

[STVDIO IN PARTNERSHIP WITH SECRETLY DISTRIBUTION]

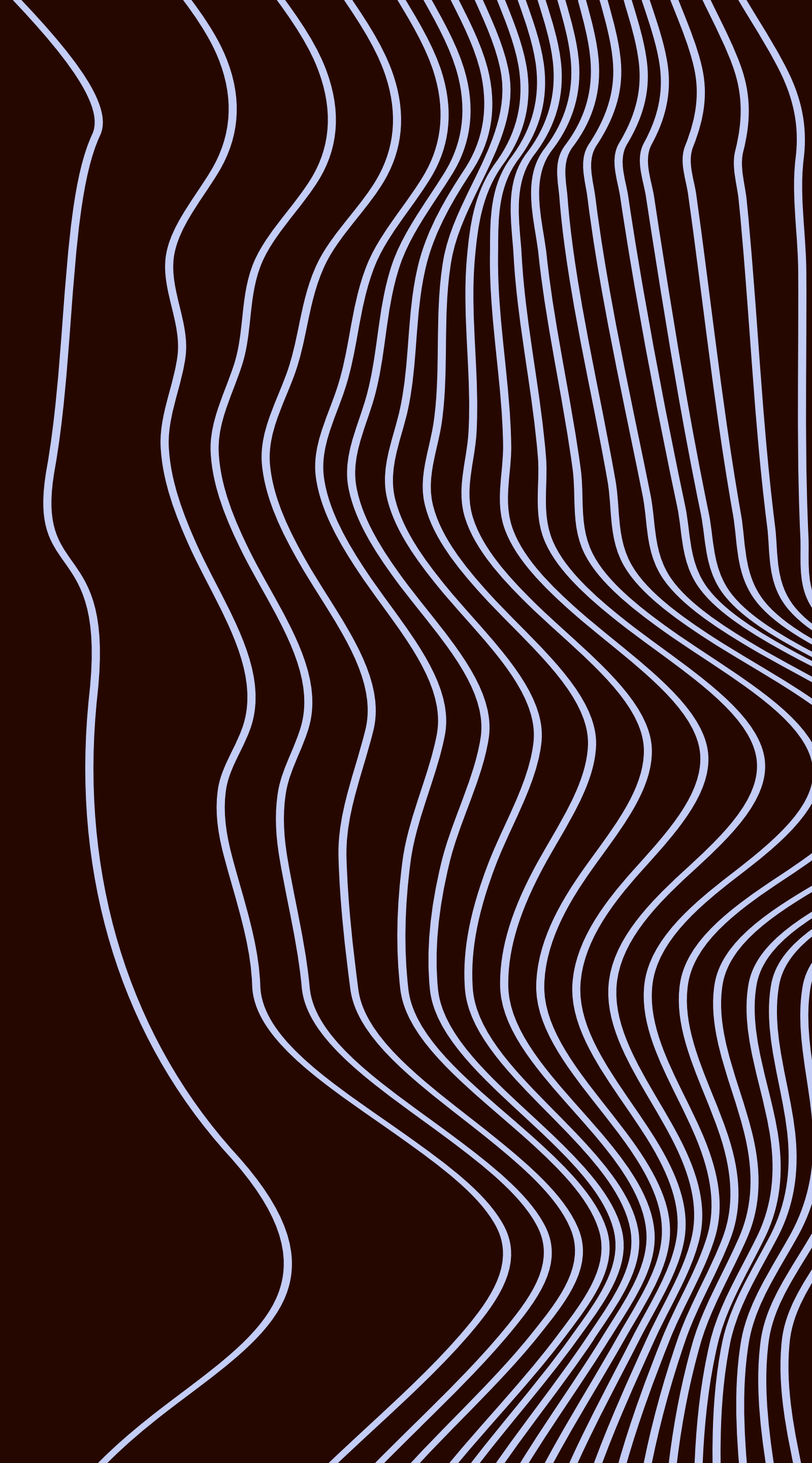
Independent Music 2026

The Fight for Music's Infrastructure



about
STVDIO

STVDIO is a research and data company mapping the future of the music industry. Our weekly visual reports explain how tech, AI, and the music industry is shifting for artists, managers, labels, founders and investors who need to know what's next.



about

Secretly Distribution

For more than 25 years, Secretly Distribution (SD) has been enabling independents to challenge the mainstream. SD is not only a full-service global physical and digital music distributor, but it also provides hands-on marketing, financial and technological support to some of the most exciting record labels and artists across geographies and genres.

By supporting businesses who are self-reliant by choice, not just necessity, SD champions the musicians and creative works that drive culture forward.

Among SD's partners are Rhymesayers, Third Man, Touch & Go, Moshi Moshi, Ipecac, DFA, Run For Cover, Asthmatic Kitty, Big Crown, Colemine, Nyege Nyege Tapes, Jazz Is Dead, Oh Boy Records, ZZK, Secretly-affiliated labels Dead Oceans, drink sum wtr, Ghostly International, Merge Records, Sacred Bones, Jagjaguwar, Secretly Canadian and the Numero Group – and so many more.

Report Contents

This report looks at the forces reshaping independent music infrastructure across distribution, AI licensing, and new emerging models. It presents both risks and opportunities for the independent sector.

- 01 The Erosion of Independent Distribution
- 02 The AI Opportunity for Independents
- 03 The Power of Independent Collectives and Emergent New Models

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Designed by Eleanor Osada

In 2026, independent music catalog is thriving ...

Independent music now accounts for:

- 46.7% share of global recorded music.
- 35% of music streaming consumption
- 40% of album sales

But there's a shift under the surface ...

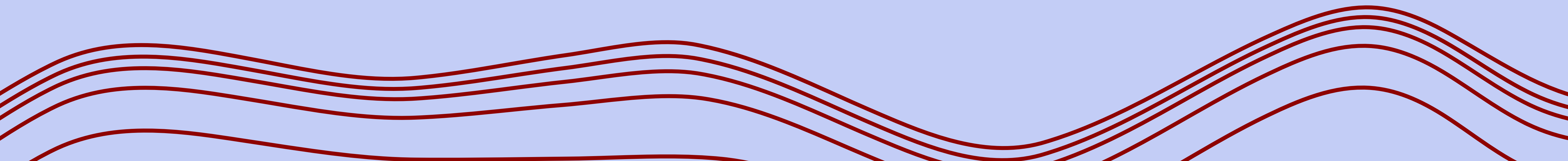
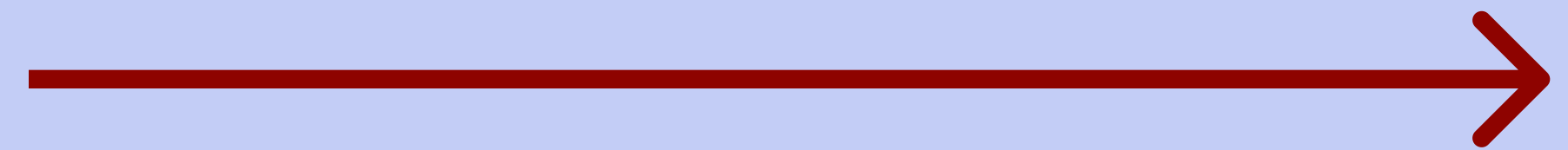
The infrastructure underneath the music industry is quietly consolidating. The biggest fight for the independent sector in 2026 is now at the operations level.

The fight for independent infrastructure

Independent roots are being pulled up, replaced with major label pipes at almost every layer of the stack, while AI prepares to rewrite music's next royalty system.

2026 represents a critical moment to fight for independent infrastructure across the whole spectrum, from creation tools to distribution to AI licensing to streaming services and fan communication.

This report will highlight where indie infrastructure is at risk, but also, optimistically, where it can capitalize and even dominate.



Where is the risk? And the opportunity?

Mid-way through the year, we see this most clearly in three places:

1

Chapter 1: Distribution

A wave of acquisitions have brought yet more independent distributors under major label and private equity control.

!

Risk: high

2

Chapter 2: AI licensing

AI licensing is music’s next critical infrastructure. Major labels and big tech are trying to write the rules, but the independent sector has an opportunity to take the lead while lawsuits rage.

!

Risk: medium

✓

Opportunity: high

3

Chapter 3: Power of Independent Collectives and New Models

Collective organisations like Merlin, IMPALA, ORCA and WIN are working faster and more efficiently than ever. There’s also opportunity in new streaming models, developing markets and owned audience tools.

✓

Opportunity: high

01

The erosion of independent distribution



2026: The year where “independent” release is blurred

In 2026, an artist can own their own catalog and be fiercely independent, and yet, still have every upload, royalty and line of metadata routed through systems owned by a major label... without even knowing.

Over the last ten years, the three major labels have quietly acquired several distribution tools, while increased investment capital puts future consolidation at risk. This came to a head in early 2026 when:

1

Universal closed its \$775 million acquisition of *Downtown*

Including independent distributors FUGA, CD Baby and Songtrust.

2

Warner acquired *Revelator*

A white label distribution and royalty platform that quietly powers hundreds of indie labels, distributors and rights-holders.

3

DistroKid sold

for a reported \$2 billion to private equity group CVC Capital, consolidating the data for over 2 million artists and an estimated 30-40% of all new music releases into new hands.

4

Distributor *Too Lost*

secured nine-figure private equity investment this quarter.

Independent release, major label infrastructure

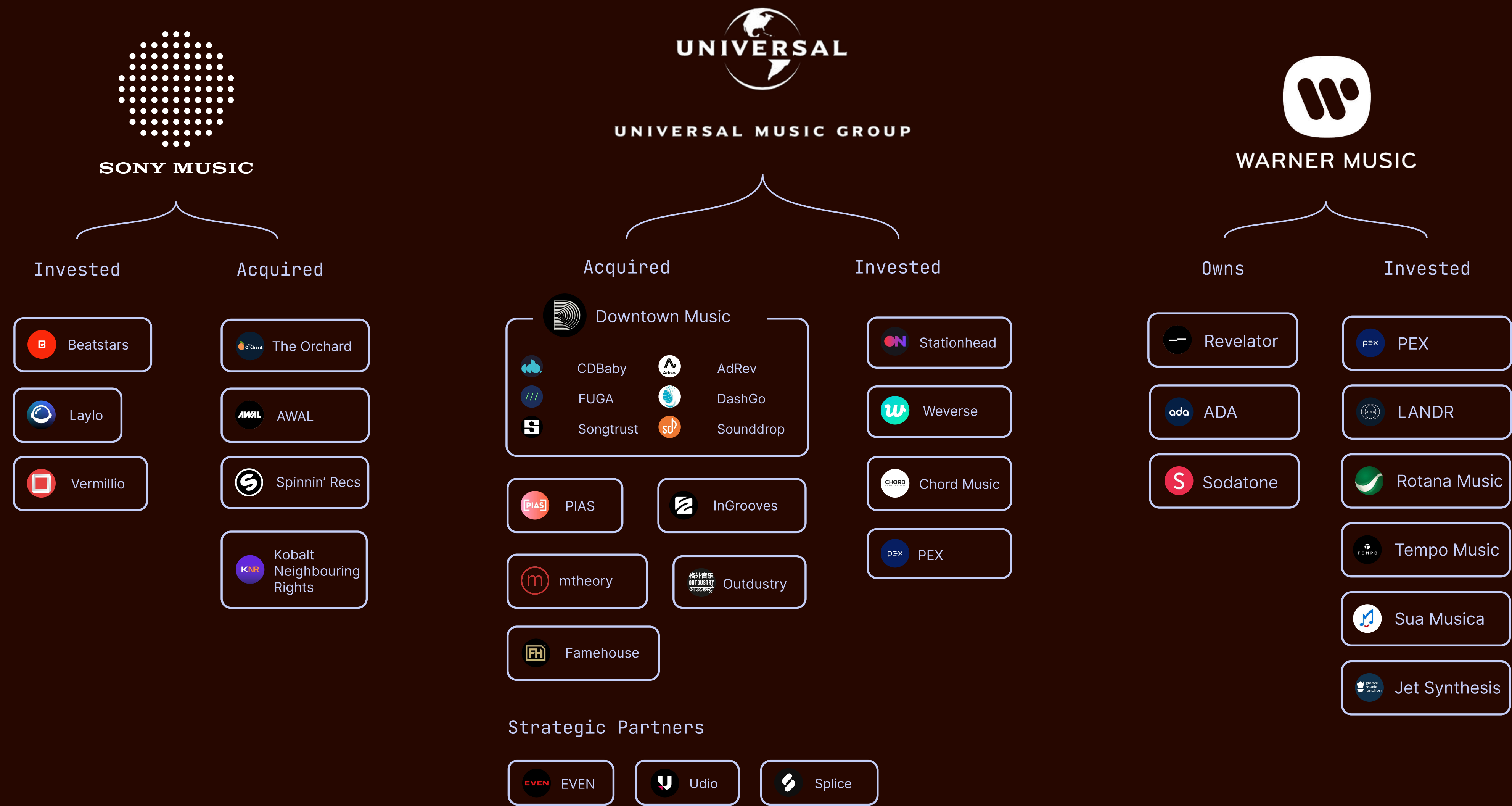
The Downtown and Revelator deals mean that many of the most important “independent” pathways to market now **terminate inside a major label stack** at Universal Music Group, Sony Music Group, or Warner Music Group. Meanwhile, the Distrokid sale reveals that our biggest artist-facing independent platforms are **at risk of consolidation** at any point.

How did this happen? Why did it accelerate in 2026? And what does it mean for the industry?

“When the largest players become too large, the market over concentrates and the openness and vitality of the overall music-creating ecosystem is directly threatened, especially when the biggest companies gain the necessary leverage to be able to rewrite the rules for other market participants.”

– Darius Van Arman, Secretly Distribution

Majors: a decade+ of acquiring independent platforms



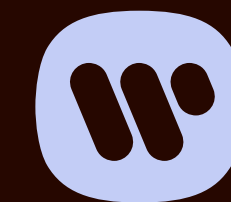
2026 is the culmination of a **decades-long strategy** of major labels expanding into independent distribution. It began in the physical era (Sony had RED, Warner had ADA) and it accelerated into the digital download and streaming era. Majors realised that owning purely frontline labels was no longer enough to maintain market share.



In 2015, Sony acquired The Orchard. By 2021, Sony had also acquired AWAL from Kobalt in a \$430 million deal.



Universal followed a similar path, investing in Ingrooves in 2006, later acquiring it in full in 2019, followed by full ownership of PIAS in 2024. That set the stage for the Downtown deal which cleared in early 2026.



Warner, historically more conservative on acquisitions, has built ADA into a label services and distribution pillar and has now acquired Revelator, a white label distribution, rights management, and royalty accounting service.

What happens to Distrokid and private equity-backed platforms?

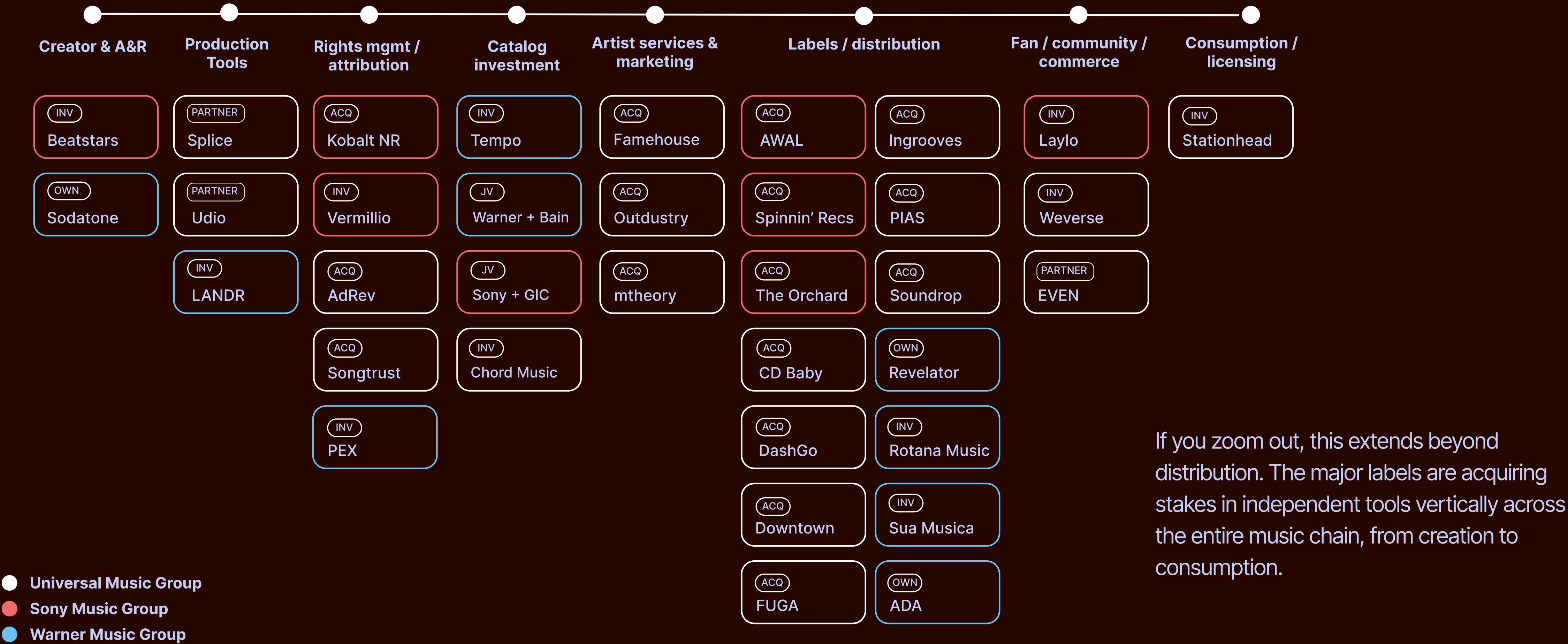
While several independent routes to market still exist, many have large investors that seek an exit in the future, leaving those platforms at risk of further consolidation.

The largest of all, Distrokid, just confirmed a sale at a reported **\$2 billion valuation** to private equity firm CVC Capital Partners; proof that the distribution layer that serves 2 million artists can change hands at any time.

The number of truly independent and privately-owned routes to market are growing smaller. Secretly Distribution, State51 Conspiracy, EMPIRE, Idol, Proper, Audiosalad, Cargo Independent Distribution, Stem, Edel/Kontor, Amped/Alliance and RedEye (owned by Exceleration) account for some of the industry-side providers, although they differ in exactly how they operate. While self-serve options include Tunecore (owned by Believe), OneRpm, Routenote, Symphonic, Seed Worldwide and Ditto.

It's not just distribution ...

The majors quietly plant roots across the entire pipeline



From creation → fan communication

Music industry analyst Brodie Conley re-arranged our map to visualise how the major labels are building a presence at every step in the music process. From creation (DAWs, samples, AI production tools) to distribution, royalties and accounting, to music listening and the connection with fans (D2C platforms, superfan apps).

Music industry “market share” is no longer solely about catalog. It’s about the **upload tools**, **royalty engines**, and **dashboards** through which a huge share of independent music flows.

The big question is... why?

“The majors and other large holders of capital are deepening their power over the infrastructure that increasingly determines how music is made, circulated, and paid for.”

- Brodie Conley

LEVERAGE, DATA & AI

Why is this happening?

There are at least four overlapping reasons for this consolidation.

1. Leverage over DSPs

In the early years of subscription streaming, majors secured favorable economics from Spotify and other platforms due to their control over catalog. Spotify needed music. The majors owned it, so had **all the leverage**.

As the DSPs have consolidated power, the majors' relative leverage on pure catalog has **weakened**. By controlling distribution and service pipes that carry 30–40% of “independent” releases and, therefore, a large share of indie streams is a way to **regain bargaining power**.

2. Data and deal intelligence

Owning the back office (distribution dashboards, royalty systems, analytics) gives majors visibility into what is happening across the wider market, not just on their own rosters. They are **acquiring granular royalty data, contract terms** and **usage patterns** for hundreds of thousands of artists, writers and labels.

3. Positioning for AI

Control over these distribution pipes also gives the majors everything they need for a future with AI licensing: **metadata standards, attribution systems, opt-ins** and **payment rails**. These are key strategic chokepoints in an AI-driven industry. In a future where AI-generated music commands a bigger influence, it matters who owns the rails that determine what is authorized, how it is tracked, who gets paid, and who receives any future legal settlements.

This is a first-mover game since AI labs **do not need to license** the entire breadth of music catalog to operate. For example, WMG's settlement with Suno gives Warner and its distribution engine an edge over UMG, Sony, and the indies (represented by Merlin).

4. Business Insights

Many of these acquired tools and platforms generate **consistent, predictable, recurring** revenues, which allows the major labels to present a stronger, **more diversified** business to public market investors.

Through these acquisitions, major labels can show that they don't just own the volatile new music hits. They drive predictable platform revenue behind the scenes.

Conclusion: is “independent” really independent in 2026?

Viewed through this lens, “independent” in 2026 has become a much narrower category.

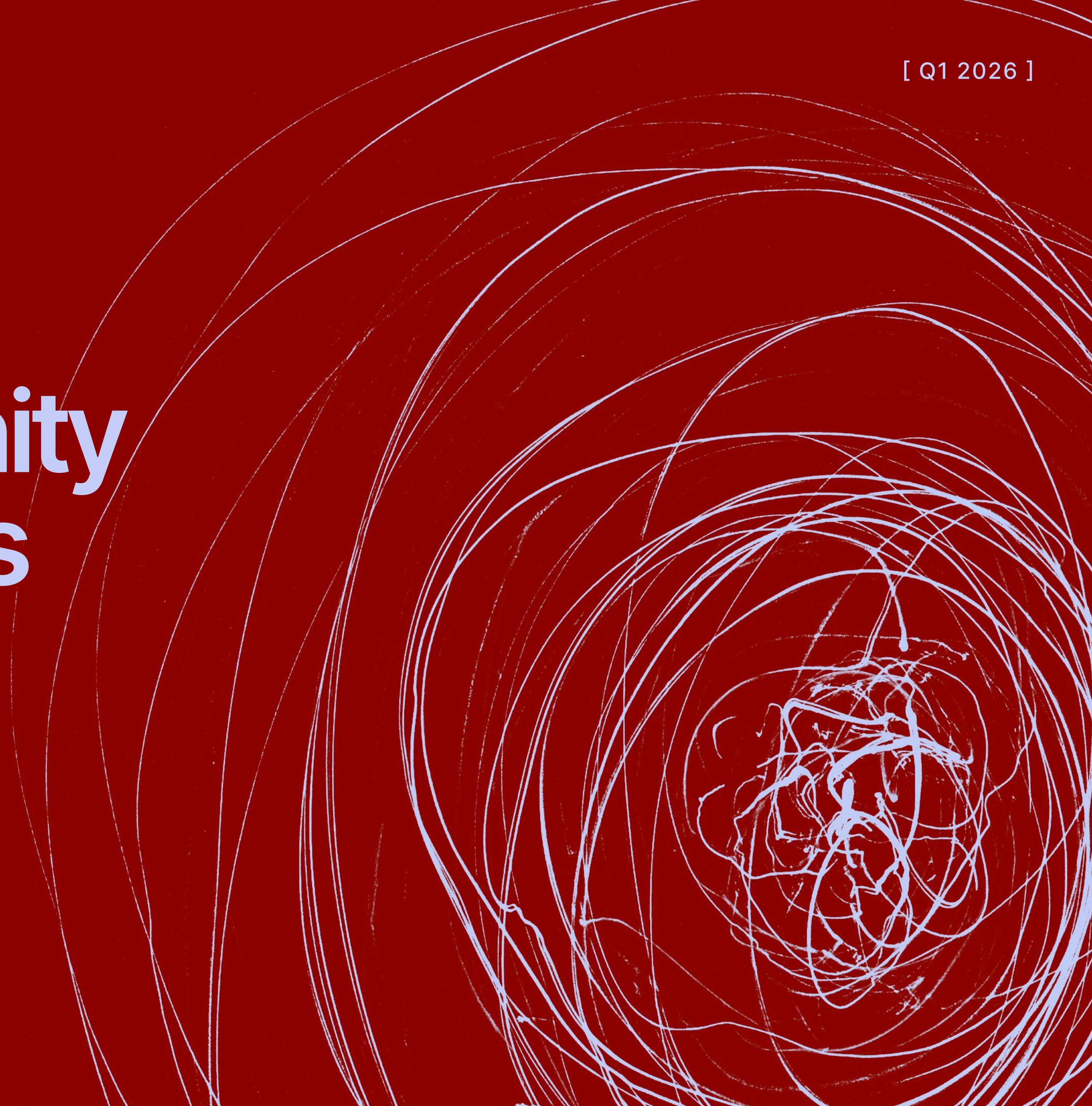
Indies now account for nearly **half of global recorded music revenues**, which is a huge achievement. However, tens of millions of those supposedly independent tracks, and many millions of those artists, route through a small set of major label-owned infrastructure clusters. The pipes are consolidating even as the surface area of “independent” repertoire expands.

An artist today can decline a record deal, keep their masters and publishing, call themselves DIY, and still find that their upload to DSPs goes through a UMG-owned distributor, their publishing admin run on a UMG-owned platform, or their “indie” tool of choice has just been acquired by Warner.

Independence in 2026, therefore, is no longer about who owns the copyright, but who owns the infrastructure, the tools and the leverage as we walk into music’s next era.

02

The AI opportunity for independents



Who owns music's next critical infrastructure layer?

20 years ago, Spotify and the major labels made backroom deals that defined music for a generation, and left the independent sector with economics that didn't always work for them. Will history repeat?

AI licensing is music's next critical infrastructure layer as AI embeds itself deeper into creative DAW tools, songwriting, sync and remixing flows. It can no longer be dismissed as "slop." It is a **core part** of creative workflow, with up to 90% of musicians using it in their process.

The deal-making has begun, but it's messy, and there's an opportunity for independents to **take the lead** while the major labels and big tech (Suno) are stuck in legal battles, fighting at extremes.

Indies can win the middle

While Suno and the majors fight at extremes



Ethical, independent future

Opt-in consent
Fair and transparent attribution
Revenue share models
Compete on quality



Unlicensed future

Unlicensed training.
“Fair use” of artist copyright
No revenue share with artists
No attribution



Major label control

Walled garden products
AI remix tools
Disproportionate royalties to big artists
Control over attribution and catalog.

The extremes represent a poor outcome for artists and indies

While Suno advocates for “free use” open training, major labels are set on highly-restricted remix-centric tools. Both of these outcomes would set a weak precedent for independent artists for the next 20 years of critical royalty infrastructure.

The independent sector, led by Merlin, therefore has the opportunity to **own the middle**, and even take the lead, by advocating for **open, transparent, licensed, human-first, consent-based** models that **fairly compensate** artists.

A philosophical fork in the road

For the independent sector, this means engaging and even **embracing** a technology that many are philosophically opposed to, in the hope that we can shape its **ethical** and **equitable** path forward.

The alternative, however, is sitting on the sidelines while big tech and major labels set the rules again.

Primer: the AI licensing landscape

The AI licensing infrastructure is far from solidified. In its current state, it's a messy web of lawsuits, deals, half-baked rules and agreements. There is room to shape the future yet.

		Warner	Universal	Sony	Merlin	Kobalt	Other licensed data
Largely unlicensed	 SUNO						
Major-label permission							
	 UDIO						
	 SPOTIFY						
	 KLAY						
Indie-first	 ELEVENLABS						
Royalty-free libraries	 STABLE AUDIO						
	 ACE-STEP						

1

Largely Unlicensed

- **Suno** - Suno's AI model remains largely unlicensed. It settled with Warner Music Group, but still has no deals with Universal, Sony or any independent organisation. Suno argues that training its models on unlicensed music is "fair use" of copyright.

2

Major Label Partners

- **Udio** - After settling lawsuits with Universal and Warner Music, Udio has deprecated its "unlicensed" model and forced the product into a "walled garden" model where users cannot export music from the platform. A new app "Starstruck" is built around remixing and reimagining existing artist catalog.
- **Klay** - Klay is a rumoured AI-powered remixing app that quietly cut deals with all three major labels, but hasn't launched publicly yet.
- **Spotify** - Spotify secured partner deals with all 3 majors and Merlin for AI remix music features.

3

Indie-first

- **ElevenLabs** - Elevenlabs made the first big independent deal with Merlin and Kobalt, establishing some of the concrete terms, opt-in rules and guardrails.

4

Royalty-free libraries

- **Stable Audio** and **Ace-Step** - These platforms trained their models on open source, royalty-free music libraries.

As you can see, the landscape is messy. Deals are evolving but sporadic and certainly not fully established across the board.

One pattern is emerging, however: **big tech and the major labels are pushing to different extremes.**

Why the two extremes are bad endpoints

For the independent sector, both outcomes would solidify another 20 years or poor economic terms at the royalty infrastructure layer.

Suno's unacceptable "fair use" model

If Suno's unlicensed "fair use" argument is approved by the courts, it sets a **harmful precedent that hurts artists forever**. An artist's life's work will be fed into the machine with **no attribution or royalties**. We can all agree there must be some licensing deal structure.

On the opposite side, the proposed major label licensing terms are bad in a different way, especially for the long-tail of independent artists.

The major label "remix product"

Major labels are largely forcing "walled garden" deals (**music cannot be taken off-platform**). These have a narrower use case and **less proven demand**.

Indeed, website visitors for Udio have **dropped more than 60%** since the major label deals were finalized, while Suno's growth accelerates. The ironic result is that tightening the rules sends users **flocking to unlicensed competitors**.

Not only that, but the major label deals are converging around AI remix tools with **unbalanced deal terms** for smaller artists.

Royalties from these remix products flow back to the artist whose music is reimagined, **not the artists whose work inspired the new creation**. A drum-and-bass AI remix of Taylor Swift accrues royalties to Taylor Swift, not the bedroom producer whose drum sounds might have trained the remix model. Since the largest, most popular artists are the most likely to be remixed, royalties will simply accrue back the biggest artists.

The independent middle path is opportunity, and new deals are possible

One example of this middle path is ElevenLabs. It launched its latest model with training licenses from indie organisations Merlin and Kobalt.

The deals are opt-in: artists and songwriters choose whether their work is used to train the model, and in return they **participate in the revenue**.

The result is a fully licensed model with the potential to **compete on quality** and reach with open models like Suno. It has **no legal overhang** and no “walled garden” limits. Crucially, new products can build on top of Eleven Music’s model.

The result is not necessarily AI slop, but new creative DAW tools (like MozartAI which uses the Eleven Labs model, and AI vocal processing tools), all while **fairly compensating artists** for their contributions.

Independent publishing company Kobalt also secured a deal with ElevenLabs which included a “most favored nation” clause that **upgrades Kobalt’s deal** if a better deal with the majors is ever secured.

It’s proof that new, favourable deal structures can be cut in this new infrastructure layer.

Key points remain open

Some of the most important infrastructure questions remain unanswered, and independent organisations can step in to help shape and define them. For example:

1. Attribution

There is **no agreed, industry-wide framework** for how to measure a catalog's "influence" on an AI model and translate that into usage reporting.

2. Catalog Inclusion

Despite the Merlin deal, catalog participation is still limited. Secretly Distribution says it offered the license to all of its 100+ label partners. Only **three labels and seven artists opted in**. The more artists and labels opt in, the more powerful the model, the more likely it is that independents have leverage over the infrastructure.

3. Royalty Distribution

There are some **early signs of royalty structures** in the ElevenLabs agreement, but not much public detail on the actual rates or how per-use payouts are calculated.

Independent organisations can help shape these gaps in their favour.

Conclusion: the path forward presents an uncomfortable decision for the independent sector

Either: engage and accelerate a technology that many are philosophically opposed to, but at least shape it in their favour.

Or “do nothing,” leaving this crucial infrastructure layer yet again **in the hands of big tech and major label decision-makers.**

The door is open. And this time around the independent sector is bigger, more organised and already driving some of the most important deals. But **the opportunity will not be open for long** as the courts, Suno and the majors get closer to solidifying terms that will entrench the next 20 years of royalty payment infrastructure.

03

The power of independent collectives and emergent new models



Although the independent sector faces challenges in terms of distribution and AI licensing, there are four noticeable bright spots where independents are gaining power and control over the infrastructure in 2026.

1

**The power of
collectives**

2

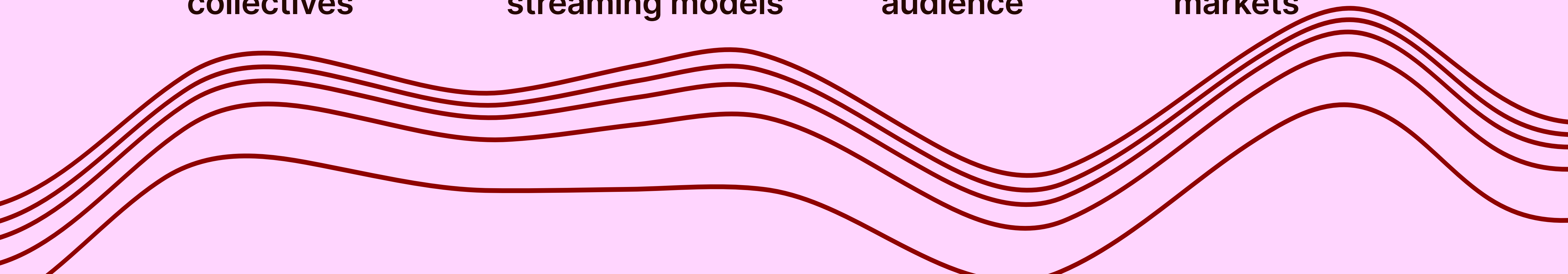
**New, niche
streaming models**

3

**Owning your
audience**

4

**Emerging
markets**

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1. Power in numbers

The independent sector is more than the sum of its parts, and there is power in numbers when they come together in groups. Indie collectives and trade organisations are not new, but they are **executing fast and effectively** in the last 12 months.

Merlin, which represents thousands of independent labels, secured a **strong AI licensing deal** with ElevenLabs, landing the first-mover advantage ahead of the major labels at the end of 2025. Merlin later secured a deal with Udio in January 2026.

Collective indie labels are **stepping up to invest** in music infrastructure, too.

1

24 indie labels came together to invest in streaming platform Cantilever in 2026, orchestrated by ORCA.

2

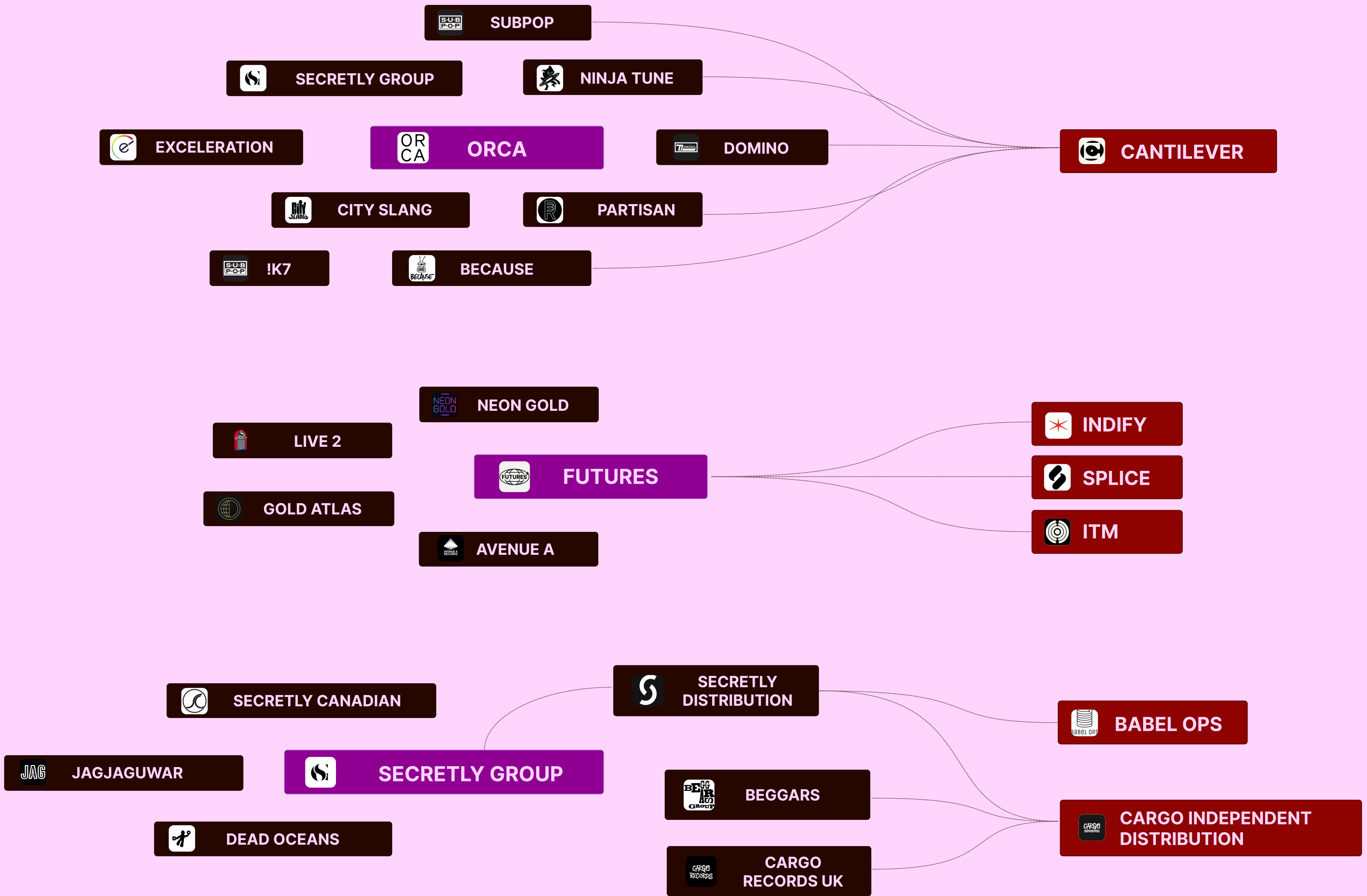
Merlin partnered with Jamen Capital to acquire Curve Royalty Systems and ensure its music royalty infrastructure remains independent.

3

Indie label collective Futures Music Group raised \$6 million to invest in both artists and infrastructure, doubling down on investments like Splice, Indify and ITM.

4

Secretly Distribution acquired BabelOps in order to protect independent data services.



Investing collectives

Independent labels and organisations can exert more power and leverage **when they work together**. It's often the only way they can compete with the big pockets of venture capital and major labels.

Elsewhere, collective indie voices are getting louder. IMPALA, the European trade organisation for independent music businesses, published a new streaming proposal that supports independent music.

2. New streaming models

As we march towards 1 billion music streaming subscribers, the scope for niche streaming models and independent challengers is expanding. Some are growing 4x faster than Spotify, and can fill gaps in the market that bigger players simply cannot.

Qobuz

Qobuz is a high-fidelity streaming alternative that recently hit **1.2 million monthly active users**, and grew subscriber revenue 45% in 2025.

Although it's small, it's growing **over 4x faster** than Spotify and taking hold among audiophiles and independent music fans for its **artist-centric brand**, high-fidelity audio and editorial curated playlists.

Cantilever

Cantilever bucks the mainstream trend with a **curated, artist-centric** streaming app with exclusively indie catalog. It offers around ten hand-picked albums per month on a rolling basis. New albums are added every few days while older ones rotate off.

"Everything we feature has a turn at being the top album on the home page, so there is an equality of streaming across the records, rather than the winner-takes-all curation of other DSPs" Aaron Skates - Founder, Cantilever.

Cantilever pays royalties on a **user-centric basis**, so an individual subscriber's fee is split only among the albums that subscriber actually listens to during the month. The app has secured licensing deals and investment from some of the largest independent labels including Domino, Sub Pop, Secretly Group and Ninja Tune.

Audiomack

The vast majority of streaming growth now comes from developing markets, where independent, regional platforms can connect with the culture better. In the five years since opening its Nigerian office, for example, Audiomack has clocked more than **58 billion Afrobeats streams** in Nigeria, becoming the **number one music app** in the country on both iOS and Android.

To fit local realities, it introduced flexible payment options (daily, weekly and monthly Audiomack+ passes), enabled around **1.9 billion offline downloads** across Africa to cope with patchy connectivity, and partnered with local telcos and payment providers.

In summary, as streaming enters its mass saturation era, there is **huge opportunity in the niches**. This is where independents can move faster and capture music fans that are tired of traditional streaming platforms.

Genre-specific Platforms

Elsewhere, platforms like Idagio cater specifically to classical music listeners. Beatport continues to report subscription growth in the electronic sector, and Nugs specialises in concert live streams. There's more room for **niche, independent** music consumption.

3. Owning your audience

For most of the digital era, independent artists and their teams have had **little access to their own fans**. Streaming platforms **don't tell you who's listening**. Social media sites don't let you reach your followers. The live industry doesn't tell you who came to your show.

The fan-data layer has always been owned by third-party platforms and tech giants, giving them all the leverage over artists. But look at what's happening in the last 12 months:

MITSKI

Converted 200k+ fans to her mailing list via Instagram tour announcements.

JAPANESE BREAKFAST

Captured hundreds of fan phone numbers every night on tour with QR codes at the venue.

JVKE

Converted 200k+ fans to a mailing list with a first-listen sign-up.

BLOND:ISH

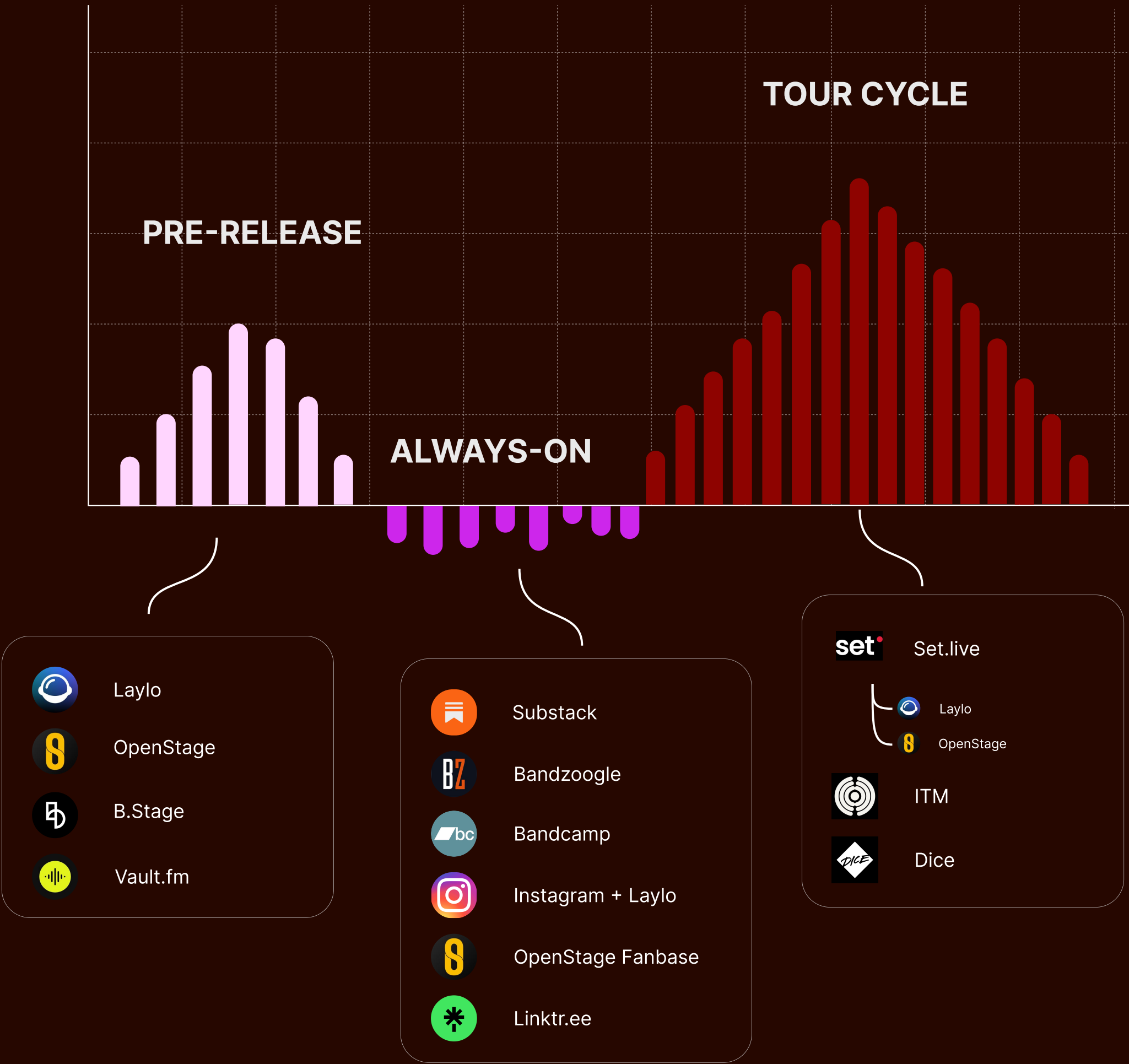
Turned tens of thousands of Instagram followers into an owned audience.

"Owning your audience" has been one of the industry's buzzwords for years, but it is starting to **work at scale for independent artists** and their teams, allowing the independent sector to get their data out of siloed tech companies and control more of their career and fan communications, on their own terms.

From buzzword to reality

Tools like Laylo, Set.live, OpenStage, ITM, and B.Stage work whether you're a new artist collecting your first email or a superstar like Skrillex dropping an entire album via Dropbox to his subscribers. Data shows that the most powerful moments to grow your lists are during pre-release and tour cycles:

BEST MOMENT TO CAPTURE FANS: THE DATA



4. Emerging Markets

Emerging markets are now the biggest drivers of growth in the streaming economy:

- 4 out of 5 new streaming subscribers come from outside the US and Europe.
- Global streaming of Afrobeats grew by more than 500% (2017 - 2022)
- Latin America, Middle East, North Africa and Sub-Saharan Africa are fastest growing

Meanwhile, growth in Western markets is slowing:

- North America and Europe's share of global music subscribers has fallen to about 41% in 2024, down from 52.3% in 2020 and 62% in 2015.
- UK music subscription penetration has flatlined at 48%.

Independent labels, artists and platforms are best-placed to capture this growth because they're faster, smaller, and more adaptable than the monolithic major label machine. The infrastructure in many of these regions is still being established, driven by local communities that independents can partner with.

"There aren't lots of small independent labels [in regions like India and Ghana] yet. What you do have is managers taking on everything: narrative, marketing, distribution, playlist pitching. If you're an established label with a global angle, find these local gatekeepers."

- Adam Morley, Chief Product Officer at Beatchain

CONCLUSION

Independent music is the commitment to diverse, boundary-pushing art. It is vital for diversity, culture, and balancing out homogenisation and consolidation.

The same is true for independent infrastructure. We need diverse, independent routes to market and licensing structures.

Although the music industry is consolidating into major label and private equity control, there is still meaningful opportunity in 2026 for the independent sector, working in collectives, to defend the infrastructure layer and, in many cases, lead it.

