

# MUSIC STREAMING AND ITS IMPACT ON MUSIC AUTHORS

WHY WE SHOULD FIX STREAMING AND HOW  
TO ENSURE A SUSTAINABLE FUTURE FOR ALL  
MUSIC CREATORS



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# INTRODUCTION

While the rise of music streaming has undeniably revitalised the music industry, music creators consistently raise concerns about the extremely low level of remuneration they receive from music streaming services and their functioning. Together with various music creators, artists and their representative organisations across the globe, ECSA and its members have been very vocal in urging policy makers to tackle this issue, advocating for ambitious public policy actions and initiatives to ensure a sustainable future for all music creators. This objective requires **ambitious measures to solve the underlying flaws and market failures** impacting music creators, cultural diversity, music fans, and European citizens as a whole.



*Music lovers can enjoy music at a very affordable price and streaming is booming for record companies and streaming platforms. But this does not benefit songwriters and musicians. We need to fix streaming. To do so, it must be put on the political agenda again and again until we have a functioning industry that supports those delivering the core product: music.*

**Helienne Lindvall**, songwriter, ECSA President

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Music streaming has emerged as the predominant method through which European audiences consume music, leading to a remarkable surge in revenues in recent years. The IFPI Global Music Report 2023 indicates that overall streaming revenues continue to experience robust growth, reporting double-digit growth (+11.5%) in 2022. That was after a staggering increase of 23.9% in 2021, driven in part by the impact of the COVID-19 pandemic which resulted in many more mainstream consumers signing up to premium streaming for the first time.[1]

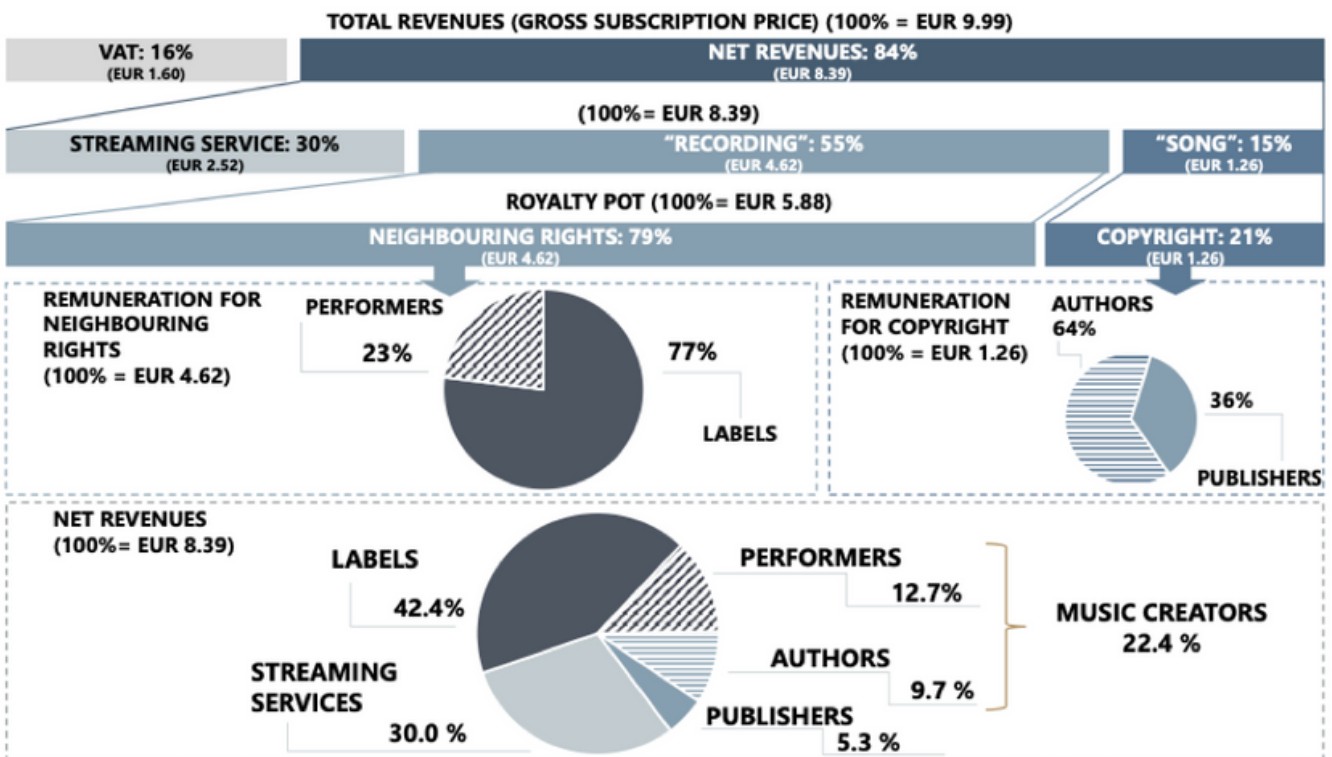
[1] IFPI Global Music Report 2023, [https://www.ifpi.org/wp-content/uploads/2020/03/Global\\_Music\\_Report\\_2023\\_State\\_of\\_the\\_Industry.pdf](https://www.ifpi.org/wp-content/uploads/2020/03/Global_Music_Report_2023_State_of_the_Industry.pdf)

Furthermore, recent studies indicate that the industry is projected to sustain an annual growth rate of 14.7% from 2022 to 2030[2] and forecast music revenues to more than double to about \$131 billion by 2030.[3]

However, despite the apparent success of this industry, the ones who breathe life into the music find themselves on the periphery, struggling to make a living from their craft. Shockingly, **music authors receive a meager share of approximately less than 10% of the net revenues** generated by music streaming, when their works are properly identified.

Indeed, a recent study commissioned by GEMA on the revenue situation in the German music streaming market shows that only 15% of the net revenues goes to the song (then split between authors and publishers) while 55% goes to the recording side/neighbouring rights (42.4% to labels and 12.7% to performers) and streaming services retain 30% of the subscription fees.[4] Although this study focuses on Germany, the situation is strikingly similar across Europe.

### SUMMARY: MUSIC STREAMING REMUNERATION



Source: GEMA/Goldmedia GMHB Study on 'Music streaming in Germany' (2022)

[2] Grand View Research, Music Streaming Market Size, Share & Trends Analysis Report By Service (On-demand Streaming, Live Streaming), By Platform (Apps, Browsers), By Content Type, By End-use, By Region, And Segment Forecasts, 2022-2030, <https://www.grandviewresearch.com/industry-analysis/music-streaming-market>

[3] <https://www.goldmansachs.com/intelligence/pages/infographics/music-streaming/>

[4] GEMA/Goldmedia GMBH, "Music streaming in Germany: Revenue distribution in the German music streaming market 2022", September 2022, [https://www.gema.de/documents/d/guest/user\\_upload-dokumente-aktuelles-pressemitteilungen-2022-gema\\_goldmedia\\_study\\_music\\_streaming\\_in\\_germany\\_key\\_findings-pdf](https://www.gema.de/documents/d/guest/user_upload-dokumente-aktuelles-pressemitteilungen-2022-gema_goldmedia_study_music_streaming_in_germany_key_findings-pdf)

Against this backdrop, **we urge policy makers and all stakeholders in the music industry to assess the functioning of the streaming market and actively promote a fairer and transparent ecosystem**, one that values and fairly compensates creators and artists for their crucial contributions.

Achieving this goal requires a multi-faceted approach with several key changes: ensuring a fairer distribution of the streaming pie to the benefit of music creators, identifying the legal nature of a stream, improving the identification of composers and songwriters on streaming services, reinstating the value of songs and compositions, growing the streaming pie, reassessing and reforming the current revenue allocation per stream, fostering transparency of algorithms and playlists, and ensuring the prominence and discoverability of European works.

1

**SHARE THE STREAMING PIE IN A MORE SUSTAINABLE MANNER AND VALUE THE FUNDAMENTAL ROLE PLAYED BY MUSIC AUTHORS IN THE STREAMING MARKET**

First and foremost, it is imperative that **we recognise and properly value the fundamental role played by music authors in the music streaming market** by ensuring that they finally really benefit from the music streaming pie. As previously highlighted, a significant disparity exists in the distribution of streaming revenues, with the lion's share flowing to the "recording" industry. This current repartition was originally designed on the "CD-style model" to account for production, distribution, and marketing expenses associated with physical products like CDs. Applying the same model to streaming does not make sense anymore, since streaming services have become much more than a mere substitution of CD sales.

This unfair repartition comes largely from the domination of the market by the three music majors: they own both the recording rights and the song (or publishing) rights but usually favour the former to the detriment of the latter, because record deals commonly favour the label while publishing deals are traditionally more favourable to authors. Those **conflicts of interest have a very detrimental impact on music authors** and explain to a large extent their very low level of remuneration.

In addition, while label representatives argue that they invest more in nurturing talent, the reality is that, in today's landscape, they often sign artists who have already self-released their initial recordings and started the fanbase building process, and whose artistic and career development has been supported by their fellow songwriters and publishers. Furthermore, and as mentioned earlier, labels are no longer burdened with the costs of producing physical records and delivering them to stores.



*In order to fix streaming and make it sustainable for music authors, we have to focus on the bigger picture. This includes competition issues, the legal nature of a stream, and the current allocation of revenues per stream.*

**Tobias Stenkjaer**, songwriter, DPA (Danish Popular Authors) Chair, ECSA Music Streaming Working Group Chair

© Kim Vadskær

Last but not least, it is essential to **look at the nature of streaming**, its essence and its impact on other forms of music exploitation. Streaming has affected the significance of broadcasting and radio, where the recording and publishing sides often receive an equal share, to the overall detriment of composers and songwriters.

Policy makers should prevent competition issues and conflicts of interest and mitigate the negative effects of ever-increasing concentration in the music rights sector, where the big three majors use their market power to get preferential treatment and dictate the rules of the game. **We must ensure that music authors receive a fair share of the pie and this means taking concrete steps to restore the value of authors' rights and re-examining the distribution of revenues per stream.**

## 2

## ENSURE BETTER IDENTIFICATION OF CREATORS ON STREAMING SERVICES

Another pressing issue relates to the **accurate identification of creators and individual works on music streaming services**. There is an urgent need to **ensure faster and more accurate royalty payments to songwriters and composers, and this begins with better metadata**.

To put it in a nutshell, metadata is a set of data attached to an audio file, which identifies and gives key information about each track delivered to a digital service provider (DSP). This information is ultimately used by music industry stakeholders to allocate royalty payments and by the DSPs to help users navigate their catalogues. The lack of proper credit data results in increasing administration costs when processing royalties, slow or missing payments, and the infringement of the author's moral right to attribution. It therefore **deprives authors of both fair remuneration and proper recognition of their work**. In a report published in 2021, the Ivors Academy estimated that £500 million in global streaming royalties was misallocated or unallocated every year.[5] Once again, as streaming has become the norm for music consumption, the problem posed by the "metadata gap" will only grow unless steps are taken to tackle the issue, bridge this data gap and ensure the right people are paid for their work.

ECSA believes that **policy makers should encourage an industry wide commitment to provide all necessary metadata**, especially an International Standard Musical Work Code (ISWC), with each new recording as it is delivered to each DSP. That is why we strongly support the Credits Due initiative[6], which aims to ensure that complete and accurate song metadata is attached to all recordings at the point of creation, in order to properly credit all contributing parties. We also encourage DSPs to collaborate closely with collective management organisations (CMOs) and other rights holders to use technical solutions to enhance identification processes.[7]

It is also **crucial for the EU to endorse initiatives that promote awareness among young creators and rights holders on the importance of including relevant metadata at the time of creation and ensuring proper registration of their works**.

[5] 'Estimating the size of the global song streaming data gap', Ivors Academy, 2021, [https://ivorsacademy.com/wp-content/uploads/2021/08/Estimating-the-Size-of-the-Global-Song-Streaming-Data-Gap\\_Ivors-Academy\\_August-2021.pdf](https://ivorsacademy.com/wp-content/uploads/2021/08/Estimating-the-Size-of-the-Global-Song-Streaming-Data-Gap_Ivors-Academy_August-2021.pdf)

[6] Credits Due campaign, <https://www.creditsdue.org/>

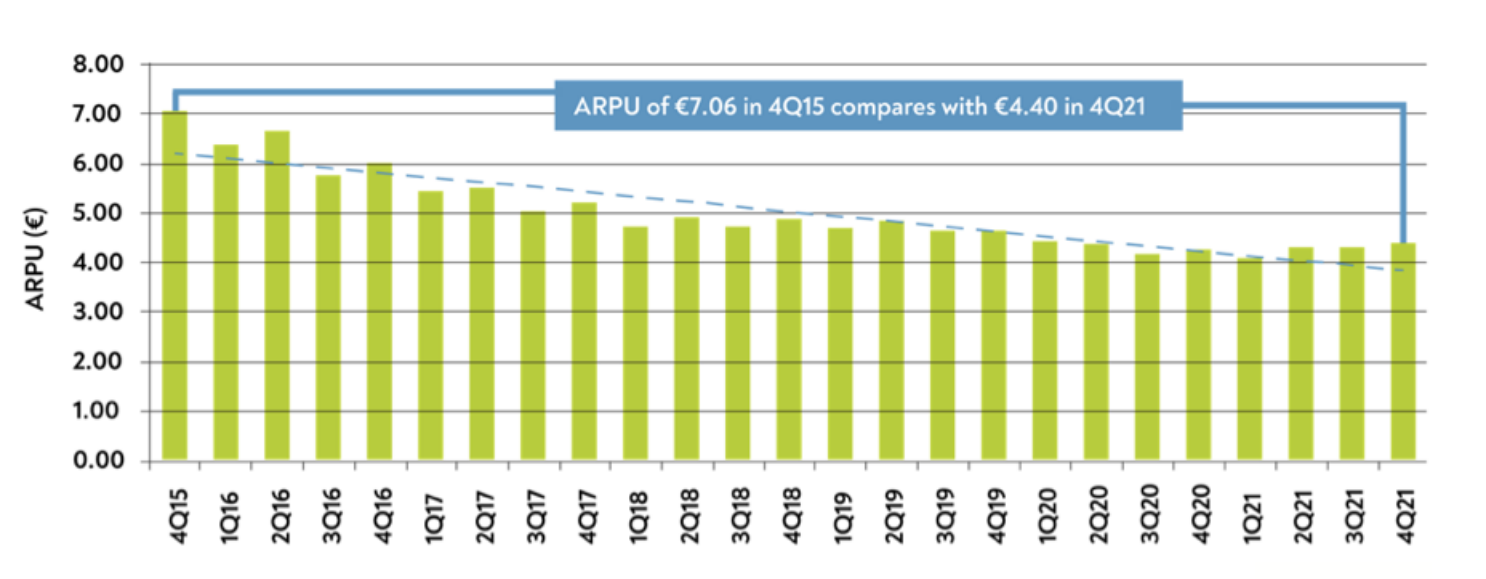
[7] Legrand Network/GESAC, "Study on the place and role of authors and composers in the European music streaming market", September 2022, <https://authorsocieties.eu/content/uploads/2022/09/music-streaming-study-28-9-2022.pdf>

3

# ENSURE THAT THE STREAMING PIE CAN GROW TO THE BENEFIT OF THE ENTIRE MUSIC SECTOR

We also believe that **growing the streaming revenue pie through more realistic market-oriented pricing models** is essential to fairly remunerate music creators and other rightholders.

Over the last decade, a decrease in the Average Revenue Per User (ARPU)[8] from music streaming has been observed, going from 7,06€ in the fourth quarter of 2015 (4Q15) to 4,40€ in quarter four of 2021 (4Q21).[9] This decline highlights the importance of addressing the factors contributing to decreasing ARPU rates and finding sustainable solutions to grow the streaming pie and increase revenues. However, it is crucial to emphasise that **growing the pie alone cannot serve as a justification for not sharing revenues in a fairer and more equitable manner** to the benefit of music creators.



Source: 2022 Omdia, Music and Copyright (in Legrand Network/GESAC study)

[8] The Average Revenue Per User (or ARPU) is “an indicator of the profitability of a product based on the amount of money that is generated from each of its users or subscribers. It is a particularly useful measurement for companies in the telecommunications and media industries, which rely on subscribers or users. ARPU is usually calculated as total revenue divided by the number of units, users, or subscribers.” (Investopedia, <https://www.investopedia.com/terms/a/arp.aspx>)

[9] Legrand Network/GESAC, op. cit.



*We need to grow the revenue pie through more realistic pricing models. Everyone remembers the time when we used to buy a dozen of songs on a CD for around 15€. We now see music streaming subscriptions for 9,99€ - often used by several persons - with an access to an infinite catalogue of songs. It's clear that we need to grow the pie, and even more importantly: share revenues in a fairer manner.*

**Ferid Lakhdar**, composer, ZAKR (Association of Polish Authors and Composers), ZAIKS (Polish Society of Authors) Vice-President

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## 4

## ASSESS HOW MUSIC STREAMING PLATFORMS COUNT STREAMS AND ALLOCATE REVENUES

We should also **explore alternative models to the current pro-rata system**, which often encourages fraud, and a "winner takes all approach", to the detriment of cultural diversity and less popular repertoires.

In the pro-rata model, each month all revenues are put together and are allocated according to each track's share of total streams, by subscription type and country. In other words, the total revenues are distributed to the rights holders by monthly market share, which consequently overvalues the tracks listened to by intensive streaming listeners and thus undervalues the tracks listened to by average streaming listeners. A study from the *Centre national de la musique* (or French National Music Centre) shows that today 30% of intensive streaming listeners generate 70% of total streams and therefore dictate where 70% of the money goes.[10] This model – as well as the 30 seconds threshold, whereby a play is counted at 30 seconds oblivious of actual track length – was basically conceived by a small number of DSPs and large rights holders in the late 2000s, and then applied to everyone else. Its functioning also **encourages manipulation and fraudulent practices on streaming platforms** (also called 'fake' or 'fraudulent' streams).

[10] "Music streaming: Impact of UCPS settlement model. Results of CNM-Deloitte study", Centre national de la musique (CNM), 2021, [https://cnm.fr/wp-content/uploads/2021/03/CNM\\_UCPS\\_Abstract\\_EN-1.pdf](https://cnm.fr/wp-content/uploads/2021/03/CNM_UCPS_Abstract_EN-1.pdf)



**It is high time to assess this model and its impact on music creators and cultural diversity.** Another way of revenue distribution is the so-called user-centric payment system (UCPS), which consists of distributing the revenues of each subscription separately according to each user's actual listening behaviour (i.e. the user's subscription is distributed only to the rights holders of the tracks he or she listens to).



*The current pro-rata model encourages manipulation and fake streams. We want a model in which listeners provide revenues to the songs they are listening to, instead of a system based on market share. This is not only fair and ethical, but also key for consumers' trust and cultural diversity.*

**Arriën Molema**, songwriter, BAM! Popauteurs Vice-Chair

© Nathan Reinds

While there have been several studies, some highlighting and some disputing the impact and shifts of revenues between genres that would result from adopting UCPS, this payment system represents a **fairer and more transparent approach, where listeners provide revenues to the songs they are listening to**. Indeed, UCPS would be a more appropriate solution because it guarantees that the revenue generated by users goes only to the rights holders of the tracks they have streamed. This distribution model would not only prevent fraud and enhance consumers' trust, but also promote cultural diversity and less popular repertoires.

**We welcome the numerous calls from various stakeholders in the music industry to move away from the current pro-rata model and we strongly encourage policy makers to support an open forum where all stakeholders can discuss the pros and cons of different alternative models.**

## 5

## PROVIDE TRANSPARENCY ON THE USE OF ALGORITHMS AND CREATION OF PLAYLISTS BY MUSIC STREAMING SERVICES

We also need to have a **critical look at the role played by algorithms and playlists in music streaming** services by driving music discovery, providing recommendations, and shaping customer profiles. Algorithms and playlists hold an important influence on people's music listening experiences in various ways. However, these tools remain opaque, both for music creators and music fans. This lack of transparency raises important concerns regarding discoverability and cultural diversity.

**Policy makers should encourage more research in this area and require music streaming services to provide more transparency on the role played by algorithms and playlists.**

## 6

## ENSURE PROMINENCE AND DISCOVERABILITY OF EUROPEAN WORKS ON MUSIC STREAMING SERVICES

**We also need to ensure the prominence and discoverability of European works on music streaming services.** This includes the promotion of European cultural diversity and niche repertoires, as well as improvement of the visibility and discoverability of European composers and songwriters. As of March 2021, a total of 57,000 artists accounted for 90% of the monthly streams on Spotify, while a staggering 93% of Spotify artists had fewer than 1000 monthly listeners in 2022.[11] There is also a disparity in the scale of playlisting and editorial operations at the DSPs from market to market, which makes it very hard for artists and songwriters – especially in smaller markets – to build connections and engage with their fans.

[11] “GESAC’s 10 points for a more sustainable and author-friendly music streaming market at EU level”, 2022, <https://authorsocieties.eu/gesacs-10-points-for-a-more-sustainable-and-author-friendly-music-streaming-market-at-eu-level/>

Music streaming services which operate in the EU should make more room for less popular repertoires to benefit a wider diversity of authors and composers. We welcome the European Commission's forthcoming study on the discoverability of European content online, as well as the establishment of a future European Music Observatory. Both will help understanding the music streaming market and explore potential solutions to improve the discoverability of European works online.

While the EU implemented legislative measures through the Audiovisual Media Services (AVMS) Directive to foster cultural diversity and support European works in the audiovisual sector, there is no similar policy or framework for the European music sector. **We encourage policy makers to play an active role in promoting the diversity, visibility and accessibility of European works in the music sector.**



# CONCLUSION

**Music streaming, often described as a song economy, is booming. But composers and songwriters, who are the first creative driving force behind all the songs we cherish, cannot sustain themselves in this "song economy".** In fact, a recent consultation launched by our alliance revealed that 77.3% of music authors are unable to earn sufficient income from their artistic creations, forcing them to take on multiple jobs just to make ends meet.[12] Most of them believe that their music career will not provide a sustainable future and identify streaming as one of the biggest challenges. **It is thus essential and urgent to address the challenges raised by music streaming to ensure a sustainable future for all music creators.**

In order to do so, we need to push for a fairer distribution of the streaming pie, properly identify music creators, strengthen the value of songs, grow the pie, evaluate and reform the per stream revenues model, strengthen collective management, improve cultural diversity and put transparency at the cornerstone of the discussion. **None of those issues can be looked at in isolation: policy makers and music stakeholders must adopt a holistic approach in this key debate that ultimately determines the future of music.**

[12] In September 2022, ECSA initiated a consultation on Fair Practice to explore the working and living conditions of music creators in the European market. This online survey targeted individual composers and songwriters within and outside the ECSA network, and aimed at gathering data on a broad spectrum of issues impacting music creators, encompassing fair remuneration, harmful or unfair contractual practices, working and employment conditions, social protection, funding opportunities, and the potential for collective bargaining in the music industry.

## ECSA - European Composer and Songwriter Alliance

The European Composer and Songwriter Alliance is a European network of 55 members from 27 countries. Its main objective is to defend and promote the rights of music authors on a national, European and international level.

For more information about our organisation, please visit [www.composeralliance.org](http://www.composeralliance.org).

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