

## Written evidence submitted by Matthew Hickman

# Digital, Culture, Media and Sport Select Committee Inquiry into Streaming Platforms

Streaming has become the main method of consumption for the average music listener. As the industry has moved away from physical (CD, Vinyl etc) and towards digital and online mediums, as has the consumption of the businesses content.

The modern world is fast paced and ever changing. Having our work and entertainment readily available is essential in this day and age. However, with these changes has meant that the value of music has dropped.

As an artist this has had a detrimental effect. With less perceived money in the business of recorded music comes less investment and more money being put into fewer new acts. This has led us to a situation where the top 5-20% of the business are living easy whilst the bottom 80% struggle to get by. According statistics gathered by the Musicians Union, this year 87% of working musicians will not make the UK Average Living Wage.

Covid-19 has meant that the Live Music Business, events & touring, are no longer able to go safely ahead. In lieu of money from the recording side of the business, live shows have long been the only realistic and sustainable way for the average artist to earn any income from music.

Taking Spotify as an example, it is estimated that on average an artist will receive £0.0028 per stream. That means that it would take roughly 3000 steams to make one hour of the UK minimum wage. If you were to have a full-time job, you would work somewhere in the region of 2000 hours a year, with that in mind to make the minimum living wage for the year in the UK you would need 6 Million streams.

There are several reasons this is exceedingly unrealistic for an artist. First of all it would be on the basis that you are the sole rights holder meaning there was no cut of the money earned from streaming to split between various parties. In reality a band would have other band members, a manager on 10-20% commission, a publisher often on a 50/50 split deal and a label. Independent labels work on 50/50 splits but major labels often function on 80/20 in favour of the label until the artist has recouped the cost of the record.

My own act brownbear, is an independent act. I am self-managed, I self-release and I am the sole rights holder. That seems like the ideal situation to be in for this scenario. However, with no label, management or publisher comes no funding. There is no one paying for recordings to be made so from the start you are at a deficit. Not to mention that even after producing a record or single for significant cost, to realistically compete in the market would take major investment into advertising, marketing & PR.

Being able to hit the level of streams to breakeven and then make the MINIMUM wage in the UK is well In excess of 6million (based on Spotify), to do that would almost certainly mean having to be on several of Spotify's editorial playlists. Easy enough right? Spotify for artist's allows pitch forms to be completed and they listen to acts. Possibly? However, the

major labels are stake holders in Spotify. They have the lion share of the catalogued music on Spotify. It is estimated 85% of the music on Spotify is owned by the Major Labels who take up over 90% of the editorial playlists. Then you would have independent labels. How does the artist fairly compete in this market to achieve the streams needed to survive? It gets worse.

Often the argument put forward is that Spotify (for example) don't make any profit as most of the profit made is paid out to Major labels. It was estimated the Majors were making £1million a day from streaming during the first quarter of lockdown. Why is this not trickling down? This has become far more complicated than just Streaming. The majors have found the latest way of exploiting artists and music in turn for profit.

As of 2019 Universal own 3.5% and Sony own 2.35% of the shares of Spotify. With it being a publicly trading company with shares open, how can it be fair if the shares are then bought up by the labels holding the majority of the catalogue. How can that possibly be a fair and transparent playing field for artist?

So as record profits from streaming are being boasted about, why is it that record numbers of artists are struggling to be able to afford to live. Most modern musicians will be working multiple jobs. The lucky ones, myself for example, have found work in the creative industry. I had the pleasure of being able to manage a tour for the last 2 years as my primary income source to help fund my primary work of being a musician. Others will be working out with the sector in various different roles just to be able to afford to record or tour.

The big question is what can be done? First of all the income per stream is an estimate because Spotify refuse to make public the knowledge of how much they do pay per stream, if each stream is equal and why they pay what they do. Spotify, streaming sites and Labels should have to legally account to artists the breakdown of the royalties being earned. Secondly, how much say does the consumer have in the use of their subscription. The average user probably assumes they are paying artists directly. Spotify should break down where the money goes, i.e, £6 goes to spotify to cover costs of staff and servers, £4.99 goes to artists, or however that would be broken down. This brings us to the next point, how is it broken down? If you were only to listen to one artist, say Ed Sheeran, shouldn't your subscription money left over after costs towards Spotify go directly to the music you listen to rather than a big generic pot?

Music has to have value. It can't be expected that artists work for nothing to prop up streaming. Netflix as an example acquires the rights to stream film & tv. Spotify don't pay for the right to exploit your music; you are expected to have your music exploited for next to no return in the chance of having 'an opportunity'. Unfortunately, opportunity is not translating into sustainable living.

They streaming services should be working in tandem with the UK music bodies like the PRS, PPL, The MU and so on to deliver the best possible distribution of fair royalties to artists and labels alike. We should be proud of our music, proud of our art and proud of the artists making it. Without music, what would they have to exploit for profit?

Streaming is not the sole issue in this business. Greed it. The labels, the big promoters. It is not new. I hope though that the artists have their voices heard.

Algorithms have likely allowed some bands to be discovered by audiences, they can have a huge positive effect but shouldn't more knowledge over how they work be readily available? Also, it can't all be down to chance. More has to be done to enhance programming that has sustainable benefits to new artists.

It has the ability to be a great advert for new bands, but with it being so heavily controlled and influenced by major labels, how is that possible? For now bands are working towards a dream that has a slim chance of being achieved.

In short, we need fairer royalty payments that are transparent to artists, labels and consumers alike. There needs to be a bigger support available for new and independent artists, perhaps even more so than major label artists who have substantial financial backing and finally, there needs to be a wider conversation on the morality of the music business especially as we strive to find a new normal in heading towards the post Covid-19 world.

Reference Links:

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