

## Written evidence submitted by Anonymous

I am a singer/songwriter and musician based in Manchester. My music has accumulated over 17 million plays on Spotify and has earned praise from NPR's Bob Boilen in the US, as well as Steve Lamacq and BBC Radio 2 and Radio 6 in the UK. I have toured across the UK, EU and US, performing at South by South West in Texas, Folk Alliance in New Orleans and closer to home, Greenman festival and Cambridge folk festival. I was recently able to become a full time musician by supplementing my streaming income with earnings from live shows.

### Question One

A big part of my success as an artist to date has been the number of streams I have gained on Spotify. Streaming platforms have become the primary way I release my music, with physical releases only really making money when sold at live shows. Therefore, streaming is hugely important to me as a source of income, as I cannot tour all year, especially now with the impact of Covid-19.

I own most of my music (as opposed to a label) and for this I use a distributor, who ensure that my music is uploaded to all streaming platforms with the correct metadata and who also pitch for playlisting. They also account to me monthly with a breakdown of where money has been earned that month. In return they take 15% of royalty income (+VAT). It's often hard to know how accurate these statements are, purely because rates are different across streaming platforms and also vary country to country. For example, for 3198 streams of my song 'Asylum' in the UK on 1<sup>st</sup> July this year, I earned £13.77, yet for 13250 streams of the same song on the same date but in Spain, I earned £1.85. From an artist's perspective, it's hard to know if these rates are right, but they certainly seem inconsistent and at risk of error. To this end, I believe that the streaming model must stop information being hidden and impenetrable which currently enables conflicts of interest and prevents creators and performers understanding what they're being paid and why. It must also include modernised royalty distribution systems to stop bad and missing metadata, and mis-allocated payments. For a recent release I went through a small label based in the US, who licensed my music and get 50% of profits after they recoup their costs. With the current rate of pay for streaming so low, they have not yet recouped their costs of £4000 one year later, so I'm not currently seeing any money from this release.

### Question Two

My success as an artist has been largely helped by placement on Spotify editorial playlists – this has driven my streaming numbers up and has earned me modest recognition and in turn some career enhancing opportunities. However, these numbers are often created by passive listeners, who listen to you in the background amongst thousands of other tracks on a rolling playlist. So it is increasingly difficult to convert these numbers into real people who attend shows and invest in you as an artist. It is also increasingly difficult to gain placement on these playlists as the number of artists submitting to Spotify increases by the thousands, plus you are competing with artists who are signed to record labels and therefore have easier access to Spotify editors and playlist placement through label connections and financial clout. Labels can currently pay money to Spotify in order to directly advertise

priority releases to customers – already pricing out unsigned artists and making it harder for them to stand out ahead of signed artists. Spotify has also recently announced a feature in which artists and labels can choose songs to be prioritised on algorithmic playlists. This does not have an upfront fee but it does have a cost – when artists choose a song to be prioritised, they agree to be paid a lower recording royalty rate for streams within those personalised sessions. With the royalty rate already as low as £0.0031 per stream, lowering it even more in exchange for a small marketing boost on the platform won't be worth it for most unsigned artists. What I would like to see is oversight of platforms so that algorithms are not biased, and provide equal access to the streaming market for all artists, songwriters and performers regardless of whether they are signed or not. Furthermore, I would welcome full auditing and disclosure of the relationships between rights owners (music publishers and record labels) and streaming platforms to expose agreements, marketing partnerships and non-licence revenues.

### **Question Three**

As a small independent artist, streaming has meant that I have been able to make the leap from working in music part-time to doing it full-time. For a while I could pay my rent with the royalty money I was receiving from streaming (predominantly Spotify) due to success with being put on popular editorial playlists on Spotify. This meant that I could then expend any extra time and energy on building on my career and could supplement my streaming income with takings from live shows and some session work. I got to the point where I could live off my music income, but since Covid hit and live shows aren't an option I'm relying solely on streaming income to make a living. It is not enough.

I currently earn about £480 a month from streaming, after my distributor takes their 15% fee – this is for around 120,000 monthly listeners. When my monthly listeners were at around 600,000 (due to being put on editorial playlists with millions of followers), I was earning roughly £1500 a month. This does not work out as much when you look at it proportionally to the amount of streams. As you can imagine, this has changed the music industry hugely. On one hand, small artists have little difficulty in uploading their music to Spotify via distributors for a small fee, and if they're very lucky they can be earning a modest income from streaming quite quickly. On the other hand, the only reason it is useful is because it is part of a whole ecosystem based on multiple income streams including live income and merchandise sales. Where artists used to be able to live off recorded music alone, they now cannot survive without the income from other avenues, because payment from streaming is so low.

It is also easy to feel a lack of understanding of where my music is being licensed, who owns what chunk and who should be accounting to me and in what detail. Rates differ platform to platform and country to country. And different distributors and labels take different percentages for their fees. Even the detail is hard to understand sometimes with statements fairly difficult to digest to the point where it's only those with the know-how who seem to be able to understand them.

What I believe we need is an equitable model that enables greater value to be placed on the song as well as a fairer model where major music corporations do not dominate the marketing, licensing and distribution of streaming royalties. Also, we need a system with

greater transparency, to stop information being hidden that enables conflicts of interest and prevents creators and performers understanding what they're being paid and why.

#### **Question Four**

I believe it is fairly likely that I have lost money to piracy at some point in my career, though I would personally find it hard to trace and don't feel there are mechanisms in place to inform and protect me as an artist. My music can be used on so many platforms in so many ways and it's very difficult to trace every play and be paid correctly for the usage. The potential for hundreds of pounds in income that is unaccounted for, means I find it hard to use streaming as a reliable source of income in my business plan. I think we need the following to happen:

1. Better or equivalent copyright protections for creators to those awarded elsewhere, particularly in Europe.
2. Greater transparency amongst record labels, music publishers, streaming platforms and other licensing entities so that creators can effectively use their right to audit music companies they are signed to or who administer royalties for them.
3. Enshrine the liability of online platforms in UK law; this means that platforms, including those that host user-generated content, will be liable for hosting unlicensed music.
4. Contracts between music creators and companies tasked with exploiting their works should always ensure that all creators will be paid appropriately and proportionally to their music's success.
5. Be able to renegotiate contracts if the remuneration originally agreed under a license or transfer of rights turns out to be disproportionately low compared to revenues generated by a creator's music.
6. Assignment of rights to a music company should have a maximum term, after which the rights should automatically return to the creator, who could decide to extend or place their rights elsewhere.

#### **Question five**

I have so far not come across alternative business models that exist, but I do know that I get paid better when my music is played on radio and TV, and don't see why this can't be the case for streaming. If people value the music they listen to they would pay accordingly for it. I think what we need is more transparency and opportunities for scrutiny, so that current market distortions can be exposed and reformed. Ensuring a level playing field through regulation can enable ethical business models to become the norm. Not all platforms are the same, and not all music companies are the same; some are demonstrating that more equitable business models can be adopted. I also think we need the reclassification for performers of streaming as a 'communication to the public' rather than 'making available' (for songwriters, streaming already has this classification). This would generate royalties to be paid through a collection society such as PPL (like radio does), help unrecouped artists as it would generate new royalties for them that they

wouldn't get direct from a label, and generate an income stream for session musicians who currently receive no streaming royalties.