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Spotify is one of the largest music streaming platforms. This platform allows users to upload music and share it with other users worldwide. Music file sharing is when users upload copyrighted music to a central server, a network of servers, or a specific user's computer, others can obtain the tracks that are made available through file sharing. Although streaming services like Spotify have helped the music industry, most artists do not like them because their profits are affected.

Spotify launched its services in 2008. It shares over 80 million tracks and over 4 million podcasts. The streaming service is free, but to download and listen to ad-free music, you must subscribe to one of their premium plans. Streaming services like Spotify have helped the music industry by promising consistent monthly revenue, which was never consistent earlier. The streaming service may have helped the industry, but it hurts smaller artists. Services like Spotify charge at least \$9.99 a month to listen to music offline. Everyone gets a cut of the \$9.99. The profit is split among Spotify, the record label, the music producer, and finally the artist. Smaller artists that aren't that popular feel as if Spotify is doing them harm.

The platform has 406 million users, and 180 million of those users are paying for the premium services. Due to the controversy Spotify has faced for the past decade and how unfair their payouts are, according to National Public Radio, songwriters have complained to Spotify that the company is not paying them for their music. Spotify is also guilty of distributing unlicensed music, which resulted in them paying a \$43 million settlement. Spotify failed to obtain mechanical licensing. A mechanical license is an agreement between a music user and the owner of a

copyrighted composition (song), that grants permission to release the song in an audio-only format. Copyright allows the owner to exclusively distribute and copy their work.

In the newsletter, Hustle, the article "The Economics of Spotify" by Mark Dent discusses Spotify's impact on the industry and how they make revenue. Dent discusses the formula for the artist's payout from Spotify. Spotify's monthly revenue is multiplied by the negotiated royalty rate percentage multiplied by the number of artist streams divided by total streams, yielding the artist's payout. This hurts small artists incredibly because they do not have the best deal with Spotify. Spotify is the largest music streaming platform and receives a large amount of revenue from streaming. Dent says, "Kanye West once posted documents showing he received 14%–25% of the revenues sent back to his label from streaming. Others get nothing." This speaks volumes because Kanye is a very huge artist and has approximately 49.2 million listeners monthly, and he only receives about 25% of his cut. If a huge artist like Kanye West only received almost 1/4th of his money, then a smaller artist must have received much less.

How are artists fighting back against file sharing? Some artists try to release their music through their own record labels. They attempt to own a record label to get more bigger share of the profits their music makes from services like Spotify. Some artists include Drake, Nick Jonas, Demi Lovato, and many more pop artists. Another way to combat these streaming services is to own the copyright to your music and your music as a whole. Taylor Swift has re-recorded her music to get the amount she deserves from streaming services. Spotify's average per-stream rate is \$0.004. According to the American Bar Association, "If artists who own their sound recordings do not want to make their recordings available through Spotify or another on-demand service, they can simply opt not to sign a license with the service." This represents exactly what artists like Swift and Drake are doing. At one point, Taylor Swift removed her music, as she explains in an interview with Yahoo, "I'm not willing to contribute my life's work to an experiment that I don't feel fairly

compensates the writers, producers, artists, and creators of this music... ". Taylor Swift has 81.5 million Spotify listeners, which speaks volumes about how she does not support a service like Spotify. Many artists disagree with Spotify and believe that they are not properly compensated for sharing their music with the service. Taylor Swift wrote an op-ed for the Wall Street Journal in 2014 titled "For Taylor Swift, the Future of Music Is a Love Story," she discusses how the music industry is affected by streaming services but never mentions any names. Swift discusses, "There are many (many) people who predict the downfall of music sales and the irrelevancy of the album as an economic entity. I am not one of them. In my opinion, the value of an album is, and will continue to be, based on the amount of heart and soul an artist has bled into a body of work, and the financial value that artists (and their labels) place on their music when it goes out into the marketplace. Piracy, file sharing and streaming have shrunk the numbers of paid album sales drastically, and every artist has handled this blow differently.". Swift expresses her displeasure with how these streaming services are once again exploiting music fans. She talks more about the unfair portions everyone is paid and how if people went back to buying albums, artists would receive more of a profit. However, these streaming services make that option less possible.

Streaming services like Spotify have an impact on the music industry. It has impacted the industry both negatively and positively. Many artists have spoken out about the effects it has had on their careers and the economy. Spotify has not fairly compensated their artists, and many parties are affected by this. File sharing has negatively impacted how artists are compensated.

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