

# "STREAMING: WHERE DID THE MONEY GO?"

## The economics of streaming

### KEY Takeaways

- Educate yourself:
  - understand your deals and where your royalties come from;
  - understand the economics of streaming
- The streaming business model is not focused on music
- The publishers' /songwriters' piece of the streaming income pie is minimal with 13-15%
- Are streaming platforms too large to fail?
- Data driven results have negative influence on the 'art of songwriting
- Pushing for transparency is instrumental : th
  - there are no checks and balances
  - the DSP's data dump can't be checked for accuracy
- Global metadata standard and exchange of metadata information needs to be accurate
- Putting the subject on the political agenda is key
- The goal is to re-divide the streaming royalty pie according to a system that works for all creatives

### Intro

- Who is 'the Wiz' when it comes to streaming?
- Who makes a living from streaming income?
- There is currently a worldwide debate about streaming income: do labels profit at the expense of publishers and songwriters?

### Who pays the songwriters and what do they earn?

- There is a lot of intransparency on how streaming income works;
- Streaming income does result in sustainable income, not even for the top level songwriters
- There's two 'wizards': 1) the streaming service and 2) the (major) labels

### Have labels found a new moment after piracy thanks to streaming?

- The Swedish music industry was on its knees and jumped at the opportunity to sell licenses to Spotify
- Publishers were left out of the discussions and eventually drew the short stick with substandard agreements

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## Show Notes

### Current deal structures

- current deals stem from the analog world

### What does the digital royalty pie look like:

- Publishers/songwriters: 13-15%
- Labels: 55-75%
- Streaming service: 30%
- label costs in digital era have gone down with 50%, yet their earnings are similar as in the physical space

### The problem for songwriters: the streaming economy doesn't work for creators

- PRO's have their hands tied (mechanical royalty in the US is 9.1 cent);
- There's too many 'songwriters' per hitsong: everyone is called a writer (beatmakers, producers etc)
- Songwriters need a hit single: you need a broad audience and lots of playlisting
- Songwriters need 200-300 streams to make 1\$

### Record deals

- Most artists don't understand the economics of their record deals
- While costs are recouped, major labels already make profits

### Artists are now in the same boat as songwriters

- With touring being non-existent in a pandemic, artists realised they can't survive on streaming income

### UK Parliament hearings on the economics of streaming

- #fixstreaming is a campaign targeted to get the government involved to stipulate fairer terms
- all stakeholders will have to come together a model that works for all
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### The problem with streaming

- Financial implications
- Negative influence on the 'art of songwriting' : songs that are created to boost streaming may lack the artistic and cultural longevity
- Streaming platforms: are tech companies: they're in the business of data and algorithms

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### Pushing for transparency is problematic yet instrumental

- Songwriters/artists feel intimidated
- Ambassadors like Paul McCartney and Elton John are valuable if the rethoric is right
- The power of numbers is instrumental in the discussion about streaming remuneration
- Björn Ulveüs (ABBA): the split between songwriters and artists should be 50/50?

### What needs to change?

- The splitting of the streaming royalty pie
- The subscription prices have been 9.99 \$ for 18 years
- The correct metadata to ensure the correct songwriters/artists are being paid
- Songwriters need to discuss songwriter splits from the start
- Black box money: 20% (or more) of royalty income is unallocable: tracing that money needs to improve and songwriters/artist have a responsibility to register their works/recordings.

### There's no checks and balances

- Songwriters have no means to control or audit the pay-out of DSP's
- Government is floored when learning about the complex structure of the music industry
- Government points out conflicts of interests when publishers and labels belong to one corporation

### Conclusion: a positive note

- **Streaming needs fixing**
- **Songwriters/artists will need to think of other ways to sustain themselves**
- **Continuing the dialogue in order to fix streaming for all creatives**

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