

Written evidence submitted by Dr Hyojung Sun (Ulster University), Prof. David Hesmondhalgh (University of Leeds) and Dr Richard Osborne (Middlesex University)

**Submission to the Digital, Culture, Media and Sport (DCMS) Select Committee's
Inquiry into Economics of Streaming**

From May 2020, an independent academic research team of Dr Hyojung Sun (Ulster University), Prof. David Hesmondhalgh (University of Leeds) and Dr Richard Osborne (Middlesex University) have been conducting an independent research project to investigate music creators' earnings in the digital age. The project is funded by the UK Intellectual Property Office (IPO) and NESTA's Policy and Evidence Centre (PEC) and supported by a Steering Board of industry stakeholders including the Ivors Academy, the Featured Artists Coalition (FAC), the Musicians' Union (MU), PRS for Music, the Association of Independent Music (AIM). Other industry stakeholders have also been invited to join the board.

The aim of the research is to deliver independent and robust evidence on how changes in the digital music marketplace have impacted upon the earnings of music creators and therefore facilitate an informed debate. In this research, we define music creators as an overarching term to describe recording artists and songwriters. The impetus of this project stems from the lack of evidence in this contentious area of research, which in return has led to a polarised debate based on anecdotes and perceptions. The music creator community argue that the lion's share of streaming revenues goes to major labels and that this business model is based on the reward system created in the pre-digital era. The recorded industry however argues that there should be greater recognition of the significant and risky investment they continue to make in artist development and marketing. They also claim that the focus should be on increasing the size of the overall pie, and that this could be achieved by filling the 'value gap' created by video platforms as YouTube.

The main areas of investigation are: 1) the amount of money distributed from streaming services to music creators; 2) the equitability of the income distribution by looking at the allocation of the revenues amongst different stakeholders; 3) changes in the level and pattern of revenue distribution over the last 20 years; and 4) how the issues are perceived by different stakeholders.

The research employs qualitative and quantitative research. Qualitatively, the team will conduct interviews with key industry stakeholders, undertake surveys and hold a number of focus-group discussions with music creators. For quantitative research, we will conduct longitudinal analysis of the income changes based on industry reports and data we receive from stakeholders. We will also analyse the diverse aspects of contractual agreements of a sample of contracts that have been made available for the research.

This is a one-year project that began in May 2020, and the research team is still in the process of collecting data. The research team has so far identified some of the underlying issues that have prevented a better understanding of music creators' earnings in the streaming age.

First, there is difficulty in accessing robust and comprehensive datasets in music creators' earnings. Secondly, in the absence of objective evidence, discussion of music creators'

earnings has primarily been dominated by the anecdotes of individual musicians and their views on how their creative works are valued and how they are remunerated. Lastly, the current discussion is largely focused on streaming music platforms and tends to ignore the wider aspects of the music economy, including the complexity involved in royalty distribution.

The research report is expected to be published next Spring. This project will examine and contextualise the main claims made in this area, such as whether the current situation is different than before as widely proclaimed. It will provide objective and transparent evidence to facilitate and stimulate a more informed debate. Overall, it is our hope that the study will contribute to a better understanding of how music creators are affected by streaming services.