

MUSIC CREATORS AND CONSUMERS

Music and streaming market study – Update Paper

Summary of music creator responses

The CMA received over 50 responses to the Update Paper consultation from individual music creators. These responses came from a range of creators – including performing artists, musicians, songwriters and producers – from different genres and at different stages of their careers. This document summarises the key themes covered by the responses.

Most of the responses disputed the CMA’s proposal not to make a market investigation reference and raised concerns about the ability of creators to make a living from streaming.

Remuneration for creators

Many respondents said that levels of income from streaming are unsustainable, putting future creators and the quality and diversity of UK music at risk.

The majority of respondents raised concerns about the low levels of royalties that creators receive for the streaming of their music, with most concern expressed by and for songwriters. Many creators shared their personal experiences of receiving low incomes, and some said their income has significantly decreased since the advent of streaming.

Some respondents said that streaming benefited music companies and streaming services at the expense of the creators who sustain the industry. Some respondents told us that there is an imbalance of power between major labels and creators, with the majors taking more than their ‘fair share’.

One respondent said that it is very difficult for self-releasing artists to gain publicity beyond social media because magazines and radio favour major labels. There was a view that artists should be better paid for their creative input through better royalties and publishing deals, which would allow a wider range of artists to be financially supported leading to a more diverse and healthy recording industry

Many respondents asked for the CMA to conduct a market investigation specifically aimed at the effects on creators, and one suggested a user centric payment system should be adopted instead of the pro rata system that is currently prevalent.¹

¹ A user centric payment system distributes an individual user’s financial contribution based on what that individual listens to, whereas in a pro rata system it is distributed on the basis of what all users listen to on aggregate.

Competition between music streaming services

Several respondents noted that dedicated music streaming services, such as Spotify and Tidal, compete with other integrated services such as Apple and Amazon for whom music streaming is only one part of their business. They said that this leads to excessively low subscription prices, as evidenced by the persistent monthly subscription price of £9.99, and as a consequence that suppressed royalties for creators. Furthermore, some respondents said that the lack of transparency of the licensing deals between music companies and music streaming services created a barrier to competition.

Many respondents challenged the CMA's statement that more artists and more streams being played has led to falls in the average value of each stream and the average earnings per artist. One respondent said that this fall should instead be attributed to streaming services growing user bases with discounted plans and major music companies renegotiating lower royalty rates with the music streaming services. They also said that the current 'full-catalogue' model did not reflect its popularity with consumers (as suggested by the Update Paper), but was a consequence of Spotify offering this from when their service first launched and so others were unable to offer an alternative model.

Another respondent told us that the low level of streaming income meant that there was no benefit to artists to be gained from switching between streaming services.

One respondent challenged the CMA's calculation of the proportion of streams on Spotify through user created playlists, stating that the true number must be lower.

Competition between music companies

Some respondents said that songwriters do not have the level of switching choice implied by the CMA's Update Paper. They challenged the view that the evidence does not suggest that the major music companies are suppressing publishing revenues, stating that it was in the majors' best interests to prioritise the more profitable recording side of their businesses.

One respondent stated that the experience of those using DIY distributors is harder still, as it can be difficult for them to access their data in a timely manner.

Another respondent said that lack of transparency on licensing deals between major labels and platforms disadvantaged competitors.

One respondent said that the majors exert control over PRS for Music, leading to them remaining silent on issues affecting songwriters.

Another respondent said that the drop in music revenues in the early 2000s was caused by poorer digital quality rather than piracy.

Summary of consumer responses

We received a few responses to the Update Paper consultation from individual consumers.

Some consumers expressed concerns about artist remuneration, and the lack of options available to consumers to allow them to support the artists they love in a fair and sustainable manner. One respondent said that consumers' decisions regarding which music streaming service they choose are not driven solely by the price of the music they consume, but also by the treatment of their favourite artists.

One consumer highlighted concern about the concentration of power in three majors and the power of platforms as a gateway for consumer access.

One music teacher said that due to the culture of undervaluing creative industries, they could not recommend pursuing a career in music.

The CMA also received one response asking for clarification on its return on capital employed methodology, in particular on goodwill and listed equity investments.