

Written evidence submitted by Adam Fenn

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

Two business models currently dominate streaming: subscription and advert-funded. Neither are exclusive to the other with both models benefiting the tech industry rather than the music industry. In effect, users have become the product rather than the music. YouTube, which is the biggest source of streamed music effectively gives music away for free, in return for users supplying their behavioural patterns. It therefore only makes financial sense to reward music content that has substantial demand and thus advertising power i.e. streams over 100K in one week. Any content below that threshold is of little worth to the tech companies who are then unable to monetise that content through advertising.

Whilst millions of diverse tracks are consumed by millions of consumers, representing all age ranges and demographics, they have little or no value to the advertisers. But this 'valueless' music is in reality selling YouTube without seeing any tangible reward. The business model would be unsustainable if YouTube were to pay its premium rate for every music stream. Advert-funded music is distorting the market.

For these reasons I decided to place my music exclusively with Sonstream. My decision was based upon the benefits for musicians of their business model which is fair, equitable and transparent when compared to other platforms.

Since the beginning of the Covid pandemic all my gigs and teaching have ceased and my income from those sources has been zero. Streaming has become my only source of income as a musician.

Streaming my music with Sonstream gives me an easy and risk free way to supplement my income. I use their YouRelease service which allows me to upload my music as mp3 files onto their platform. I found the process easy and their instructions simple to follow. The main requirements were that I should not be VAT registered and that each track should have its own ISRC code. This was easily obtained from PPL.

As the rights holder to my own music all payments from Sonstream go directly to me. The process is completely transparent. Each Friday I receive a report from Sonstream itemising the number of plays for each track along with its ISRC code, the unit price for each play and a total due to me rounded up. As a user of their YouRelease service I receive 2.5p every time a track of mine is played. This rate is fixed and there are no algorithms, playlists, subscription deals or promotional deals affecting this payment as with other platforms. All money due to me is then deposited into my PayPal account on the following day.

Whilst I cannot say that streaming has so far matched my previous income I am confident that in time it will become a significant revenue stream for me. This, however, is dependent upon all platforms being subject to a level playing field.

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

Yes, but not for the benefit of the consumer.

Whereas previously the singles and album charts could be influenced by PR & Marketing from the labels this has now been replaced by wholesale manipulation from the streaming companies in the form of Playlists.

The justification for such 'algorithmic curation' is that it assesses consumer tastes to deliver a superior experience. In reality the purpose is purely economic in that it allows platforms to harvest personal information in order to deliver targeted advertising.

I have decided not to use platforms that use algorithms and adverts etc. due to a lack of transparency in the process. Algorithms are biased, and provide unequal access to the streaming market for all artists, songwriters and performers.

regardless of whether they are signed or not.

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.?

Record shops, vinyl, cassettes and CDs are now largely products of the past except for niche markets and collectors.

Pre-streaming bands would have cassette or CD demos to sell at gigs to augment their income from live performances. A similar physical demo is now of little value to musicians but this is not entirely due to streaming.

The collapse of pub culture has had a serious effect on the live music scene in that there are now few gigs to sell the demos or develop acts. The decline of both are symptoms of the growth of an online society.

But to demonise music streaming and make it responsible for all woes within the Music Industry plays into the hands of the Tech Industry. They will promise that a thriving online music scene is on the horizon thanks to their 'services' to be paid for by musicians whilst taking all profits for themselves.

A fairer model is needed where the major music corporations do not dominate the marketing, licensing and distribution of streaming royalties. Greater transparency would stop information being hidden that enables conflicts of interest and prevents creators and performers understanding what they're being paid and why.

I get paid 2.5p everytime a track of mine gets played on Sonstream. It is by far the most generous return of all the streaming platforms and the terms are completely transparent. Since the start of the pandemic streaming has been my only source of income. As an independent artist I have full control over the distribution of monies from streaming as well as who licenses my music and at what rates. Sonstream provides an equitable model that enables greater value to be placed on the song.

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?

The Copyright Directive is essential but must be legislated for so that the streaming platforms cover the cost of policing it and not the Rights-Holders. The technology is already available for YouTube to police their platform and discover copyright infringements as soon as they are uploaded. They are reluctant to do this as it would cause the collapse of their business model.

YouTube does not do enough to protect creators and their work. The platform makes millions of tracks available for free depriving artists of income from pay per play platforms. There is no excuse for them not to police their own platform.

It may be argued that all of the major streaming platforms are engaging in piracy as they are using another party's IP without providing a fair remuneration in return.

Most Artists are unable to negotiate sweetheart deals and have to rely upon Spotify's average £0.00348 per stream whilst major artists, whose songs are streamed in the millions gets significantly more. Due to lack of transparency it is impossible to say how much more.

Because YouTube and Spotify etc. provide music for free I am unable to use those platforms. Although Sonstream provides an excellent return of 2.5p from each stream of my tracks it is completely unrealistic to expect users to voluntarily pay 3p for each play of a track whilst it is also available for free on other platforms.

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

Yes! Sonstream for example. This is a Pay per Play model which charges the user a fee for any music streamed, but conversely charges nothing if they play nothing.

For this to succeed it would require a huge shift in user habits accustomed to free, ad-funded music or legislation.

The average user would pay about £5 per month (far less than any equivalent subscription service) and would be attractive to those users suffering from 'subscription fatigue'. Each stream pays the rights-holder an average of 21 times more per stream than Spotify. It doesn't matter if it's 1 stream or 1,000,000 streams, the pay-out per play remains the same, and so does the charge to the user.

The Pay per Play model of Sonstream works because it's business model centres upon music being the product and not the platform.

Legislation could enforce royalty payment to Performers (PPL) from the streaming industry and raise the Songwriters' royalty to 25%. These measures would only be economically viable if royalty collection was by law measured on a per stream basis and dissociated from playlists and contracted monetised advertising use.

Legislation for Music Copyright could also prevent the TV and Film Industries from the same fate as Music and could re-vitalise legacy IP.

Legislation could also re-value Legacy recordings and revolutionise how our Music heritage is commercialised. Old Recordings may not have the glamour or focused advertising clout as contemporary 'Pop' music, but they do in fact, constitute the bulk of all music streaming.

Recording and song-writing copyrights should run indefinitely. Our existing copyright laws devalue recordings and musical IP handing over a huge loss leader to Silicon Valley. The British Economy sees negligible tax revenue from this, and a potentially highly lucrative creative culture is undersold. Ending any time limit on IP copyright would be to re-monetise our heritage and future too.