Written evidence submitted by Iain Cameron

Submission to DCMS Enquiry into the Economics of Streaming

As a fan of popular music, I write a blog about blues music, and am a member of a blues club which hosts shows by professional touring artists.

In considering the impact of streaming it is important to understand that many professional musicians do not have contracts with major record labels, and do not play live shows in arenas. Many professional musicians who write and record their own music release it themselves, and play shows to audiences of perhaps 100-1000 people. These shows offer them the opportunity to sell CDs and other merchandise to fans. This is the business model by which these artists earn their livelihood, and it is important to place the impact of streaming in this context.

With the proliferation of streaming and mobile devices, many consumers – and particularly, but not exclusively, the younger generation – choose to access music by this route. This shift makes it important to ensure that artists receive fair rewards for creating the content used by streaming platforms.

At the same time, the relationships between major record labels and streaming platforms are such that the major labels have "first call" on the income generated for content creators, and have a propensity to skew the distribution of that income. Between that factor, and the cut of income retained by the platforms themselves (frequently part owned by major labels), the pot left for the broad population of artists and songwriters is diminished.

Artists (and songwriters) receive pitifully small remuneration from each play on a streaming platform – typically a fraction of £0.01. Pay per stream may be a simplistic perspective[1], but it nevertheless provides an insight. After an entire year of real data reports onyrix.com calculated this chart (in $) about "pay per stream" for the royalties an artist might expect from each of the big players of the streaming music market:

#	platform	pay per 1 stream	pay per 1000 streams
1	Tidal	0.011	11.00
2	Soundcloud	0.010	10.00
3	Napster	0.0082	8.20
4	AmazonMusic	0.0082	8.20
5	AppleMusic	0.0073	7.30
6	YoutubeMusic	0.0029	2.91
7	Spotify	0.0018	1.80
8	Deezer	0.0011	1.10

[1] A more thorough discussion of the streaming service distribution model can be found here: https://soundcharts.com/blog/music-streaming-rates-payouts

9	Soundcloud	0.0002	0.20

https://www.onyrix.com/2020/02/28/what-streaming-music-services-pay-artists-2020-update/

Other analyses might produce slightly different results, but not to any order of magnitude. To summarise, in terms of the potential contribution to an artist's livelihood, they would need approximately 555,000 streams from Spotify just to earn $1,000.

These earnings per play are much less than they would receive from radio play, even though one might consider radio and streaming to be analogous media. And if an artist does not have the backing of a major record label, the chances of them registering high volumes of streams are massively reduced.

Moreover, if an independent artist does start to achieve wider popularity, a greater proportion of the consumption of their recorded work is likely to be via streaming, so that their income from recording produces diminishing returns.

This scenario is inequitable, and also discourages diversity and creativity, as independent and new artists, will struggle to achieve a base level of income to support them from streaming alone, even as it becomes a leading means of consumption. This is particularly true for those artists whose talents and enthusiasms lead them to work in minority genres.

The pernicious effects of this situation have been thrown into sharp relief by the restrictions brought about during the coronavirus pandemic. Professional musicians have been deprived of the income they would ordinarily derive from playing live, both from ticket sales and from ancillary sales of CDs and merchandise at shows – a business model itself driven by the effects of music digitalisation. In this context, the poor remuneration they receive from streaming, as one of the revenue streams still available to them, assumes much greater significance.

Music is not simply a commodity, it is a creative endeavour. It is not some kind of widget that any artist can churn out to order, to fit the world-as-stream paradigm described by Daniel Ek, the CEO of Spotify, in a recent interview.[2] And contrary to what Ek seems to think, many artists are in any case already engaged in a constant dialogue with their audience through social media, in an effort to maintain their profile and their earnings.

The change that is needed is not for artists to become slaves of streaming services' algorithms and economic models, but for them to be fairly remunerated for the use of their intellectual property.

Achieving this goal may mean legislation to ensure that streaming services cannot access content on a cheaper basis than other media, such as radio. It may mean an unbundling of revenues so that major labels and already "blockbuster' artists do not get a disproportionately large slice of the cake, as user-centric payments systems aim to achieve. But one way or another, greater rewards need to be channelled towards the people who create the music we enjoy, as opposed to those who profit from the technology utilising that music.

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[2] https://consequenceofsound.net/2020/08/spotify-daniel-ek-artist-recording-comments/