4 million
World rank in internet use (volume of data per capita) ¹⁴	2
Facebook – # users / world rank ¹⁵	19.9 million / 1
Proportion of online Canadians who visit social networks weekly/daily ¹⁶	45% / 30%

Canadian Service Providers (2013 market share)



SOURCE: CWTA Subscriber Stats, Q3 2013

¹⁰ Statistics Canada, "Canadian Internet Use Survey", 2012

¹¹ IFPI, "2013 Recording Industry in Numbers"

¹² Canadian Wireless Telecommunications Association (CWTA)

¹³ IFPI "2013 Recording Industry in Numbers"

¹⁴ OECD Communications Outlook 2011

¹⁵ [The Canadian Press](#) (stat as of August 2013)

¹⁶ Ipsos Reid (stats as of July 2011)

CANADIAN MUSIC CONSUMERS

Canada's major and leading independent record labels, in association with Music Canada, commissioned a national survey on Canadians' relationship to music and their digital music preferences. The research, conducted independently by Environics Research Group in mid-2011, identified valuable market insights. Selected highlights are provided below.

Canadians' Relationship to Music

Canadians love music: about half of Canadians say that "music is important to me" or "music is my life."

We like variety: about 70% of music buyers prefer to sample, buying one or two songs or albums from a wide range of artists. The rest prefer to buy all or most albums from a smaller group of favourite artists.

YouTube has emerged as the favourite place to share music: almost 40% of Canadians say they share music by emailing links to music videos on YouTube. The younger they are, the more they share. (Note: most survey respondents said they do not share music).

We listen while on the move: more than a quarter of Canadians listen to music "most often" with in-car stereo systems while almost one-fifth most often use iPods. This compares to home stereo/theatre systems (14%), desktop computers (13%), and laptops (11%).

Buying Music Online

Younger Canadians are online music buyers: Two-thirds of consumers 13 to 17 years old, and more than half of 18 to 49-year-olds, say they bought music downloads in the past year.

Canada is a digital greenfield opportunity: About half of Canadians say they have never purchased downloadable music. Those buying downloads reported spending \$54 on average, and purchasing more online year-over-year.

Night time is buying time: Almost 70% of downloadable music files are purchased in the evening. About one-quarter are bought in the afternoon.

Streaming Music Preferences

We like digital streaming: Almost one in five Canadians spent money on digital movie/TV streaming services in the past 12 months, reporting an average spend of \$69.

Make it free, please (unless...): Two-thirds of Canadians want digital streaming music to be free. However, many say they will accept a monthly fee in exchange for more features, such as no ads (more than a third will pay \$2.50 per month; 14% will pay \$15).

What matters: After price, Canadians rank the number of ads played as the most important attribute in a streaming music service. Few respondents put a high priority on other attributes such as multi-device usability or being able to play streamed music while not connected to the Internet.

No more contracts: About three-quarters of Canadians agree that they “don’t need another contract” on top of the mobile, broadband and other contracts they already have, to buy digital music.

About the Survey

The research was conducted independently by Environics Research Group via a national online survey of 1,180 Canadians aged 13 and older, from June 27 to July 6, 2011.

For more details on the research findings, please contact Music Canada.

MUSIC LICENSING: A HOW-TO GUIDE

Introduction

The key players and rights involved in licensing music in Canada closely mirror those of other major markets. Licensing ensures that rights holders, including the artists who create the music offered through digital services, are fairly compensated for their work.

The types of licenses required vary depending on the type of digital music service. These variations – and the rights holders involved – are outlined below.

Depending on the digital service, the rights may be licensed directly from rights holders or, where tariffs apply, from collectives, under pre-defined terms. Tariffs are certified by the Copyright Board of Canada, a government tribunal.

Key Terminology

Reproduction Right – the right of music labels, performers and songwriters/music publishers to control copying of their music.

Communication Right – the right of music labels, performers and songwriters/music publishers to be paid when their music is communicated to the public by telecommunications.

Getting Started

Digital music service providers are invited to contact Sacha Isaacksz, Director, Legal & Business Affairs, Digital Business Development at Connect Music Licensing. Sacha can be reached at 416-922-8727 ext. 107 or sisaacksz@connectmusic.ca.

Or refer to the guide below, which is followed by contact information for each rights holder.

Digital Download Services	
SERVICE DESCRIPTION	Services that provide permanent music downloads.
EXAMPLES of services operating in Canada	iTunes Canada, Hip Digital, Puretracks, 7Digital, HMV Digital, Blackberry Music, Bell
Artists/Record Labels	<ol style="list-style-type: none">1. Sound recordings are licensed directly with each record label.<ul style="list-style-type: none">▪ See list of record labels below
Music Publishers/Songwriters	<ol style="list-style-type: none">2. Reproduction rights in musical works (compositions) are licensed under Copyright Board tariffs.<ul style="list-style-type: none">• Contact CSI

Non-interactive or Semi-Interactive Streaming Services

SERVICE DESCRIPTION

Non-interactive streaming is fully controlled by the provider, i.e. users cannot control the content streamed. *Semi-interactive* streaming allows user-influenced or customized playlists, or allows users to fast-forward/skip tracks.

EXAMPLES of services operating in Canada

Galaxie Mobile, Slacker Radio, CBC Music

Artists/Record Label

1. Communication rights are licensed under Copyright Board tariffs.
 - **Contact Re:Sound**
2. Sound recordings can be licensed through Connect Music Licensing (for English Canada) and SOPROQ (for Quebec) who together represent over 1000 record labels in Canada.
 - **Contact Connect Music Licensing, SOPROQ**

Music Publishers/Songwriters

3. Communication rights in musical works (compositions) are licensed under Copyright Board tariffs.
 - **Contact SOCAN**
4. Reproduction rights in musical works (compositions) are licensed under Copyright Board tariffs.
 - **Contact CSI**

Online/Mobile On-Demand Streaming Services

SERVICE DESCRIPTION

Services that provide online and/or mobile on-demand streaming. Users have full control over selection and timing of the tracks streamed.

EXAMPLES of services operating in Canada

Spotify, Sony Music Unlimited, Deezer, Microsoft Groove

Artists/Record Labels

1. Sound recordings are licensed directly with each record label.
 - **See list of record labels below**

Music Publishers/Songwriters

2. Communication rights in musical works (compositions) are licensed under Copyright Board tariffs.
 - **Contact SOCAN**
3. Reproduction rights in musical works (compositions) are licensed under Copyright Board tariffs.
 - **Contact CSI**

Streaming Music Videos

SERVICE DESCRIPTION

Services that stream music videos.

EXAMPLES of services operating in Canada

Youtube, Vevo

Artists/Record Labels

1. Sound recordings are licensed directly with each record label.
 - **See list of record labels below**

Music Publishers/Songwriters

2. Communication rights in musical works (compositions) are licensed under Copyright Board tariffs.
 - **Contact SOCAN**
3. Reproduction rights in musical works (compositions) through CMRRA.
 - **Contact CMRRA**

Reporting Requirements

Reporting templates used by record labels in Canada are consistent with those used in other jurisdictions. Further details are available on request.

Licensing Contacts

Music Licensing Collectives

Connect Music Licensing	Connect Music Licensing	www.connectmusic.ca	Sacha Isaacksz	(416) 922-8727 x 107 sisaacksz@connectmusic.ca
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Connect Music Licensing administers licensing in Canada for the reproduction of sound recordings and reproduction and broadcast of music videos on behalf of copyright owners (usually, record companies). Connect Music Licensing has more than 1,000 members.

CSI	CMRRA-SODRAC Inc.	www.cmrrasodrac.ca/	Natacha Labelle	(416) 926-1966 x 252 csi@cmrrasodrac.ca
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CSI licenses the reproduction rights in the joint repertoire of CMRRA and SODRAC to various music users, including radio stations, background music services and online music services. Together, CMRRA and SODRAC represent the vast majority of songwriters and music publishers whose songs are active in the Canadian market place.

Re:SOUND	Re:Sound Music Licensing Company	www.resound.ca	Fallon-Peage Tulloch	(416) 355-8323 ftulloch@resound.ca
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Re:Sound represents artist and record companies, administering their rights for performance and broadcast of their work in Canada, and through collaboration with international counterparts abroad.

SOCAN	Society of Composers, Authors and Music Publishers of Canada	www.socan.ca	James Leacock	(416) 445-8700 x 3793 leacockj@socan.ca
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SOCAN is the Canadian copyright collective that administers the performing rights of over three million Canadian and international music creators and publishers by licensing their musical works in Canada.

SOPROQ	Quebec Collective Society for the Rights of Makers of Sound and Video Recordings	www.soproq.org	Sébastien Sangollo	(514) 842-5147 x 231 ssangollo@soproq.org
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The Quebec Collective Society for the Rights of Makers of Sound and Video Recordings (SOPROQ) represents more than 825 members in Quebec and administers licensing on their behalf for the reproduction of sound recordings and reproduction and broadcast of music videos.

Major Record Labels

Sony Music Canada	www.sonymusic.ca	Mike Lawless	416-589-3168 Mike.Lawless@sonymusic.com
Universal Music Canada	www.universalmusic.ca	Jon Box	(416) 718-4422 jon.box@umusic.com
Warner Music Canada	www.warnermusic.ca	Rob Bolton	(416) 758-1126 rob.bolton@warnermusic.com

Indie Record Labels

6.8.2. Records	www.682records.com	Lynn Johnston	(705) 523-9682 lynnjohnston682@me.com
604 Records	www.604records.com	Nick Whitcomb	(604) 681-1410 nick@lightorganrecords.com
Awesome Music	www.awesomemusic.ca	Asim Awesome Awan	(416) 583-5050 awesome@pathcom.com
Coalition Music	www.coalitionent.com	Serena Ragogna	(416) 755 – 0025 Serena.Ragogna@coalitionmusic.com
Dine Alone Music Inc.	www.dinealonerecords.com	Lisa Logutenkow	(416) 585-7885 lisa@bedlammusicmgmt.com
Distribution Select	www.distributionselect.ca	Nicolas Palhier	(514) 566-8098 Nicolas.palhier@select.quebecor.com
eOne Music	www.eonedistribution.ca	William Crowley	(212) 353.8800 x 5271 WCrowley@EntOneGroup.com
MapleCORE Ltd.	www.maplecore.com/	Avi Diamond	(416) 961-1040 Avi.Diamond@maplemusic.com
Quinlan Road	www.quinlanroad.com	Ian Blackaby	44 207 435 7706 ian@ardentmusic.co.uk
Slaight Music	www.slaightmusic.com	Derrick Ross	(416) 934-7419 derrick.ross@slaight.com
Troubadour Music Inc.	www.raffinews.com/contact/mission	Judy Wilson	(250) 539-3588 jwilson@troubadourmusic.net
Canadian Independent Music Association	www.cimamusic.ca	Stuart Johnston	(416) 485-3152 x 232 stuart@cimamusic.ca

Additional Resources

Canada music sales statistics

www.musiccanada.com

**IFPI Digital Music Report 2015
(includes list of leading digital music
services in Canada)**

www.ifpi.org/digital-music-report.php

More IFPI statistics

www.ifpi.org/content/section_statistics/index

**Statistics Canada Sound Recording
and Publishing Statistics**

<http://www5.statcan.gc.ca/olc-cel/olc.action?objId=87F0008X&objType=2&lang=en&limit=0>

**PwC Global Entertainment and Media
Outlook**

www.pwc.com/ca/en/entertainment-media/outlook/index.jhtml

**Music tariffs certified by the Copyright
Board of Canada**

www.cb-cda.gc.ca/tariffs-tarifs/index-e.html

**Pro-Music's global list of digital music
services**

www.pro-music.org/

The information in this guide is intended solely as an overview and should not be considered as legal advice. Businesses seeking to establish operations in Canada should consult independent Canadian legal counsel.

This document was updated on January 6, 2016. The information is subject to change.



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