



PRS for Music

## Podcast and Audiobook Consultation Response Summary

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## Introduction

On 10 May 2023, PRS for Music launched an 8-week consultation proposing a new scheme to license the delivery of music incorporated into Podcasts & Audiobooks. The aim of the consultation was to invite customers and trade bodies to review and comment on the proposed licence and charging structure.

As part of the consultation, we accepted responses via email and via our website which also hosted all relevant consultation documents.

The consultation was undertaken in accordance with our [Code of Conduct](#), which states that we will consult relevant parties whenever significant changes or new licences are proposed.

The purpose of this document is to provide answers with respect to the proposed scheme and clarify points raised during the consultation process. The document addresses both feedback from customers (such as platforms & DSPs) and content creators/producers, PRS members and trade bodies. We have summarised the feedback we received, and following each summary you will find our response which sets out the proposed direction and/or solution.

## Summary of consultation

The consultation resulted in a total of 43 responses made up of:

- Digital Service Providers (DSPs)
- PRS members
- Customers licensed under our Limited Online Music Licence (LOML)
- Industry trade bodies - Radio Centre and Audio UK, responding on behalf of their respective membership (approximately 200 companies).

To deepen our understanding of the sector's music licensing needs, we hosted a roundtable discussion with key stakeholders at our offices on June 8<sup>th</sup> 2023, providing a platform for open communication and transparency. Following this, further conversations were held with a cross-section of members from Audio UK, which allowed us to obtain additional perspectives directly from producers and content creators. Audio UK's members were subsequently surveyed, providing us with additional feedback to consider.

As a result of the feedback, meetings and follow up conversations, we believe that we have collected a representative and insightful consultation response.

The main changes from the proposed licence we consulted on are:

- The removal of the proposed percentage of revenue model
- The introduction of the Rate Per Music Hour (RPMH) as the sole metric
- The reduction of the annual minimum fee
- The removal of restrictions on music used

## Percentage (%) of applicable revenue

### Consultation response:

There was support on the use of dual metrics we consulted on i.e. the greater of percentage of revenue or rate per music hour (RPMH) approach from several PRS members. One member noted that this proposal is vital to ensure songwriters and musicians can sustain careers. Another member noted that if there is suitable tracking and reporting for each piece of content consumed, they are broadly in favour.

The majority of customer respondents however, opposed our proposal and felt that the dual metric charge was inappropriate, and the revenue share was set at too high a level for this form of audio content. Some respondents referenced the similarity in the revenue share (2.5%) between our General Entertainment Online Licence (GEOL) and our proposed new Digital Music Licence for Podcasts and Audiobooks.

We found that platforms and Digital Service Providers (DSPs) may not have complete visibility of the total revenue generated from podcasts at the point of consumer delivery, due to the receipt of multiple revenue streams, including revenue related to:

- Sponsorships
- 'Host read' advertisements integrated into the content
- Programmatic advertising inserted by hosts of distributors

This feedback has helped us to understand the multifaceted nature of the revenue landscape for podcasts, which has aided us to better shape this scheme for customers' needs.

### Our response:

We have revised our approach for the Digital Music Licence for Podcasts and Audiobooks and will implement a consumption-based metric (RPMH) rather than the proposed greater of percentage of revenue or rate per music hour (RPMH) metric.

We believe this reflects our commitment to a more equitable model that accurately represents the value of our members works used in these mediums. We explain this in more detail below.

## Rate Per Music Hour (RPMH)

Taking on board feedback from the market consultation and the strong opposition to the percentage of applicable revenue metric, we have amended the way the royalty is to be calculated. We are confident that a consumption-based metric i.e. the rate per music hour (RPMH), is the fairest metric to apply to this type of audio content. We understand that platforms/DSPs have varying business models, and believe that a metric based on a rate per music hour can be implemented across all these varying models.

Audiences accessing podcast and audiobook content, on most platforms, have the option to either stream and download their chosen podcast episode or audiobook. To date, some platforms have stated that they are unable to provide us with any meaningful consumption data to enable us to draw conclusions on the total number of podcasts or audiobooks that are streamed vs those that are downloaded across the UK market. In the absence of direct reporting from the DSP's we have used additional sources such as: RAJAR's MIDAS report, Triton podcast rankers, Podtrac, Edison podcast metrics, and the open podcast prefix project (OP3) to provide analytics on the number of downloads or progressive downloads tracked.

As a result of these findings, we have adjusted the RPMH and the starting point is now a blended rate (£0.002194 / 0.2194p). We used the average 2024 rates for interactive webcast (£0.001630 / 0.1630p) and podcast downloads (£0.002758 / 0.2758p) found in the Limited Online Music Licences (LOML and LOML+), which have since been adjusted by inflation, to create the blended rate. Whereas in the proposal we consulted on last year, the RMPH was established using the podcast download rate in LOML only.

The RPMH figure has been adjusted from the original proposed £0.0151 / 1.51p to £0.0152 / 1.52p

## Annual minimum fee

### Consultation response:

We found that many podcasters do not operate as a business and are primarily intending to pursue creative interests than generate revenue, which we recognise. These customers felt that an increase to what they currently pay as a licence fee seemed unfair, but agreed that compensating music creators for their work is important.

### Our response:

We have made the decision to reduce the annual minimum fee from the figure we consulted on of £275 (+VAT) down to £188 (+VAT). The entry point for podcast customers licensed under the Limited Online Music Licence (LOML) is currently £188 (+VAT), so we have aligned the minimum fee with this. The number of music hours within the £188 annual minimum fee amounts to 12,368 music hours (per annum). After this, any podcast or audiobook content where more music hours are consumed will be required to pay per additional music hour.

For example, a podcast episode containing 6 minutes of PRS repertoire and downloaded 10,000 times will create 1,000 music hours (0.1 music hours multiplied by 10,000 downloads), which is within the minimum fee allowance of 12,368 annual music hours. The annual minimum fee, as well as the RPMH, will be adjusted by inflation on the anniversary of the licence using the consumer price index (CPI) figure from June post launch.

## Who should be licensed?

### Consultation response:

We found that some customers believe that creators/content producers should be the one to purchase this licence as they decide which music to incorporate in a podcast or audio content, not platforms or DSPs as we proposed. Another customer queried the concept of creating a tariff that licenses both audiobooks and podcasts given the differences in the use of music in each, the distribution and the revenue generated. Trade body RadioCentre, responding on behalf of their membership of commercial radio stations, understood the complexity of setting royalty rates for a new licence and welcomed any licensing scheme that simplifies the acquisition of music rights.

### Our response:

After much consideration and review of all feedback received, we believe that platforms or Digital Service Providers (DSPs) are the appropriate licensee. This aligns with our standard practice of licensing the final point in the distribution chain before the content reaches the consumer/audiences seeking out content from these DSPs. We found that digital services are capable of accurately reporting consumption metrics, such as number of downloads or number of streams for each podcast or audiobook. Some major digital service providers now offer listeners both types of content, audiobooks and podcasts within the same subscription or platform. We believe it is appropriate to license both forms of audio content under one licence as both are predominantly general entertainment and utilise music in very similar ways such as: into/outro, background, in isolation, to break up chapters or sections between topics. The key difference between podcasts and audiobooks is the programme duration of the content.

Licensing every individual content creator would require issuing a multitude of licences, to various parties. The feasibility of successfully tracking and licensing all audio content producers and creators this way is extremely low. Licensing platforms and DSPs is the most practical and efficient option.

## Reporting

### Consultation response:

During further engagement with potential customers and creators, we have been provided with some useful insights on what form of reporting is available, and how we can make the process as seamless as possible. We found that currently there is no standardised reporting format within this marketplace.

One third of customer responses stated that they were able to fully provide PRS with cue sheet data, as well as consumption data for each podcast episode and audiobook, with two fifths of customers noting they can 'partially provide' e.g. limited music reporting and total content hours consumed.

### **Our response:**

Not all customers will be obligated to report under this scheme on a quarterly basis. Customers who fall within the category of the £188 annual minimum fee will not be subjected to quarterly reporting requirements. However, we reserve the right to request reporting from customers on an ad hoc basis, upon annual review, to ascertain whether the customers content exceeds the permissible total annual music hours. Customers who exceed the number of music hours under the annual minimum fee will be required to report to us on a quarterly basis. This is to ensure that we accurately distribute royalties to PRS members.

## **Rights**

As set out in the consultation document, the rights granted under this licence cover:

- The communication to the public of PRSfM repertoire
- The communication to the public of production music sound recordings (PMSR)
- Associated mechanical rights for making the audio content available for on demand and download on the licensed service.

No reproduction rights have been granted under this proposed licence i.e. the initial copying of works into the content. Creators / producers of content will be required to licence those rights from the rightsholders directly.

## **Restrictions**

The proposal we consulted on included restrictions such as:

- No more than 50% of the music used in the podcast or audiobook can be performed by a particular artist or written by a particular composer without approval from us.
- No more than 2 pieces of music from a particular album or more than 2 repertoire works performed by a particular artist or written by a particular composer is permitted under the proposed licence without approval from us.

### **Consultation response:**

One member stated that there should be no restriction of using more than 50% of music from a particular composer and the removal of this restriction would help newer composers (both old & young) develop a working relationship with a particular client.



We received a detailed written response from one podcast producer stating that their podcast is entirely focused on profiling a single artist each episode, so inputting any such restrictions would compromise their entire format.

### **Our response:**

We have taken onboard your feedback and have removed the two restrictions mentioned above from the licence.

This is on the basis that reproduction rights for incorporating music into podcasts & audiobooks need to be cleared with the rightsholders directly, as such, the rightsholders are already approving the use of the works in the content so any direct agreement would supersede any restrictions imposed by a platform / DSP licence.

### Audio Visual Podcast / Vodcasts

We acknowledge the rise in popularity of video podcasts or 'vodcasts' on platforms like YouTube, Spotify and more recently, Apple's podcast application. These are episodic, streamed, or downloadable videos that feature discussions, interviews, or storytelling, much like traditional audio podcasts. The key distinction lies in their visual component, offering a more immersive and engaging experience.

Whilst they remain an emerging and growing medium, catering to an audience that prefers visual content, our focus for a licensing approach for the first 12 months shall remain on audio only content. Less than 10% of customer responses stated they create audiovisual podcast content.

## **Next Steps**

We plan to launch the podcast and audiobook scheme in August of this year and implement it for an initial period of 12 months. Once this initial period is completed, we will review the licence to ensure it is operating as intended.

We would like to thank those who took part in this consultation and to those parties who provided us with additional insights and data.



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