



# THE BUSINESS CASE FOR SUSTAINABILITY IN THE INDEPENDENT MUSIC SECTOR

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# EXECUTIVE SUMMARY

All interviewees initiated action because they see it as part of running a responsible business and at the same time noted positive differences in distinct areas:

**Better serving music fans who are more interested in sustainability than non-music fans**



**Improving brand awareness publicly and being better positioned competitively to attract artists**



**Collaborating more with other stakeholders is seen as essential to secure sector-level change and a sustainable future for the music industry**



**Influencing common industry standards, terminology and data provision**

**Making financial savings (manufacturing, distribution, energy, travel), reducing impact, becoming more innovative, creative and forward-thinking**



**Being better placed to recruit and retain top employees, and improving workplace culture**



**Complying with reporting obligations (for very large businesses)**



**“Future-proofing” businesses, being more agile and financially resilient**

**Recognition as leaders in helping achieve a more sustainable music industry**



**Being ready for future reporting and reduction obligations as well as tax incentives which are expected to apply to all companies in the future**



# KEY FINDINGS

## Cost Efficiencies and Internal Innovation

### Key Benefit:

Investigating and transitioning to more efficient business practices, and opting for more sustainable production and distribution methods, leads to lower costs over time while reducing waste, as well as a more creative and forward-thinking culture.

### Opportunities:

Operational enhancement through better planning and alignment, utilisation of time and resources, optimising shipping by sea rather than air, reducing employee travel, office savings, and pushing for sector-wide change.

## Brand Perception, Serving Fans and Supply Chain Impact

### Key Benefit:

Sustainability efforts appeal to music fans who care more about sustainability than other consumers and who are willing to pay more for sustainable products ([Turn Up The Volume study](#)). There is also a positive impact on brand perception as a leader in the sector by driving changes along the supply line, especially in manufacturing, also leading to being able to shape standards.

### Opportunities:

Enhanced brand reputation, competitive advantage, increased consumer trust, improved supply chain efficiencies, influencing and aligning with industry standards on terminology and data helps solidify messaging.

## Artist Appeal & Attracting and Retaining Employees

### Key Benefit:

Embracing sustainability fosters a culture that attracts and retains artists, as well as top employees in the music industry.

### Opportunities:

Cultivating purpose-driven work environments, enhancing employee engagement, appealing to younger generations, and aligning with growing artist preferences.

## Regulatory Compliance, Access to Funding and Taxation

### Key Benefit:

Sustainability initiatives enable compliance with current and future environmental regulations, ensuring resilience by future-proofing operations.

### Opportunities:

Access to national and EU funding, anticipation of regulatory changes, and tax advantages, strategic positioning.

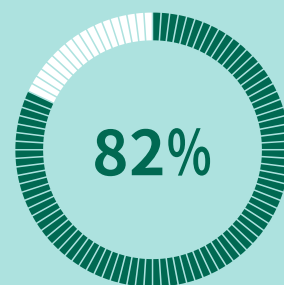
## RESPONDING TO AUDIENCE PREFERENCES

Companies expressed that they have noticed a shift in audience preferences towards sustainable practices, and academic research provides compelling data:

- According to the University of Glasgow's 'Turn Up the Volume' Survey\*, audience research reveals music fans are more likely to care about climate change (82%) and place a higher priority on tackling the crisis than non-music fans (72%).
- Music fans have a strong desire for greater engagement with and discussion of climate issues within the music industry. They anticipate greater action from the music industry.
- The same survey also reports that among direct consumers, a greater number of respondents expressed a willingness to spend more on various items, including physical products (e.g. records and merchandise), live events, and music creation equipment.
- A different survey conducted by Key Production, shows similar trends in relation to music fans and their attitude towards physical formats and sustainability. More research is coming up on this topic, find another [here](#).



**% of music fans who place a higher priority on tackling the climate crisis**



### Willingness to pay Premium for Reduced Impact:

**71% of 18-24 year old respondents stated that they are very/rather willing to pay a small premium fee for a physical product with a reduced environmental impact (50% across all age groups)**

### Heavyweight Vinyl Value Perception:

**83% of general public respondents either do not or don't know whether they perceive heavyweight vinyl as more valuable than standard**

**Consumers would be willing to pay 9.7% above average price for sustainably produced or sourced goods, according to a survey conducted on over 20,000 consumers in 31 territories.**

**Sustainability incentives with greatest impact are mainly tangible attributes, e.g. waste reduction and recycling (40%), eco-friendly packaging (38%), and making a positive impact on nature and water conservation (34%).**

\*Research projects carried out by Music Declares Emergency, British Phonographic Industry (BPI), Secretly Group, Beggars Group, Involved Group, and Key Production,

## ATTRACTING AND RETAINING TALENT

Implementing sustainability initiatives has a significant impact on both the quantity and quality of job applications, with employee retention and workplace culture also improving:



- An emphasis on sustainability initiatives particularly appeals to younger generations, who value social responsibility highly in their career choices. This demographic is increasingly drawn to companies that prioritise sustainability, leading to a diverse range of applicants and contributing to a vibrant and engaged workforce.
- Sustainability initiatives can also create a workplace culture where social responsibility is highly valued, resonating with job seekers and existing employees alike. This emphasis on sustainability within the company's values can attract individuals who seek purposeful work and wish to contribute to positive change.
- The focus on sustainability has fostered internal engagement among employees, with a shared sense of purpose and community. Interviewees reported that employees feel empowered to contribute through their work, creating a positive atmosphere within the organisation.



As reported by [Business Insider](#), one-third of Gen Zers in a [recent KPMG survey](#) said they'd rejected a job offer because they didn't like a company's green credentials.

The same survey states that people ages 25 to 34 were the most likely (55%) to value ESG commitments from their employer, with Gen Z following with 51%.

Gen Z, people ages 18 to 25, were the most likely age group to say they placed some importance on being able to link "values and purpose" with the organisation they worked for, with 92% agreeing with that statement.

A 2022 [Deloitte survey](#) also found that purpose is as important as salary for 36% of respondents in their decision to join an organisation.

## ATTRACTING ARTISTS

Being able to serve artists by being more sustainable is becoming more important and labels who lead in this area gain a competitive advantage:



- Sustainability efforts are starting to play a role in attracting artists to the organisation, especially from younger generations. Artists already signed are also reaching out more frequently to enquire about the sustainability initiatives being implemented by labels and organisations.
- Labels with a strong reputation for sustainability are engaging in regular conversations with artists about sustainability practices. These discussions occur every couple of months, indicating a proactive approach to addressing sustainability concerns within the artist community.
- Some labels proactively offer more sustainable options to artists by default. There have been occasional situations where these options didn't align with an artist's preferences. Overall, offering sustainable choices has been well-received by artists, many of whom are now actively promoting sustainability to the wider public, by participating in Music Declare Emergency initiatives for example, and/or their own.

In many cases, artists also approach their labels with proposals, including considerations for sustainability. This highlights the growing importance of sustainability to artists and their desire to collaborate with organisations that share their values.



See the list of over 4000 artists who signed the Music Declares Emergency declaration [here](#), as well as Musicians for Climate.

See an example of a label giving artists a platform to speak about climate topics on the Ninja Tune podcast with Jayda G.

The Avalanches and Jamie xx organised 'No Coal Zone', a climate change benefit concert in 2020.

Niklas Paschburg's album Svalbard released on 7K! (a division of K7! Music was inspired "by the Norwegian archipelago - situated in the Arctic Ocean, a place where climate change - an issue dear to the German composer and his generation - is most evident.")

## DRIVING INTERNAL INNOVATION

Embracing sustainability initiatives is a catalyst for internal innovation and fosters a culture of creativity and forward-thinking:



- As companies adapt to meet environmental challenges, they often find inventive solutions that not only reduce their impact but also drive internal innovation. From optimising logistics and reducing waste to exploring alternative energy sources and innovative manufacturing solutions, championing sustainability fosters a culture of creativity and forward-thinking.

### Concrete examples mentioned during interviews include:

- Optimising planning procedures by shifting from air to sea freight
- Encouraging remote over physical meetings maximises staff time
- Exploring new manufacturing solutions for physical products e.g. green vinyl (PET) equates to 70-80% reduction in energy consumption compared to PVC
- Replacing jewel cases for CDs with cardboard. Shrink wrap can be a more sustainable alternative to other plastic packaging since it is light-weight, using less material, and therefore has a smaller impact than having full plastic jewel cases
- Switching to green energy providers and employing more sustainable caterers
- Implementing a cardboard shredder to improve recycling efficiency
- Setting up a sustainability task force to improve planning and set targets



As reported in a [2023 research paper](#), “business models and strategies which integrate the material issues and dimensions of sustainability have a higher risk-adjusted return, are more attractive for employees and customers as well as are more resilient during crises.”

## MAKING COST SAVINGS & EFFICIENCIES



By prioritising more sustainable practices, companies reduce their impact and their costs, identify opportunities to improve operations:

- For instance, through better planning and alignment, particularly amidst disruptions in the supply chain, it's possible to optimise shipping routes by sea and improve financial efficiencies. This not only saves on direct costs but also maximises staff time, allowing for more productive business meetings and activities. Another tenant of sustainability is avoiding wastage. So simply by identifying inefficiencies and reducing travel, energy usage and material use reduces costs.
- Moreover, investing in solutions such as solar panels reduces reliance on non-renewable energy sources (can also eliminate energy expenses altogether in some cases). Additionally, exploring alternatives such as 140g vinyl to 180g vinyl has proven to be a more cost-effective choice. Key Production found this leads to almost no audio quality loss and very few people have the high-end audio equipment to appreciate the difference.
- Overall, sustainability efforts not only contribute to a smaller carbon footprint but also drive improvements to a company's bottom line and operational performance.



**A global IBM survey found that seventy-five percent (75%) of executives surveyed agree that sustainability drives better business results, and 76% agree that sustainability is central to their business strategy. Data collected from 5,000 global executives highlighted that organisations that embed sustainability within their operations see better sustainability and financial outcomes, while spending less money than their peers.**

## BENEFITTING FROM SUPPLY CHAIN IMPROVEMENTS

Implementing sustainable practices along the supply chain offers music companies significant economic benefits:



- **Lower Costs and Impact:** Reduced resource consumption and waste lead to operational efficiencies and cost savings (e.g. opting for 140g vinyl instead of 180g, testing renewable raw material compounds).
- **Reduced Inventory:** "Just-in-time" inventory management minimises excess stock, lowering storage costs.
- **Financial Innovation:** Sustainable supply chain innovation unlocks cost-saving opportunities. Recent expansion in vinyl pressing capacity may also result in price reductions.
- **Local Sourcing:** Local material sourcing reduces transportation costs and supports regional economies, as well as establishes local production facilities, which reduces import costs and creates local employment opportunities.
- **Optimisation of Stock and Transport:** Streamlining stock levels and transportation routes enhances efficiency and reduces costs.
- **Lightweight Materials:** Shifting to lighter materials reduces transportation and packaging costs.



In a [2022 EY survey](#), it is mentioned that 'nearly two-thirds of the executives surveyed say their top motivator for sustainability efforts is cost savings, including reducing waste, water, electricity and fuel consumption.'

The survey continues, mentioning that 'Compared with the whole, trailblazers are less focused on cost savings as a motivator for supply chain sustainability. However, 25% have already seen increased revenue because of their supply chain sustainability efforts. Over the next one to three years, 63% expect to see higher revenue and 59% expect higher profits over the next five years, 43% expect increased share price in the next one to three years.'

# STRENGTHENING SUPPLY CHAIN RELATIONS



Sustainability initiatives can positively influence supply chain relations and foster constructive improvements more effectively:

- **Elevating Sustainability as a Selling Point:** Supply chain partners increasingly view sustainability as a marketable asset, enhancing relationships with environmentally-conscious partners.
- **Encouraging Continuous Improvement:** Sustainability efforts promote ongoing refinement in distribution and manufacturing operations, leading to greater efficiency and resilience. Competition encourages the development of sustainable practices across European supply chains, which in turn, provide music companies with more options. Scaled clean energy solutions are also important to facilitate lower-impact manufacturing.
- **Collective Voice:** Continuous development of a common language on terminology and data provision surrounding existing and emerging products results in better decision-making, supply chain assurance and public messaging.
- **Enhancing Transparency:** Increased openness within supply chains fosters collaboration and innovation, driving positive changes and building trust among stakeholders. Recently there is a noticeable trend from suppliers to publish their own sustainability data and collaborate on a system to certify products and services. This presents new opportunities to collaborate and achieve change at scale.



As mentioned in an article by [Deloitte](#), ‘Getting “the Three Ts” (transparency, traceability, and trackability) right should be an absolute priority for organisations – not just because comprehensive, reliable, and real-time visibility is essential for informed decision-making and targeted response, but also because visibility constitutes a key complementary value that underpins the relationship between supply chain sustainability and resilience.’

# BOOSTING COMPETITIVE POSITION & BRAND AWARENESS

Sustainability can significantly contribute to the competitive standing of companies in both European and global markets:

- **Competitive Advantage:** By taking a leading stance on sustainability, companies can distinguish themselves within a dynamic industry. Sustainability initiatives can enhance brand awareness and shape the public perception of a company.
- **Heightened Industry Awareness and Impact:** Sustainability efforts can also garner substantial attention for a company's brand within the industry, reinforcing the reputation of being a sector leader, while leveraging and setting industry standards. A company's commitment has the power to influence market trends across the entire industry to appeal to artists and fans.
- **Internal Benefits:** Internally, the focus on sustainability boosts employee engagement and fosters positive word-of-mouth communication, reinforcing the organisation's competitive edge.
- **Cultural Significance:** Sustainability, activism and consistency resonate deeply with music fans and artists, cementing it as a core aspect of the company's brand identity. During the interview process, one company executive stated that if their press releases over the past three years had only focused on music releases, they would likely have seen a 90% decrease in trade press coverage. Emphasising sustainability and innovation in public messaging has been important in maintaining their relevance.



In a [NYU Stern Center for Sustainable Business \(CSB\)](#) and [Edelman study on Effective Sustainability Communications](#), it was concluded that including “sustainability claims significantly expanded brand reach (+24 to +33ppt) by bringing in new consumers.”

## ENSURING COMPLIANCE AND FINANCIAL RESILIENCE

Sustainability action helps big companies comply with current reporting requirements, with smaller businesses talking about “future proofing” their business. All interviewees felt sustainability action fosters long-term financial resilience:

- **Regulatory Compliance:** Sustainability initiatives can help companies align with current and future regulations in Europe, for example on reporting, expected taxes on aviation fuel etc.
- This helps companies adapt ahead of the curve, ensuring compliance with environmental standards while they are still an opportunity as opposed to a burden.
- For now, only very large companies are obliged to report.
- **Future-proofing:** Environmental legislation will progress, especially as regards carbon reporting and sustainability practices (see e.g. [CSRD](#), [SECR](#) and [TCFD](#)). By proactively engaging in sustainability and by using tools to do carbon reporting and setting targets, companies can prepare for forthcoming regulations, potentially future-proofing their operations and positioning themselves as an industry leader. Staying ahead of regulatory changes can allow the company to implement necessary adjustments before legislation takes effect. For example, focusing on sea freight over aviation could anticipate potential aviation taxes, providing a sense of security and enabling swift adaptation to governmental shifts.
- **Strategic Advantage:** Proactively addressing sustainability can help music companies stay compliant and gain a competitive advantage. Recognising that such actions may become mandatory in the future, a company can gain confidence and a positive reputation going forward.
- **Agility:** Smaller companies can possess greater agility to adapt swiftly to regulatory changes. This nimbleness can enable them to pivot operations and policies in response to evolving regulations, maintaining compliance and competitiveness. Interviewees also noted that larger record labels, including majors, can pioneer best practices for other companies to follow.



# ACCESSING GRANTS, TAX & OTHER SUPPORT MEASURES

Interviewees mentioned that grants and support measures as well as tax also influence their sustainability actions:



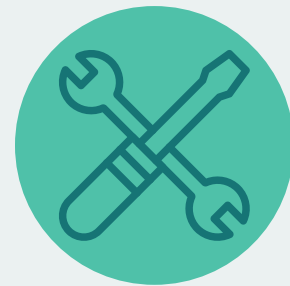
- **Importance of Tax Breaks:** Tax benefits can be particularly influential in investment decisions regarding sustainability initiatives. If tax advantages were available, independent of profit motives, the companies interviewed would be incentivised to undertake more sustainability work.
- **Influence of Grant Conditions on Decision-making:** National and EU funding schemes are starting to expect applicants to have a policy and monitor their impact, even if the money applied for is not for sustainability work. While not obligatory, these schemes can positively influence investment decisions, serving as a motivator for companies to adopt sustainability policies and initiatives.
- **Access to Public Funding Aimed at Transition:** European and national grants can provide much-needed resources for sustainability action and many sector programmes have a specific sustainability strand. Tapping into these resources is crucial for supporting supply chain innovation and facilitating sector-wide advancements.
- **Utilising EU Funding:** EU funding for various initiatives, such as training programmes, research and innovation, standards etc. is especially useful for projects which have a cross-border component. This can support work such as standards that can only be done at a sector-wide level. Access to these resources could significantly benefit the sector and support sustainability efforts.



With the European Green Deal being one of EU's priorities, [here](#) are some funding opportunities dedicated to sustainability actions. You can find EU's plan of greening the Creative Europe programme [here](#).

# Taking action

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This is the course of action suggested by IMPALA's Sustainability Task Force:

1. Measure your carbon footprint annually with the [IMPALA Carbon Calculator](#)
2. Reduce the greenhouse gas emissions from your business operations and suppliers
3. Allocate funds for climate investment / environmental projects to take responsibility for unavoidable emissions, for example, [Murmur](#)
4. Repeat

IMPALA's [Carbon Calculator](#) is the first bespoke carbon calculator for the recorded sector, free to members thanks to support from Merlin and members (see more [here](#)). It facilitates carbon tracking and reporting in accordance with the Green House Gas Protocol and displays results in terms of Scope 1, 2 and 3. This is pivotal in separating the music sector from other cultural sectors in terms of taking responsibility and ensuring independent reporting security.

Find more practical sustainability tips in our [sustainability guidance for members](#).

Find our guidance on climate investment [here](#) and examples of organisations to support.

Sign up to Music Climate Pact [here](#).

# About our sustainability programme



IMPALA's sustainability programme was **published** on 8th April 2021 and reviewed in **November 2022**. The programme sets an overall goal for the European independent music sector, with voluntary targets and voluntary tools, see more [here](#).

The overall **ambition** is to halve greenhouse gas emissions before 2030 and achieve net zero emissions before 2050 (or sooner if feasible), and measure and disclose greenhouse gas emissions on an annual basis. By 2026, we hope that a majority of our members will have adopted our Climate Declaration for Individual Companies.

While IMPALA is working closely with DSPs to encourage greater transparency and support them towards measuring and reducing the impact of streaming, their emissions are excluded from the responsibility of labels, who we represent. You can find the detailed explanation [here](#).

IMPALA's work is defined by its IMPALA **climate charter**, and implemented by the IMPALA sustainability task force. We are one of the founding supporters of the **Music Climate Pact**, and **Murmur**.

IMPALA makes voluntary tools available to members:

- **[Voluntary guidance](#)** on reducing carbon, other sustainability tips and **[climate investment guidance](#)**.
- **[Climate declaration \(voluntary\)](#)**.
- A **[carbon calculator specific to the recorded music sector](#)**, powered by Julie's Bicycle and with the financial support of a core group of members who volunteered to help pay for the tool to be developed, see more [here](#). The calculator is supported by **Merlin**.
- In June 2023, following the European Green Week, IMPALA released its first membership Carbon Calculator report, accessible [here](#).

# APPENDIX

## STUDY GOAL

The goal of this study is to consider the economic benefits of taking sustainability actions, from a record label perspective. We hope this study will inspire our members and other actors in the music industry.

## METHODOLOGY

This survey was conducted through qualitative interviews with a selected group of IMPALA member labels from different territories, of varying sizes and in different stages of their sustainability journey. All members are part of our sustainability task force or wider membership.

All member interviewees were asked the same 12 questions, available on the following page. For the audience preferences and consumer engagement sections, IMPALA also uses the conclusions of research projects carried out by Music Declares Emergency, British Phonographic Industry (BPI), Secretly Group, Beggars Group, Involved Group, as well as Key Production and a PwC study. Thanks to these pieces of research, we are able to put figures around what interviewees noted - **that music fans care, expect music companies to take action and are willing to pay more.**

This report provides an overview of general tendencies in the European independent music sector among companies who have started sustainability work to assess the impact this has. It does not look at businesses that have not yet started their sustainability work. For companies interested, please check out our programme [here](#) to get started.

IMPALA represents 6000 members in 33 countries and we recognise there is no one-size-fits-all solution and different members find themselves in different stages of their sustainability journeys.



# SURVEY QUESTIONS

## 1. DRIVING INTERNAL INNOVATION

- Have sustainability initiatives you have been implementing in your company led to innovative solutions - e.g. new formats, and new ways of working?

## 2. COST SAVINGS & EFFICIENCIES

- Have you noticed any cost savings and improved efficiencies in your company upon implementing sustainability initiatives?

## 3. SUPPLY CHAIN IMPROVEMENTS

- Are there any potential economic benefits related to supply chain improvements (e.g. through sustainable manufacturing practices in Europe) in terms of music companies?

## 4. SUPPLY CHAIN RELATIONS

- Have sustainability initiatives strengthened supply chain relations and helped influence positive changes in supply chains?

## 5. COMPETITIVE POSITION & BRAND AWARENESS

- Has sustainability strengthened the competitive position of your organisation in both the European and global markets, positioning you as a market leader? a. If yes, in what ways?
- Have sustainability initiatives contributed to the enhancement of your brand awareness and the public perception of your company? a. If yes, in what ways?

## 6. AUDIENCE PREFERENCES

- Have you noticed changes in audience preferences and spending patterns related to environmentally sustainable products or services within the European market?

## 7. REGULATORY COMPLIANCE & FINANCIAL RESILIENCE

- How do you perceive sustainability initiatives helping your company stay in line with current or future environmental regulations in Europe?
- Are sustainability actions important for the long-term financial resilience of a European SME?

## 8. GRANTS, TAX & OTHER SUPPORT MEASURES

- How important are European and national financial incentives, grants, or tax benefits in influencing your decision to invest in sustainability initiatives?

## 9. ATTRACTING AND RETAINING TALENT

- What impact has the implementation of sustainability initiatives in your organisation had on both the quantity and quality of job applications, as well as employee retention?

## 10. ATTRACTING ARTISTS

- How have your sustainability efforts been beneficial in attracting artists to your organisation?

# About IMPALA

IMPALA was established in 2000 and now represents over 6000 independent music companies in Europe. 99% of Europe's music companies are small, micro and medium businesses and self-releasing artists. Known as the independents, they are world leaders in terms of innovation and discovering new music and artists – they produce more than 80% of all new releases and account for 80% of the sector's jobs. IMPALA's mission is to grow the independent music sector sustainably, return more value to artists, promote diversity and entrepreneurship, improve political access, inspire change, and increase access to finance. IMPALA works on a range of key issues for its members, runs various award schemes and has a programme aimed at businesses who want to develop a strategic relationship with the European independent sector – Friends of IMPALA.



## Acknowledgements

A big thank you to all our members who participated in this case study, as well as members who contributed to build the carbon calculator, now freely available to all IMPALA members. We also wanted to thank Key Production for providing us with the data from their latest Audience Preferences report. Finally, thank you to Julie's Bicycle for their expert advice in building the questionnaire for the study and overall support.



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