

Written evidence submitted by Niall Parker

Introduction

I'm Niall Parker; I've been a musician since I was 16 (I am now 51). I've never been a professional musician. I've always had a main job- in this I work as a specialist IT consultant (in that field I have been a programmer for 20+ years, mostly in web technology, and consequently I have a pretty good understanding of the workings of streaming from a technological viewpoint).

This March I released my first album ("Red") in 10 years, through my band Gravity Machine, to critical acclaim- 10/10 reviews across the board, considerable radio airplay, features in magazines, airplay in Brazil, the USA, Canada, Europe & Japan.

The cost of producing the album I put up myself. This amounted to just under £12k and includes studio time, photography, videography, session musicians, mixing and mastering. It does not include any allowance for my time or purchase/hire of musical instruments or equipment.

Table 1

Spotify	\$31.16
iTunes-UK	\$27.00
Amazon MP3-UK	\$21.22
Apple iTunes	\$12.74
iTunes- Apple Music - United Kingdom	\$11.21
Amazon MP3-IT	\$5.49
Deezer	\$4.79
Amazon UK Premium Service	\$4.16
YouTube Music	\$3.36
iTunes - Apple Music – US	\$3.01
iTunes - Apple Music - New Zealand	\$1.97
Google Music Store	\$1.62
iTunes - Apple Music - Europe	\$1.28
Amazon US Premium Service	\$1.10
iTunes Apple -other territories	\$0.94
iTunes-Europe	\$0.73
Amazon DE Premium Service	\$0.69
Tidal	\$0.23
iTunes - Apple Music - Australia	\$0.18
iTunes - Apple Music - Canada	\$0.17
KKBox	\$0.13
iTunes - Apple Music - Mexico	\$0.07
United Media Agency (UMA)	\$0.06
iTunes Match - UK	\$0.05
iTunes - Apple Music - Rest of World	\$0.05
iTunes - Apple Music - Japan	\$0.04
Yandex	\$0.03

iTunes Match - Europe	\$0.02
Amazon AT Premium Service	\$0.02
Amazon FR Premium Service	\$0.02
iTunes Match - Americas	\$0.01
iTunes Match - Canada	\$0.01
iTunes - Apple Music - Switzerland	\$0.01
Amazon Premium ROW	\$0.01
Tencent Music Entertainment (TME)	\$0.01
Total across all platforms	\$0.00
Based on 18,300 streams (this year), the Spotify rate per stream is:	\$0.00170273

Points of note:

I have provided below a simple calculation, based on Spotify:-

Streams required in one year to recoup/break even album cost (£12k) and ignoring exchange rates	7,047,506
Daily streams required	19,308
(Example) Ed O'Brien's solo album (EOB; Ed O'Brien is the guitarist from Radiohead) daily streams (current approximate figures from Spotify)	10,600

Conclusion: in order to recoup the costs of my album, I have to make DOUBLE the streams that Ed O'Brien (a major artist, with commensurate label backing, marketing budget and human resources) currently makes.

Note: this is only to recoup costs; to have any chance of producing a second album from streaming revenue, I'd have to double this figure again.

[Question one: what are the dominant business models of platforms that offer music streaming as a service?](#)

I do not use streaming to monetise the music I make- this would be unrealistic and a very short path to bankruptcy. Streaming has zero importance to me as a revenue source (my revenue-to-date from Spotify for instance is US\$31.16; across all platforms it is US\$133.39). Putting this into perspective, the one-off costs of putting my music onto streaming platforms is US\$79- thus far, in a year, my net gain from streaming is US\$54.39.

Risks- if my music isn't available on streaming platforms, then I run the risk of "not being heard". Worse, there is the risk of piracy- I am in no position to enforce my copyright against any of the platforms. Accordingly, I am in an invidious and unjust position.

Costs- there are no direct costs to streaming (save the US\$79 submission fee); however, to have any hope of "being heard" I have to invest in online advertising to drive potential listeners toward one or another streaming platform- to their net benefit and to my direct loss. This is compounded by the

fact that their playlists are critically important to “being heard”...and in my experience it’s utterly impossible to obtain a position on one of these playlists (my suspicion is that these are reserved for record labels with whom Spotify and others have a mutually advantageous relationship.

Benefits- there are near-zero financial benefits. One small benefit is that I can be heard in other countries; however, this is hard to define as an advantage when touring those countries is a near-impossibility

Improving Streaming- an improved income from the streaming services would

- enable continued music releases (as matters stand, I will have to save up for at least 2 years before being able to fund another album- despite excellent reviews, critical acclaim & airplay). In addition, touring is out of the question completely (too expensive by far, relative to any “gains”).

- make the platforms more equitable- the current business model is a “winner-takes-all” model; as far as I understand it, the vast majority of streaming income goes to the major labels. Making the platforms equitable is not technically difficult or impossible (I know this for a certainty).

- serve the interests of creators more- the platforms should not be another arm of the large record labels- this is a very clear conflict of interest (interestingly, one that would not remotely be tolerated in my “day-job” environment).

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

The playlists are, in my experience, hopelessly out of reach for smaller artists like myself. Exposure on some of these lists can make a huge difference, and yet I’m either asked to pay third parties quite large sums (\$100+) to be included for a short time; or (in the case of curated playlists) it’s utterly impossible to obtain a listing on any playlists.

There’s no doubt of the importance of the playlist system- the way that Spotify breaks open an album means that- outside of my core fanbase- people will only listen to one song.

It’s very hard not to conclude that the playlist system is designed to serve the interests of the platform and not the interests of creators.

Not appearing on a playlist means that chances of garnering interest or exposure become minimalised.

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.?

Streaming has removed possibilities for revenue generation; it’s only very marginally better than being completely pirated. Please see my opening table- streaming income cannot possibly allow for a recoup of funded work nor does it allow for any kind of living wage...and, in the final analysis, it does not allow for any reinvestment in an artists career.

I can also point out that the poor rates attached to streaming are to “UK plc’s” net loss- music contributes very greatly to British soft power on the world stage and also brings very significant revenue to the UK.

So- instead of contributing to the UK economy, musicians are now either having to give up a career which could have created jobs & tax revenue, or give up and claim benefits- in both cases, to the Treasury’s net loss.

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?

Our debut album was stream-ripped (ie pirated) within hours of release. There’s no way I can mitigate this loss without government or regulatory assistance.

To make this worse, I do not believe that any of the platforms take piracy particularly seriously- arguable, piracy helps them (by augmenting traffic flows) and since they’re not losing out, there is no incentive for them to enforce artist’s rights.

I fully agree and support the Musician’s Union position on this:

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

Streaming is not inherently bad. It is the poor rates that are the problem (along with transparency & accountability). However, unless and until streaming is adjusted to give better rates, it negates any better business model because it prevents any change. Accordingly, any change must needs be regulatory.

As matters stand, the only places now where any funding can be generated are- radio airplay, sync placement, gigging & live shows, and finally Arts Council grants.

Radio airplay is to some extent marketing budget & genre dependant; sync is a matter of luck; live shows are impossible due to COVID19 restrictions (and have a large overhead upfront)...and Arts Council funding is only possible for a very small handful of artists in any case.

If musicians were able to obtain fair recompense for their output, it would be to UK plc's net benefit- regardless of any artists relative popularity.

In order to achieve this, we need:

1. More transparency and opportunities for scrutiny, so that current market distortions can be exposed and reformed.
2. 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.
3. 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.