

Written evidence submitted by Andy Ruddy

Streaming Evidence Doc

I am a singer songwriter and law graduate from Bradford. I have self-released 2 studios albums and as well as continuing to release music as a solo artist, I work as a songwriter and session musician for other acts as well as a topline vocalist within the dance music genre.

Question one: what are the dominant business models of platforms that offer music streaming as a service?

The model is to offer as wide a variety of music as possible to your devices in return for a monthly fee (£10-15 a month I believe but I do not subscribe to any) . In the book 'The Song Machine' by author John Seabrook, he recounts his meetings with Daniel Ek, CEO of Spotify. Ek's belief is that Spotify's unique selling point is it's ability to curate playlists ie. Their ability to compile music suitable to a certain mood or occasion for a listener.

There is also the obvious benefit to the listener and to Streaming Services of having almost all of the worlds recorded music in one place.

Myself and most artists I know do not use Streaming to monetise their music as it is a very inefficient way of monetising their music unless you are dealing with very big numbers. It is the 'exposure' dilemma. You essentially don't exist in todays market if your music isn't on streaming services. Yes, we take the money streaming provides- but those streams have basically taken the place of album sales/downloads. To give you an idea. I am currently looking at my numbers on Ditto Music (an online music distributor):

-Track downloads (sales) : 1046 amounting to £594

-Streams : 64,074 amounting to £260.73

If an album is worth £7 – then the £594 amounts to 84 album sales.

If you agree £7 is fair price for owning an album that costs £5,000-£10,000 to make to industry standard, then my streaming income of £260 amounts to 37 album sales.

Each of the hypothetical 37 album sales accounts for 1,812 streams- which is an incredibly large number of plays to amount to the same amount of income. How

many CD albums would you buy and listen to that CD 151 times (1812 streams divided by a 12 track album) front to back?! Maybe your very favourite album of all time..but I doubt it!

The above doesn't take into account physical album sales lost as a result of the consumer essentially already owning your back catalogue on their smart phone. The supply and demand dynamic for an artist selling their album is essentially destroyed by the omnipresence of the streaming model.

If you manage the kind of streaming numbers as an independent artist that amount to a significant sum of money- you will probably end up signing a record deal, and then that income will be much more diluted. Alternatively, you will not have the infrastructure in remaining an independent artist to maintain those huge numbers.

Artists now push to 'get on playlists' with their songs as some of the playlists have a huge amount of traffic which suggests that the playlist USP has worked for Spotify.

I understand that streaming is here to stay in terms of the way we consume media. But the above does demonstrate that financially as it is it is currently very hard to profit from your intellectual work itself (which is what the CDPA 1988 does explicitly try to protect for creators).

Question two: Have new features associated with streaming platforms, such as algorithmic curation of music or company playlists, influenced consumer habits, tastes, etc.?

Yes they have influenced consumption of music. The playlist model encourages people to cherry pick artist's work. The playlist is where it lives, not the album. Obviously people can find the albums too- but the playlist is the easiest to access and most promoted on a streaming platform as they regard it as their USP. It has made it a singles market.

Playlists are a great way for consumers to sift through music and discover new artists, and they are a good way for artists to rack up a larger number of streams on a particular song.

However, when the financial conditions are as I have alluded to above, for the artists it is essentially good exposure and good for the ego to rack up thousands of streams (in the same way that 'likes' and followers on social media are) – but not financially meaningful.

The exposure argument is a valid one in that if artists gain followers from gaining streams, they might get more feet through the door at their gigs or on a tour. However, not many independent artists can afford to tour after spending the

money required to make the actual music to industry standard.

The algorithmic nature of playlists has also created a new brand of PR which is that there are people who have the crucial contacts and access to playlists with a large amount of listener traffic. Some artists will pay for this in the same way that they will pay for PR companies to get people to write about them, or pay for followers etc. This means that artists making good music, but who have spent their limited budget on that music, can't really afford to play the game. It makes making music even more of a middle class exercise than it already is sometimes!

Question three: what has been the economic impact and long-term implications of streaming on the music industry, including for artists, record labels, record shops, etc.?

I think that it is less worth an artist's while making albums. They sell less because of streaming and the content is broken up into the streaming platforms chosen models for presentation (playlists). We now have a generation of young people who are not used to listening to albums particularly.

The economic impact on the private members club that is the music industry is actually viewed as fairly positive because the music industry was too busy enjoying the good times 20-30 years ago to see the internet and piracy coming in the early 21st century. The music industry couldn't even package their own products for a streaming platform- which created the gap in the market for Spotify.

So from a position of the music industry being obliterated by its own complacency, economists can actually put a positive spin on the economic growth brought about by streaming. But it has also caused record labels to want a piece of every pie of every artist: live revenues, merchandise etc. So the signed artist loses out on more income (and is often in debt to the label for a very long time, if not perpetually)- and that's if they are signed and have some infrastructure that the labels provide.

But for independent artists, streaming is, on paper, an economic disaster. There is no such thing as quietly selling your albums via your following to make a living now. You have to tour, tour, tour. That isn't possible for a lot of artists. They settle for the little victories of gaining healthy streaming numbers and possibly social media followers.

Record shops struggle obviously due to streaming- there is an increase in sentimentality towards things like vinyl- but better for a record shop owner to submit evidence!

I would say the long term impact of this is quite simple: **less music gets made**. Because the cost of making the albums, despite the technology available, does not actually reduce that much compare to the rate that the end product has been devalued. Mix and Mastering engineers would and should never accept a pay cut in the same way songwriters have been forced to by streaming.

Question four: how can the Government protect the industry from knock-on effects, such as increased piracy of music? Does the UK need an equivalent of the Copyright Directive?

I am unsure of the mechanisms for piracy protection in the UK. I would say, however, that streaming is essentially the legitimised step up brought about by wide scale piracy. The consumer is getting such a good deal out of accessing all this music for so little, they would rather pay for the neatly packaged streaming platform with everything they could want available, rather than delve into a murky torrent website full of viruses!

I do not believe I have lost much to piracy (people ripping my music for free)— but I do think streaming hasn't been far off being classified as such in terms of loss of earnings!

I would also say that when big artist like Taylor Swift releases an album, their representatives are very on the ball on websites like youtube as regards copyright claims and things being taken down when uploaded in breach of copyright.

I would say that metadata and youtube should be more efficient in making this happen on a wider, more automated way for less well supported acts.

Question five: do alternative business models exist? How can policy favour more equitable business models?

I think other forms of media show us that Streaming is here to stay (Netflix, Amazon etc). This changes things from the halcyon days of selling thousands and millions of records for the vast majority of artists. There is no point fighting to end streaming because that is deluded and unrealistic.

However, the question needs to be- how do we better remunerate content creators for the consumption of their work (because consumption is what it is). Ideas that have crossed my mind:

- the obvious one: better pay per stream for artists, a bigger piece of the pie.

-some kind of limit on the amount of times a user can stream a given song or artist after which they have to pay more that would then go to that artist.
Alternatively, once a certain amount of listens from a certain user to a certain artist occur- a bonus amount of their monthly fee goes to that artist specifically.

- plays in coffee shops and restaurants add up to a much more significant amount of money for me as an artist via the PPL– I feel that streams should have a greater minimum value more akin to these kinds of instore plays. I feel like streaming is much more the ‘consuming’ of the product than the instore plays (streaming is often more of a proper listen whereas getting played in a service station, you are essentially background music- but those plays add up more which seems strange)

This is about how we view intellectual property. An artist might let you ‘see’ their painting online- but you cannot hold it and put it up on your wall (own it) until you pay for the product. People can have your entire catalogue in their pocket and be playing it regularly, but there is no distinction between ‘trying’ and ‘buying’.

I am not sure what the answer is- especially when it would appear to require some kind of international consensus- and of course the big companies will resist big changes aggressively.

I know that the way things are now is not healthy and will have a long term impact on music creation in the UK which is sad when you consider what an unbelievable contribution the UK has made to global music historically.