

Written evidence submitted by Neil Adams, Sarah Ramage, Caleb Evans and Paul Deacon

Neil Adams
On behalf of The Layers
Bristol, November 2020-11-19

As a largely amateur musician for over thirty years, I have been involved in grassroots live music as a musician, sound engineer, gig organiser and have created and released original music as part of several bands, as well as touring in Europe and the US.

For the vast majority of this time, I have worked with amateur, pro-am and aspiring professional bands. The fully professional musicians with whom I have worked are a small minority and even the most successful of those struggle to get by – increasingly so as time goes by.

I will not misrepresent myself – I am in the enviable position of not needing to make money from music. I will describe my own experiences in this evidence for authenticity but I would like it borne in mind that the difficulties that I face in receiving fair recompense for the music that I produce is felt all the more keenly by those who are dependent to any extent on the income.

The vast majority of music consumption is now via online streaming. For the unsigned, low-exposure artist, this means returns of anything from \$0.0004 to \$0.01 per stream. The most typical returns from services such as Spotify, are at around the \$0.003 region. For direct comparison this means that to achieve the earnings from selling a single CD at a gig, my band would need to be streamed over two and a half thousand times even if we got to keep all of the money from streaming. In reality, any artist wishing to get onto the streaming services must sign a distribution deal. A dizzying array of agents vie to supply this service at variable rates. The most artist-centric charge no up-front fee but charge a percentage of earnings.

By digging into the earnings from each streaming service and the number of plays, an artist can, if they wish, calculate how much they made from each service and try to push the most successful. We can also look at figures from the Entertainment Retailers Association for music subscription service sales, compare them to the wholesale figures and work out, on average, what percentage of the sales go to artists, albeit a few years ago.

From 2016 to 2018, based on these figures, the percentage of digital sales passed back to artists went down from 58.9 to 56.4%. That may not sound a great deal out of context but consider the panic in the markets if GDP falls by the same figure over two years.

It is more difficult than that to work out what a streaming service pays a particular artist, though, because there is a huge variation in the rate paid depending on where in the world the stream is accessed, whether it is via paid or ad-supported subscriptions and the deals in place between distributors and artists.

Full disclosure: I'm fifty one, a company director with a degree in engineering and thirty years' experience in various fields and I really struggle to understand exactly where the money goes from the music that I stream. What hope is there for up and coming teenagers trying to make some money to tour with their first band?

The upshot is that the vast majority of musicians find it near impossible to make anything even faintly resembling a sustainable income and it is almost impossible to figure out where the money is going.

In addition, the big streaming providers now have disproportionate power over the industry. In 2019, after the US Copyright Royalty Board raised the amount that streaming services had to pay to songwriters from ten to fifteen percent, Amazon Google, Pandora, and Spotify initiated legal action and, earlier this year, won a procedural victory to have the new rate thrown out. This kind of legal wrangling is something from which the artist is separated by layers of agents, distributors etc and the perception amongst grassroots artists is that we are effectively powerless to intervene.

It's not over yet. Another challenge to the artists at the bottom of the pyramid is that the streaming services are now awash with AI based algorithms that curate, recommend and promote music based purely around maximising financial return for the service. This leads to some artists being denied in favour of others, a grave concern if you consider the lack of diversity amongst the larger services, as illustrated in Spotify's 2018 diversity report.

The challenge for the 'undiscovered' artist now becomes to make it onto Spotify playlists, leading to the rise of a murky world of playlist promotion companies who have taken money from hundreds of thousands of naive musicians for the promise of exposure that never materialises. As the nominated contact for our band, I get regular unsolicited emails like the one I received just last week, promising: "Subject to a successful audition, Music Discovery XO will get your music heard by entertainment industry professionals and fans around the world, and help facilitate music licensing and distribution deals, live events and touring opportunities, record label and music publisher deals, and other career opportunities. You will receive a detailed agreement once your audition has been successful." I checked the company out online, where a litany of complaints tipped me off that there will be a fee and zero return.

Yes, artists should know better but these are the desperate times that they have been driven.

Away from streaming, other business models exist. Artists can sell their own music digitally, as long as they have the nous to maintain an effective digital presence, but again, exposure is everything. For most artists, the industry seems to have come full-circle and the best way to make a profit is now on the road. Direct-to-customer sales of physical music, merchandise and tickets can almost all go directly to the artist. This revenue stream is also under attack, however. Although not under the purview of this enquiry, the committee should take into account the struggle faced by small music venues, the events industry and those involved in small festivals. Costs to venues and challenges from property developers have driven many grassroots venues out of business, with 35% closing between 2007 and 2015. This is vitally important because it makes streaming services proportionally more important as a source of income. With nowhere to play, it becomes progressively more difficult for artists at the bottom of a pyramid to build a following. Moreover, grassroots venues are the incubator for new talent and a lynchpin of the night economy, research showing a further £1.70 distributed elsewhere for every £1 spent in a small venue. With the music industry contributing over £4.5bn to the UK economy in 2018, one should not underestimate the effect of undermining this edifice. It may take years to show but without support at the foundations, the structure will eventually crumble.

Where does this leave me, as an independent, 99% amateur artist? Over the last ten years, with my band, I have made a net loss on the recording of three original albums, touring and gigging. If it were my sole source of income, I would be bankrupt. Streaming services have stopped young people from

buying physical music. In the 1990s, an amateur band could expect to break even on the cost of recording with a good tour and some sales and would have a platform to try to turn professional. This is no longer the case. In addition, streaming sites have devalued music, the perception being that with a paid subscription, all music can be free – but they are not paying their fair share to the people who make the music, whilst actively discouraging listeners from parting with money by permanently purchasing digital downloads or physical music.

If I were to give up, it's no great loss to the world of music; I'm under no illusions. It would be a loss to the many charities that we have supported over the years, though, the young people who we have supported by giving them their first support gig, who we have taught the rudiments of sound engineering and got involved in a wider creative community. Grassroots music is a vital part of our communities and it is under attack from streaming giants. It can be protected.

I would like to finish by saying I support The Ivors Academy submission to the Select Committee inquiry.

They make six key points which I believe are important and sensible:

1. The streaming model must be equitable, fair, transparent, efficient, and pro-creator.
2. It must value the songwriter and performer contribution to streaming more highly.
3. It must include checks on the dominance of major music corporations on streaming marketing, licensing and distribution of streaming royalties.
4. It must stop information being hidden that enables conflicts of interest and prevents creators and performers understanding what they're being paid and why.
5. It must include modernised royalty distribution systems to stop bad and missing metadata, and mis-allocated payments.
6. It must create the strongest environment for UK creators and ensuring UK songwriters, composers and performers do not fall behind on basic rights and protections.

Thank you for your consideration.