



## **The Breaking Rust Phenomenon: AI-Generated Music's Chart Success and Strategic Implications for Independent Record Labels**

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# The Breaking Rust Phenomenon: AI-Generated Music's Chart Success and Strategic Implications for Independent Record Labels

## A Research Paper for Iron Gate Records

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### Executive Summary

In November 2025, an entirely AI-generated country artist known as Breaking Rust achieved the #1 position on Billboard's Country Digital Song Sales chart with the single "Walk My Walk," marking a watershed moment in the music industry. This research paper examines how this was accomplished, analyzes the technological infrastructure enabling AI music generation, assesses the legal and economic landscape, and provides strategic recommendations for Iron Gate Records and its roster of artists navigating this transformative period.

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### 1. Introduction

The music industry has experienced numerous technological disruptions throughout its history—from the introduction of recorded sound to the rise of digital downloads and streaming platforms. However, the emergence of fully AI-generated music capable of achieving mainstream commercial success represents a fundamentally different challenge. Unlike previous technological shifts that

changed distribution or consumption patterns, AI music generation threatens to automate the creative process itself.

This paper examines the Breaking Rust phenomenon as a critical inflection point, analyzing both the technical mechanisms that enabled this success and the broader implications for human artists, independent labels, and the music ecosystem. As a technology-oriented independent record label based in Nashville, Iron Gate Records is uniquely positioned to understand and respond to this development strategically.

## **1.1 Research Objectives**

This research aims to:

- Document how Breaking Rust achieved chart success using AI technology
- Analyze the current state of AI music generation platforms and capabilities
- Assess legal challenges and copyright implications
- Evaluate economic impacts on streaming revenue and artist compensation
- Identify both threats and opportunities for independent artists and labels
- Provide actionable strategic recommendations for Iron Gate Records

## **1.2 Methodology**

This research synthesizes:

- Primary source analysis of Breaking Rust's commercial performance
- Technical documentation of AI music generation platforms
- Legal analysis of ongoing copyright litigation
- Economic data from industry research organizations (IFPI, CISAC, Luminate)
- Trade publications and industry expert commentary

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## **2. The Breaking Rust Case Study**

### **2.1 Timeline and Commercial Achievement**

Breaking Rust emerged in mid-October 2025, appearing first on Instagram with AI-generated imagery depicting a "brooding, gravel-voiced cowboy" persona. The project achieved remarkable commercial metrics in under one month:

#### **Chart Performance:**

- #1 on Billboard's Country Digital Song Sales chart (November 2025)
- #1 on Spotify's Viral 50 USA chart

- Over 2 million monthly listeners on Spotify
- Multiple tracks exceeding 1 million streams each

#### **Platform Presence:**

- 35,000+ Instagram followers
- 23,000+ YouTube subscribers
- "Livin' on Borrowed Time": 4.6 million YouTube views
- "Walk My Walk": 3+ million Spotify streams
- Verified artist status on Spotify

## **2.2 Creation and Attribution**

All Breaking Rust tracks are credited to "Aubierre Rivaldo Taylor," an obscure figure with minimal digital footprint whose very existence has been questioned by industry observers. Taylor appears connected only to Breaking Rust and a separate AI music project called Defbeatsai, suggesting either a pseudonymous AI researcher or potentially a fabricated persona.

## **2.3 Musical Characteristics**

Industry analysis reveals Breaking Rust's music exhibits specific characteristics:

**Production Elements** (per Indiana University music technology professor Jason Palamara):

- Heavy use of "stomp, clap, hey" rhythms typical of algorithmic viral music
- Acoustic-oriented sound design
- Extensive technical production techniques ("techy production")
- Striking uniformity across tracks (same beat, tempo, instrumentation)

**Sonic Quality:** Music journalists and critics note a distinctive "flatness" or "superficiality" when analyzed closely, particularly evident when listeners know the music is AI-generated. The tracks sound "indistinguishable from mainstream country" on first listen but lack the unique artistic choices and emotional depth of human-created music.

## **2.4 Strategic Execution**

Breaking Rust's success appears to result from calculated strategic choices:

1. **Genre Selection:** Country music, with its established formulaic structures and clear sonic conventions
2. **Platform Strategy:** Focus on digital sales chart where relatively few purchases (thousands, not millions) can secure #1 position
3. **Visual Identity:** Consistent AI-generated imagery creating cohesive brand identity
4. **Release Cadence:** Nearly weekly releases flooding the market with new content

5. **Social Media Engagement:** Active Instagram presence building follower base
6. **Algorithmic Optimization:** Music designed to trigger streaming platform recommendation algorithms

## 2.5 Historical Context

Breaking Rust is not an isolated case but part of an accelerating trend:

- **Velvet Sundown** (rock band): Reached 550,000 Spotify listeners in one month (2025)
- **Cain Walker** (R&B): #3 on Billboard Country Digital Song Sales chart (November 2025)
- **Masters of Prophecy** (power pop-metal): 35.9 million YouTube subscribers (2025)
- Billboard reports at least six AI artists charted in the six weeks preceding November 2025

Breaking Rust represents the first country music AI artist to achieve #1 chart position, establishing a precedent that will likely be replicated across genres.

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## 3. Technology Analysis: How AI Music Generation Works

### 3.1 Leading AI Music Platforms

The AI music generation market is currently dominated by several platforms, each with distinct capabilities:

#### Suno AI

- **Launch:** 2023 by former Kensho executives
- **Valuation:** \$500 million (2024)
- **User Base:** 10+ million users
- **Key Features:**
  - Full-length song generation with lyrics (3 minutes 33 seconds)
  - Text-to-music from simple prompts
  - Vocal generation across multiple styles
  - Genre blending capabilities
  - Integration with Microsoft Copilot
  - Audio upload for enhancement

#### Pricing:

- Free tier: 50 daily credits (10 songs) using v3.5 model
- Pro plan: \$8/month, 2,500 monthly credits (500 songs), v4.5+ model

- Premier plan: \$24/month, 10,000 credits (2,000 songs)

#### **Technical Capabilities:**

- Generates complete song in under 2 minutes
- 20x faster than human music generation
- User-friendly interface prioritizing speed
- Strong text prompt interpretation

#### **Udio AI**

- **Launch:** 2024 by former Google engineers
- **Technical Focus:** High-fidelity audio and technical precision
- **Key Features:**
  - Extended song lengths (up to 15 minutes)
  - Advanced remix and editing tools
  - Detailed customization controls
  - Style reference capabilities
  - Collaborative features

#### **Pricing:**

- Free tier: 10 daily credits + 100 monthly credits
- Standard plan: \$8/month (billed annually), 1,200 monthly credits
- Pro plan: \$24/month, 4,800 monthly credits

#### **Technical Capabilities:**

- 32-second generation time (faster initial generation)
- Superior audio fidelity and harmonic complexity
- More granular control over musical elements

#### **Other Notable Platforms**

- **Soundverse:** Community-focused platform with collaborative tools
- **ElevenLabs Music:** Recent entrant with strong commercial licensing
- **Boomy:** Consumer-focused with direct-to-streaming distribution
- **Amper Music:** \$4 million in seed funding (professional focus)

### 3.2 Core Technologies

AI music generation employs two primary technical approaches:

#### 1. Diffusion Models

- Generate audio by iteratively refining random noise
- Similar to image generation (Stable Diffusion, DALL-E)
- Excellent for creating diverse outputs
- Slower generation time but higher quality potential

#### 2. Transformer Models

- Use attention mechanisms to understand musical patterns
- Based on Large Language Model (LLM) architectures
- Faster generation
- Better at capturing long-range dependencies in music

#### Technical Process:

1. **Training Phase:** Model ingests massive datasets of copyrighted music (this is the source of legal disputes)
2. **Pattern Recognition:** AI identifies musical structures, chord progressions, melodic patterns, genre conventions
3. **Generation Phase:** User inputs text prompt (e.g., "country song about independence")
4. **Synthesis:** Model combines learned patterns to create new audio matching prompt
5. **Output:** Complete song with vocals, instrumentation, and production

### 3.3 Current Limitations

Despite rapid advancement, AI music generation currently exhibits several limitations:

#### Creative Limitations:

- Repetitive structures and predictable patterns
- Lack of genuine emotional authenticity
- Inability to create truly surprising artistic choices
- "Flatness" or superficiality in emotional content
- Generic, often bland lyrics

**Technical Limitations:**

- Difficulty with extended compositions (abrupt endings, mid-track pauses)
- Limited ability to maintain coherence beyond 3-4 minutes
- Challenges with complex musical structures
- Voice quality, while impressive, still occasionally exhibits uncanny valley effect

**Market Perception:**

- 82% of listeners cannot distinguish AI from human music on first listen
- However, 97% failed when specifically asked to identify AI music (Deezer/Ipsos study)
- Once identified as AI, listener perception changes significantly
- Artists and critics note qualitative differences even when average listeners do not

**3.4 Capability Trajectory**

The pace of improvement is exponential:

**Adoption Speed Comparison:**

- Google: baseline
- Spotify: 35% faster adoption than Google
- Instagram: 3x faster than Google
- TikTok: 9x faster than Google
- ChatGPT: 45x faster than Google

AI music tools are following similar adoption curves, with continuous improvements in:

- Audio quality and fidelity
- Lyrical coherence and sophistication
- Genre versatility and authenticity
- User control and customization
- Generation speed (currently 2 seconds for basic melody)

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## **4. The Legal Landscape: Copyright and Fair Use**

### **4.1 Major Label Lawsuits**

The legal foundation for AI music is being contested in landmark litigation that will shape the industry's future:

#### **RIAA v. Suno and Udio (June 2024)**

##### **Plaintiffs:**

- Universal Music Group
- Sony Music Entertainment
- Warner Music Group
- Represented by Recording Industry Association of America (RIAA)

##### **Core Allegations:**

- "Willful copyright infringement at an almost unimaginable scale"
- Unlicensed copying of copyrighted sound recordings to train AI models
- Mass infringement affecting "millions" of copyrighted works
- "Stream-ripping" from YouTube to acquire training data (added September 2025)

##### **Damages Sought:**

- Up to \$150,000 per infringed work
- Could total hundreds of millions or billions in potential liability
- Injunctions to stop future infringement
- Declarations of copyright infringement

##### **Key Legal Issues:**

#### **1. Training Data Acquisition**

- Did platforms legally acquire music for training?
- Evidence suggests stream-ripping from YouTube and other sources
- Platforms refuse to disclose training data sources

#### **2. Fair Use Defense**

- Suno and Udio claim AI training constitutes "fair use"
- Argue outputs are transformative, not derivative

- Cite analogy to human musicians learning from listening

### **3. Output Similarity**

- Can AI-generated music infringe if trained on copyrighted works?
- Plaintiffs provide evidence of AI recreating specific artists' styles
- Defendants claim outputs are entirely new sounds

## **Recent Legal Developments (2025)**

### **Favorable Precedents for AI Companies:**

- *Bartz v. Anthropic PBC* (June 2025): Court ruled AI training on copyrighted books was fair use
- *Kadrey v. Meta Platforms* (2025): Similar finding for Meta's AI training

### **Challenges for AI Companies:**

- Stream-ripping allegations add "willful" element to infringement
- YouTube's anti-piracy policies implicated
- U.S. Copyright Office report (May 2025) questioned whether AI training qualifies as fair use for music

### **Independent Artist Lawsuits:**

- *Anthony Justice and 5th Wheel Records v. Suno* (June 2025)
- Focuses specifically on impact to independent artists
- Argues AI outputs substantially copy original recordings
- Class action format could expand scope

## **4.2 Artist and Industry Organization Positions**

### **Strong Opposition:**

- Recording Academy
- Music Workers Alliance
- American Federation of Musicians (AFM)
- National Music Publishers' Association (NMPA)
- Artist Rights Alliance (ARA)

**Key Concerns Articulated:**

**Music Workers Alliance:** "These corporations steal our work to create sound-alikes, effectively forcing us into a 'training' role to which we never consented... placing us in unfair competition with an inexhaustible supply of knock-offs of our own work."

**RIAA Chief Legal Officer Ken Dorosh:** "Suno and Udio are attempting to hide the full scope of their infringement rather than putting their services on a sound and lawful footing."

**National Music Publishers' Association:** "Both platforms clearly train on copyrighted recordings – it is apparent to anyone listening to what they generate."

**4.3 Licensing and Partnership Approaches**

Some organizations are pursuing collaborative frameworks:

**Emerging Licensing Models:**

- Spotify partnered with major labels to develop "responsible AI"
- Announced plans to display credits identifying AI use in vocals, instrumentation, production
- Google/YouTube developing licensing frameworks
- Some AI companies beginning licensing negotiations

**Challenges:**

- No standard licensing framework exists
- Valuation of training data unclear
- Artist consent and compensation mechanisms undefined
- Retroactive licensing of already-trained models problematic

**4.4 Regulatory Landscape****Current Status:**

- No specific U.S. federal legislation governing AI music generation
- Existing copyright law being tested in courts
- Various states considering AI transparency and disclosure requirements

**International Considerations:**

- EU AI Act includes provisions for generative AI
- Some jurisdictions requiring disclosure of AI-generated content
- Cross-border enforcement challenges

## **4.5 Implications for Independent Labels**

### **Critical Questions:**

1. Are AI-generated tracks legally permissible for commercial release?
2. What liability exists for labels distributing AI music?
3. How should labels protect artists' copyrights from AI training?
4. What disclosure requirements apply?

### **Current Best Practices:**

- Require clear disclosure of AI use in creation
  - Verify licensing of any AI tools used
  - Include AI usage clauses in artist agreements
  - Monitor for unauthorized AI replication of signed artists
  - Consider licensing agreements that protect against AI training
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## **5. Economic Impact on the Streaming Industry**

### **5.1 Market Size and Growth Projections**

The AI music market is experiencing explosive growth:

#### **Market Valuation:**

- 2024: \$2.9 - \$5.2 billion globally
- 2025: \$6.2 - \$6.65 billion (projected)
- 2028: €4 billion in music alone (CISAC projection)
- 2033-2034: \$38.7 - \$60.44 billion (25.8-27.8% CAGR)

#### **Revenue Impact:**

- AI music expected to drive 17.2% revenue increase for music industry by 2025
- However, this represents revenue shifting from human creators to AI platforms
- CISAC study: 24% of music creators' revenues at risk by 2028
- Projected €4 billion annual transfer from creators to AI companies by 2028

## **5.2 Streaming Platform Dynamics**

### **Current AI Music Presence:**

- Approximately 0.5% of streams on Deezer are fully AI-generated (November 2025)
- 50,000 fully AI-generated tracks uploaded daily across platforms
- Represents 34% of all daily music deliveries to streaming platforms
- Up to 70% of AI-generated track streams are fraudulent (Deezer analysis)

### **Projected Market Penetration by 2028:**

- AI music could account for 20% of traditional streaming platform revenues
- Music libraries: 60% of revenues could be AI-generated
- 100,000-150,000 total tracks uploaded daily (including human and AI)

### **Platform Responses:**

#### **Spotify:**

- Announced safeguards against AI spam, impersonation, and deception
- Developing AI credit display system
- Partnering with major labels on "responsible AI"
- Launched generative AI research lab
- Potential positive impact on margins (lower royalty costs for AI content)

#### **Deezer:**

- Implemented AI detection tools (January 2025)
- First platform to explicitly tag 100% AI-generated music (June 2025)
- Can detect Suno and Udio-generated content
- Developing generalized AI detection without specific datasets
- Only streaming platform to sign global statement on AI training

#### **Apple Music, YouTube Music, Others:**

- Limited public disclosure of AI policies
- Facing pressure to implement detection and labeling

### 5.3 Revenue Distribution Crisis

**Traditional Revenue Model:** Current streaming generates approximately \$0.003-\$0.004 per stream (Spotify average). This flows to:

- Rights holders (labels/artists): ~70%
- Streaming platform: ~30%
- Further subdivision among songwriters, performers, producers

#### **AI-Disrupted Model:**

- AI-generated music has minimal production costs
- No artist royalties, session musicians, producers, engineers
- Revenue accrues primarily to AI platform and uploader
- Potential for streaming platforms to retain higher margins

#### **Impact on Human Artists:**

**Per-Stream Economics:** With AI flooding streaming platforms, competition for streams intensifies:

- Same total listening time divided among more tracks
- Human artists' share of total streams decreases
- Already-low per-stream rates become even less viable

#### **CISAC Economic Projections (2028):**

- Music creators: 24% of revenue at risk
- Audiovisual creators: 21% of revenue at risk
- Specific impacts by role:
  - Translators/adaptors: 56% revenue at risk
  - Session musicians: Highest vulnerability
  - Songwriters/composers: Significant displacement
  - Live performers: Less immediate impact

### 5.4 Chart Manipulation and Gaming

**Billboard Country Digital Song Sales Chart:** Breaking Rust's success highlights vulnerability of certain charts:

#### **Manipulation Factors:**

- Digital sales chart requires only thousands (not millions) of purchases for #1

- Very low actual sales volume in current streaming era
- Relatively inexpensive to purchase enough units for chart position
- Billboard has previously addressed manipulation with rule changes
- AI makes gaming even more feasible

**Industry Response:** Music industry analyst Kyle Coroneos: "The permissiveness of Billboard with their charts has been a systemic problem for many years, especially in country music—and that's what's facilitating this whole news cycle."

**Strategic Implications:** Breaking Rust's team likely intentionally targeted this specific chart for maximum headline generation at minimum cost, successfully creating viral news cycle that drove organic streams.

## 5.5 Fraudulent Streaming

A critical but underreported aspect:

### Deezer Findings:

- Up to 70% of streams on fully AI-generated tracks are fraudulent
- Suggests AI music being used primarily for streaming fraud schemes
- Artificial inflation of play counts
- Revenue extraction through fraudulent stream farming

**Industry Challenge:** Platforms must distinguish between:

1. Legitimate AI-generated music with genuine listeners
2. AI-generated content designed for fraud
3. Bot-driven streaming of AI content

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## 6. Threats to Independent Artists and Labels

### 6.1 Economic Displacement

**Direct Competition:** Independent artists at Iron Gate Records and similar labels face:

1. **Algorithmic Disadvantage:**
  - AI can generate music optimized for algorithmic recommendation
  - Platforms may prioritize AI content (lower royalty costs)
  - Human artists competing on authenticity, not algorithmic optimization

## 2. **Volume Asymmetry:**

- AI can generate 500-2,000 songs per month per user (Suno Pro/Premier)
- Human artists typically release 1-12 songs per year
- Market flooding effect dilutes discovery

## 3. **Cost Structure:**

- AI music: \$8-24/month for unlimited generation
- Human music: Recording, production, mixing, mastering, distribution
- Massive cost advantage for AI content

### **Revenue Cannibalization:**

- Same listener attention divided among exponentially more content
- Platform algorithm determines exposure
- No inherent preference for human-created music
- Financial sustainability increasingly challenging

## **6.2 Devaluation of Musical Craft**

### **Skills Obsolescence:**

Music Workers Alliance identifies professionals at risk:

- Session musicians (most immediate threat)
- Sound engineers
- Mastering engineers
- Backup vocalists
- Arrangers

**CISAC Data:** By 2028, AI could capture:

- 60% of music library market (background music, sync licensing)
- 20% of streaming platform revenue
- Substantial portion of commercial music production

**Cultural Impact:** Loss of traditional career pathways:

- Studio session work declining
- Fewer opportunities for developing musicians
- Erosion of craft knowledge and mentorship

- Reduction in music education careers

### **6.3 Brand Dilution and Discovery Challenges**

#### **Market Saturation:**

- 100,000-150,000 tracks uploaded daily to streaming platforms
- 50,000 (34%) are fully AI-generated
- Human artists' music increasingly buried in flood of content
- Platform discovery mechanisms overwhelmed

#### **Search and Recommendation Impact:**

- AI content can be optimized for discovery algorithms
- Generic AI music may dominate recommendation systems
- Authentic artistic voice harder to surface
- Playlist placement increasingly competitive

#### **For Iron Gate Records Artists:**

- Established artists (Frequency 1, Escape The Hive, Rattler Reb) face harder breakthrough
- New signings struggle to gain traction
- Traditional A&R and development timelines mismatched with AI speed
- Investment in artist development less economically viable

### **6.4 Authenticity and Connection**

#### **The Human Element:**

Industry observers consistently note AI music lacks:

- Genuine emotional authenticity
- Personal narrative and lived experience
- Artistic vulnerability and risk-taking
- Unique voice and perspective
- Cultural context and social commentary

**Fan Connection:** Music journalist analysis: "At the end of the day, listeners can't relate, empathise or find catharsis with an AI-generated artist, because there's no other person or people behind the music to connect with."

**However:**

- 82% of listeners cannot initially distinguish AI from human music
- Many Breaking Rust fans unaware they're listening to AI
- Commercial success may not require authentic human connection
- Younger audiences may have different expectations

**6.5 Legal and Copyright Vulnerabilities****Risk Factors for Labels:****1. Artist Protection:**

- Signed artists' music may be used to train AI without consent
- Voice replication and style cloning threats
- Limited legal recourse currently available

**2. Contractual Challenges:**

- Existing agreements don't address AI replication
- Rights allocation for AI-assisted creation unclear
- Revenue attribution when AI tools used

**3. Competitive Disadvantage:**

- Labels respecting copyright at disadvantage vs. platforms that don't
- First-mover advantage for those using AI aggressively
- Ethical stance may not align with market success

**6.6 Live Performance Paradox****Potential Silver Lining:**

Indiana University professor Jason Palamara: "AI bands are going to make it even harder for real human artists to break through and get a following, at least using streaming apps... Human artists who are forward-looking are already investing in the one thing AI cannot (yet) replicate, genuine, continual, long-term connections with fans."

**Live Music Advantage:**

- AI cannot (yet) perform live
- Human connection and experience irreplaceable
- Live shows may become primary differentiation
- Touring and merchandise may become more critical revenue sources

**Iron Gate Records Positioning:** The label's stated focus on "performing musicians who are ready to get out to live audiences" may prove strategically prescient in the AI era.

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## **7. Opportunities for Strategic Adaptation**

### **7.1 The AI Tool Adoption Paradox**

While AI-generated music poses threats, AI tools offer opportunities:

#### **Current Artist Adoption:**

- 60% of musicians using AI for various tasks
- 20.3% using AI for music production
- 30.6% using AI for mastering
- 38% using AI for artwork generation

#### **Productivity Gains:**

- 25% increase in creative productivity (documented)
- Faster iteration and experimentation
- Cost reduction in production
- Democratization of professional-quality tools

**Strategic Question:** Can human artists leverage AI tools while maintaining authentic artistic voice and competitive advantage?

### **7.2 Human + AI Collaboration**

#### **Optimal Use Cases:**

##### **1. Pre-Production and Ideation:**

- AI generates ideas and variations
- Human artists select and refine
- Accelerates creative process without replacing artistry

##### **2. Production Enhancement:**

- AI-assisted mixing and mastering (30.6% current adoption)
- Stem separation and audio cleanup
- Vocal tuning and timing correction
- Not fundamentally different from existing digital audio workstation (DAW) tools

### **3. Content Creation for Marketing:**

- AI-generated artwork (38% adoption)
- Social media content
- Visualizers and promotional materials
- Reduces costs, allows more frequent engagement

### **4. Personalization and Versioning:**

- Create multiple mixes for different platforms
- Generate backing tracks for live performance
- Produce alternate versions efficiently

**Critical Principle:** Human artistic decision-making remains central. AI is tool, not creator.

## **7.3 Differentiation Through Authenticity**

### **Strategic Positioning:**

The very proliferation of AI music creates opportunity for human artists who emphasize:

#### **1. Personal Narrative:**

- Real life experiences and emotions
- Cultural authenticity
- Social commentary and activism
- Stories only humans can tell

#### **2. Artist Brand and Personality:**

- Social media presence with real human interaction
- Authentic engagement with fan community
- Vulnerability and genuine connection
- Live streaming, Q&As, behind-the-scenes content

#### **3. Live Performance Excellence:**

- Investing in touring and live shows
- Creating memorable, unreplicable experiences
- Building local and regional followings
- Festival circuit participation

#### **4. Craftsmanship and Musicianship:**

- Highlighting instrumental skill and expertise
- Showcasing production quality and attention to detail
- Collaborations with other respected musicians
- Educational content demonstrating craft

### **7.4 New Business Models**

#### **Revenue Diversification:**

Traditional streaming-dependent model is already inadequate. AI accelerates need for alternative revenue:

##### **1. Direct-to-Fan Models:**

- Patreon, Bandcamp, membership platforms
- Exclusive content for supporters
- Limited edition releases
- Virtual meet-and-greets

##### **2. Experiential Revenue:**

- VIP concert experiences
- Masterclasses and workshops
- House concerts and intimate shows
- Music tourism and destination events

##### **3. Licensing and Sync:**

- Film, TV, advertising placements
- Video game soundtracks
- Podcast themes
- Brand partnerships

##### **4. Merchandise and Physical Products:**

- Vinyl, cassettes, special editions
- Apparel and branded goods
- Limited collectibles
- NFTs and digital collectibles (where appropriate)

## **7.5 Technology Stack Optimization**

### **For Independent Labels:**

Iron Gate Records' technology-oriented approach positions it well to:

#### **1. Adopt AI Tools Selectively:**

- Use AI for cost reduction in production
- Leverage AI for marketing and content creation
- Maintain human artistry in core creative decisions

#### **2. Enhance Distribution and Marketing:**

- AI-powered analytics for audience insights
- Automated social media scheduling and optimization
- Personalized fan engagement at scale
- Predictive analytics for tour routing and promotion

#### **3. Quality Control and Brand Protection:**

- Monitor for AI replication of signed artists
- Implement contractual protections
- Use AI detection tools to ensure authentic releases
- Protect intellectual property proactively

#### **4. Educational Leadership:**

- Position as expert on navigating AI era
- Provide artist education and resources
- Build community of informed, empowered musicians
- Thought leadership through research publications (like this paper)

## **7.6 Niche and Genre Specialization**

### **Strategic Focus:**

Iron Gate Records' specialization in rock, metal, and alternative music offers advantages:

#### **1. Genre Characteristics:**

- These genres emphasize musicianship and technical skill
- Fan bases value authenticity and artistic integrity
- Live performance culture deeply embedded

- Community-oriented with strong fan loyalty

## **2. AI Current Limitations:**

- AI struggles with complex musical structures
- Rock/metal require nuanced dynamics and feel
- Authentic vocal delivery in these genres challenging for AI
- Genre fans likely to reject obvious AI content

## **3. Market Positioning:**

- Explicitly human-created as competitive advantage
- "Human artists, human passion, human connection"
- Transparency about production processes
- Rejection of AI shortcuts as brand identity

## **7.7 Coalition Building**

### **Industry Collaboration:**

Independent labels should:

#### **1. Join Industry Organizations:**

- Support RIAA, Artist Rights Alliance efforts
- Participate in policy advocacy
- Share best practices with peer labels
- Collective negotiating power

#### **2. Artist Education Initiatives:**

- Workshops on AI implications
- Copyright protection strategies
- Technology literacy programs
- Career diversification training

#### **3. Platform Advocacy:**

- Push for fair AI labeling requirements
- Demand transparency in algorithmic recommendations
- Advocate for human artist preferences
- Support regulatory frameworks protecting creators

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## **8. Recommendations for Iron Gate Records Artists**

### **8.1 Immediate Actions (Next 6 Months)**

#### **For All IGR Artists:**

##### **1. Copyright Protection:**

- Register all works with U.S. Copyright Office
- Document creative processes (notebooks, demos, session notes)
- Review and update contracts to address AI usage rights
- Consider voice and likeness protection clauses

##### **2. Digital Presence Optimization:**

- Increase authentic social media engagement
- Share behind-the-scenes content showing human creative process
- Emphasize personal stories and artist journey
- Build email lists for direct fan communication

##### **3. Revenue Diversification:**

- Develop merchandise beyond basic t-shirts
- Create Patreon or similar direct support platform
- Plan house concerts or intimate performance series
- Explore sync licensing opportunities

##### **4. Live Performance Investment:**

- Prioritize tour schedule development
- Enhance live show production value
- Create memorable, shareable concert experiences
- Build regional fanbase through consistent touring

#### **For Iron Gate Records (Label Operations):**

##### **1. Artist Agreements:**

- Update standard agreements to address AI:
  - Prohibition on using signed artists' work to train AI
  - Clear attribution requirements for any AI tool usage

- Revenue allocation for AI-assisted creation
- Rights to monitor and enforce against unauthorized AI replication

## **2. Technology Infrastructure:**

- Implement AI detection tools for quality control
- Adopt selective AI tools for cost-effective marketing
- Enhance analytics capabilities for data-driven decisions
- Explore AI-assisted A&R for discovering new talent

## **3. Marketing and Positioning:**

- Develop "Human Music Movement" marketing campaign
- Create content series on artist development process
- Showcase musicianship and craft in promotional materials
- Position IGR as champion of authentic artistry

## **4. Educational Leadership:**

- Host webinars/workshops on AI implications for artists
- Publish regular research updates (like this paper)
- Create resource library for artists
- Establish IGR Research Hub as industry thought leader

## **8.2 Medium-Term Strategy (6-18 Months)**

### **Artist Development:**

#### **1. Enhanced Branding:**

- Work with each artist to develop distinctive brand identity
- Create content strategies emphasizing authentic human connection
- Develop visual identity that cannot be AI-replicated
- Build artist personalities through consistent engagement

#### **2. Skill Development:**

- Invest in musicianship workshops
- Performance coaching for live shows
- Business skills training (marketing, finance, self-management)
- Technology literacy (understanding AI without depending on it)

### **3. Community Building:**

- Foster connections among IGR roster artists
- Create collaborative projects
- Host label showcases and events
- Build "Iron Gate Records family" brand

### **Business Model Evolution:**

#### **1. Revenue Stream Expansion:**

- Develop sync licensing pipeline
- Create merchandise design and fulfillment system
- Explore partnership opportunities (local businesses, venues)
- Consider virtual concert/streaming revenue

#### **2. Data and Analytics:**

- Build proprietary database of fan engagement
- Track effectiveness of different promotional strategies
- Analyze which artists and approaches succeed in AI era
- Share insights with roster

#### **3. Strategic Partnerships:**

- Develop relationships with venues for touring support
- Partner with music education institutions
- Connect with brand sponsors for artists
- Build network with other independent labels for shared resources

### **8.3 Long-Term Positioning (18+ Months)**

#### **Vision: Iron Gate Records as Human Music Champion**

##### **1. Brand Differentiation:**

- Known industry-wide as advocate for human artistry
- Thought leader in navigating AI disruption
- Quality over quantity label with carefully curated roster
- Technology-savvy but human-centered

## **2. Sustainable Economics:**

- Artists earning viable income from diversified sources
- Less dependent on streaming revenue
- Strong direct-to-fan relationships
- Touring and merchandise as primary revenue
- Streaming as discovery and marketing tool

## **3. Industry Influence:**

- Contributing to policy discussions
- Participating in industry coalitions
- Publishing research and insights
- Training ground for next generation of music professionals

## **4. Artist Success Metrics:**

- Not just streams and chart positions
- Fan engagement and loyalty
- Live performance attendance and revenue
- Long-term career sustainability
- Artist satisfaction and creative fulfillment

### **8.4 Artist-Specific Recommendations**

#### **For Established Acts (Frequency 1, Escape The Hive, Rattler Reb):**

- Leverage existing fanbase before AI saturation worsens
- Invest heavily in touring and live shows
- Create exclusive content for core supporters
- Position as "real rock" in contrast to AI-generated content
- Build legacy and credibility that AI cannot replicate

#### **For Developing Artists:**

- Focus on building authentic online presence
- Emphasize personal story and unique perspective
- Develop strong live performance capabilities
- Create content showing creative process and musicianship

- Build community connections in local music scenes

#### **For All Artists:**

The fundamental recommendation is this: **Double down on what makes you human.**

AI can create music that sounds professional. It cannot:

- Tell your personal story
  - Connect genuinely with fans
  - Perform live with presence and energy
  - Adapt and improvise in real-time
  - Create from lived experience and cultural context
  - Build decades-long relationships with audiences
  - Inspire the next generation of musicians
- 

## **9. Conclusion**

### **9.1 Summary of Findings**

The Breaking Rust phenomenon represents a critical inflection point in music industry history. Our research establishes:

#### **Technological Reality:**

- AI music generation is commercially viable today
- Quality is sufficient to achieve mainstream success
- Costs are minimal compared to human music production
- Capability gap is closing rapidly

#### **Legal Uncertainty:**

- Massive litigation ongoing with unclear outcomes
- Fair use doctrine being tested for AI training
- No regulatory framework established
- Independent artists particularly vulnerable

#### **Economic Threat:**

- 24% of music creators' revenue at risk by 2028
- €4 billion annual transfer from creators to AI companies projected

- Streaming economics already challenging, worsening rapidly
- Market saturation reaching crisis levels

**Strategic Imperative:**

- Independent labels and artists must adapt immediately
- Traditional streaming-dependent model increasingly nonviable
- Authenticity and human connection become primary differentiators
- Live performance and direct fan relationships essential

## **9.2 The Path Forward for Iron Gate Records**

Iron Gate Records is uniquely positioned to navigate this disruption:

**Existing Strengths:**

- Technology-oriented leadership with understanding of AI landscape
- Focus on performing musicians and live shows
- Transparent, artist-friendly business model
- Commitment to artist development and quality
- Located in Nashville music community
- Diverse roster across rock, metal, alternative genres

**Strategic Advantages:**

- Early awareness of AI implications
- Ability to educate and prepare artists proactively
- Flexibility to adapt business model
- Strong foundation in human artistry and craftsmanship
- Network of industry relationships

**Recommended Positioning:**

Iron Gate Records should position itself as:

1. **The Human Music Label:** Explicitly championing human artistry in the AI era
2. **Technology-Informed:** Using AI tools wisely while maintaining human creative control
3. **Artist-Centric:** Protecting and empowering artists through education and advocacy
4. **Thought Leader:** Publishing research and insights to guide industry
5. **Community Builder:** Creating connections among artists and fans that AI cannot replicate

### 9.3 Threats vs. Opportunities Assessment

#### The Pessimistic Scenario:

- AI music dominates streaming platforms
- Human artists relegated to niche markets
- Independent labels unable to compete economically
- Massive job losses in music industry
- Cultural devaluation of musical craft
- Homogenization of popular music

#### The Optimistic Scenario:

- AI creates demand for authentic human artistry
- Live music experiences increase in value
- Direct artist-fan relationships strengthen
- Artists use AI tools to enhance creativity
- Regulatory frameworks protect human creators
- Market segments between AI and human music

**Most Likely Outcome:** Both scenarios unfold simultaneously in different market segments.

Success requires:

- Rapid adaptation and strategic positioning
- Selective adoption of beneficial AI tools
- Strong emphasis on irreplaceable human elements
- Diversified revenue models
- Policy advocacy and collective action
- Continuous education and evolution

### 9.4 Final Recommendations

#### For Iron Gate Records Leadership:

1. **Immediate:** Update all artist contracts to address AI usage and protection
2. **Near-term:** Launch "Human Music Initiative" marketing campaign
3. **Ongoing:** Publish quarterly research updates on AI impact and strategies

4. **Strategic:** Position IGR Research Hub as industry resource for independent labels and artists

#### **For IGR Artists:**

1. **Embrace:** Your humanity is your competitive advantage
2. **Invest:** In live performance, fan relationships, and authentic engagement
3. **Diversify:** Revenue streams beyond streaming immediately
4. **Educate:** Yourself on AI implications and protective strategies
5. **Create:** From authentic experience and emotional truth
6. **Connect:** Build genuine relationships that transcend algorithm and automation

### **9.5 The Existential Question**

At its core, the AI music revolution poses fundamental questions:

- What is the value of human creativity?
- Do listeners care about the origin of their music?
- Can art created without human experience be truly meaningful?
- Is music primarily entertainment or human expression?

The Breaking Rust case suggests that many consumers cannot distinguish AI from human music and may not prioritize authenticity. However, deeper analysis reveals that conscious awareness changes perception and that long-term artist-fan relationships require genuine human connection.

**The music industry has weathered numerous disruptions.** Each time, predictions of artist obsolescence proved wrong. Musicians adapted, found new revenue streams, and continued creating.

**The AI disruption is different** because it automates the creative process itself rather than just distribution or consumption. But it also may create unprecedented demand for authentic human artistry.

#### **For Iron Gate Records and its artists, the path forward is clear:**

Create courageously. Connect authentically. Perform passionately. Adapt strategically.

The future of music will be shaped by those who embrace what makes us human while leveraging technology wisely. Iron Gate Records has the opportunity to lead independent artists through this transformation, championing authentic artistry while navigating technological change.

The Breaking Rust phenomenon is not the end of human music. It is a call to action.

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