

Written evidence submitted by Julian Henry

Evidence provided by Julian Henry, November 2020:

'Do the economics of streaming work for everyone involved in British music'?

My background:

I've been a Marketing consultant in the music industry for over thirty years.

I've advised internationally successful pop groups, record labels, music publishers and managers, as well as No.1 selling songwriters and producers. I've written for The Guardian and trade magazine Music Week and I'm a songwriter in an indie pop group. I've been a member of PRS since 1984 and have 150 + songs published in UK, Japan, North America.

[https://en.wikipedia.org/wiki/The_Hit_Parade_\(group\)](https://en.wikipedia.org/wiki/The_Hit_Parade_(group))

Summary of my evidence:

In the addition to the enjoyment it brings fans, streaming pop music benefits writers by making our songs accessible and steering fans to a legal means of accessing music. But there is a problem with the economic model. The model engages the rights owner but NOT the creator / writer. Writers are the creators of the content. I'm submitting this evidence as a song writer; this failure to address our community is undermining the good work the streaming companies do.

Furthermore:

UK copyright law is out of date; it fails to reflect the power of the streaming services. The UK has an enviable record in song writing: From Strummer/Jones to Cathy Denis, from Stormzy to Lennon/McCartney. All of them, Great British Songwriters, poorly served by lack of legislation to protect their work. Song writing is a craft, a global trade that gives the UK a distinct cultural identity. This identity will fade unless it is protected; the algorithms that predict behaviour for the streaming services marginalise minority tastes; data skews success towards formula and this reduces the opportunity for new UK song writing talent to be noticed. UK song writing has an identity that is admired around the world. As streaming services focus on big global hits so the new voices of our Great British Songwriters need to be encouraged if they're to thrive.

I submit this account in a personal capacity as evidence to the Inquiry:

1. How I benefit from my music being streamed

I'm the songwriter of a minor hit in Japan. I retain rights to my songs and today I see which countries play my music and which songs are most popular. This empowers the writer. My royalty statements reveal that streaming services play songs I've written over the last four decades. My songs have been played 100,000 + times on YouTube but I am not paid for this. In addition to CD and vinyl sales I receive small payments (ie £100 per month) from streaming services approx .002 per stream by Apple Music, Spotify and others. See below:

Spotify	5E+12 US	JPEW3	JSH	JSH	The Hit Parade	Pick Of GBWCJC Hitomi	12	2	0.00304	0.0060784	USD	25	0.004559	0.003575
Spotify	5E+12 US	JPEW3	JSH	JSH	The Hit Parade	Pick Of GBWCJC Hitomi	12	13	0.00561	0.07290725	USD	25	0.05468	0.04288
Spotify	5E+12 US	JPEW3	JSH	JSH	The Hit Parade	Pick Of GBWCJC My Far	13	1	0.00561	0.00560825	USD	25	0.004206	0.003298
Spotify	5E+12 US	JPEW3	JSH	JSH	The Hit Parade	Pick Of GBWCJC House	7	4	0.00561	0.022433	USD	25	0.016825	0.013194
Apple Music	5E+12 US	JPEW3	JSH	JSH	The Hit Parade	Pick Of GBWCJC Hitomi	12	2	0.00509	0.010178	USD	25	0.007634	0.005986
Apple Music	5E+12 CA	JPEW3	JSH	JSH	The Hit Parade	Pick Of GBWCJC You Di	2	1	0.00935	0.0093459	CAD	25	0.007009	0.005497
Apple Music	5E+12 CA	JPEW3	JSH	JSH	The Hit Parade	Pick Of GBWCJC On The	10	1	0.004	0.00399514	CAD	25	0.002996	0.00235
Apple Music	5E+12 GB	JPEW3	JSH	JSH	The Hit Parade	Pick Of GBWCJC Autobi	20	1	0.00758	0.00757952	GBP	25	0.005685	0.004458
Apple Music	5E+12 US	JPEW3	JSH	JSH	The Hit Parade	Pick Of GBWCJC You Di	2	3	0.00509	0.015267	USD	25	0.01145	0.008979
Apple Music	5E+12 US	JPEW3	JSH	JSH	The Hit Parade	Pick Of GBWCJC You Di	2	1	0.00969	0.009688	USD	25	0.007266	0.005698
Apple Music	5E+12 CA	JPEW3	JSH	JSH	The Hit Parade	Pick Of GBWCJC You Di	2	1	0.00935	0.0093459	CAD	25	0.007009	0.005497

2. What is the dominant model for streaming music?

The subscription model used by Spotify, Amazon, Apple and others is well known to UK consumers; Facebook, YouTube etc use different models but all fail to deal with writers in a transparent fashion; UK Copyright law is vague. Royalty rates are not made public. Rates differ widely between platforms and territories; YouTube and Facebook are judged by different terms; Spotify favours Master Recordings over Publishing Rights. The writer of the original composition is not generally acknowledged by any of the streaming companies.

3. Have new features influenced consumer tastes?

Playlists (ie #newmusicfriday) are the most valuable promo in British music. Radio Producers, TV producers, top Pluggers & Promoters, label heads follow choices made by playlist editors. Spotify is kingmaker in the UK music industry. Its knowledge of music consumption allows it to value audience data over original composition (see MBW 2.11.20). <https://www.musicbusinessworldwide.com/3-things-to-know-about-spotifys-controversial-new-pay-for-influence-tool-discovery-mode/>. This evidence of data exchange for creative credit reveals the streaming services approach to writing. Spotify's failing economic model (Spotify posted losses for last 12 years, most recently - €73m in 2019) is being used to negotiate lower margin deals with labels / rights holders, putting Spotify into conflict the creative community. Without a mechanic to engage with distinctive composition, the streaming services are set to distance themselves from the suppliers of the content.

4. What has been the economic impact of streaming on the UK music industry?

During last twenty years the British music industry has collapsed; music magazines shut; label staff laid off as the business evolves to digital, UK chart splinters into smaller charts; well established music retailers close. Evidence of this change is obvious in London's record labels: In the 1990's the release of a priority LP by world class artist would be planned over six months by a significant resource (ie 20+ staff) at the label. This would cover Design, Radio, Sales, National TV, Press and other categories of marketing and production. Today this job is done by a Catalogue Manager in 30 minutes. It's cheaper to repackage old content for the streaming services without spending time developing new artists.

At the same time music streaming revenues have risen dramatically from £16.3m (2010) to £568.8m (2020 source BPI Yearbook); streaming companies support British music through Festivals (Apple Music Festival 2007- 2017), sponsorships (Amazon Music's sponsorship of Brit Awards, MTV Awards) but the loss of the label A&R function means no time is spent on building new artist identity. Originators find themselves marginalised. This contributes to a UK chart filled with less distinctive identities.

5. How can Government protect the industry in the streaming era?

HM Government can do more to recognise the status of the song writing as the creator of an original copyrighted work that contributes greatly to UK's standing as a cultural super power.

Commercial song writing today is more informed by tech and data than at any time in the past. PRS reports annual collections for writers of £810.8m in 2019, (8.7% yoy increase) but this conceals a gradual decrease in sales of new British music overseas and an absence of distinctive young song writing talent. PRS list major UK 2019 talent beneficiaries as Ed Sheeran, Elton John, Florence + the Machine, Phil Collins and The Rolling Stones, all established acts; streaming services do not invest in the UK songwriters whose music they sell around the world.

6. How can policy favour a more equitable business models?

Policy should encourage strong and distinctive voices in the independent sector. UMG, Sony and other major labels have bought into Spotify. Google owns Youtube. The UK music market is dominated by these big businesses and the weak state of the UK indie sector is affecting creativity. 2018 WINTEL report identifies the issue: In Japan, independent music companies account for 63.7% of the market, in South Korea 89.2%. The UK languishes in 18th place with 23%. Evidence of recent global hits by new acts BTS and Blackpink demonstrate impressive Korean success thanks to their strong independent sector.

UK artists sell less music on the international stage: In 2015 UK artists accounted for 17% albums sold around the world. By 2017 this figure had dropped to 12%. (Source IFPI). Government policy can strengthen UK cultural identity by supporting strong independent voices, protecting the rights of the song writer by using BREXIT as the moment to demonstrate their support for an established creative industry.

Conclusions:

The UK music industry contributes £5 billion to the UK economy (source UK Music) but has become reliant on re-packaging of older material ie Elton John, Queen. New acts struggle to break through. The system of repackaging past hits suits big labels and streaming services as it's cheaper to produce. Without an A&R structure emerging talent in the UK is left to its own devices and so rarely reaches the global mainstream. Other countries (ie Korea, India) use their strong independent culture to develop distinctive pop identities that resonate on the global stage. The cancellation of live shows due to Covid-19 makes this worse.

Government can help by updating UK copyright law. It was written before YouTube and others existed. I appeal to UK regulators to use this moment to recognise the work of UK creatives - the songwriter - and to protect this important source of national identity.

Post Brexit the global streaming services will be perfectly positioned to support UK songwriters on the global music stage. Song writing has been key driver of British soft power since 1960s; it should be better recognised, nurtured and protected by the streaming services, in order to secure a healthy and vibrant future for British pop music.