

Abstract & editorial

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Academic Writing

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**Abstract**

The global music industry and the ways for music consumption have changed significantly during the 21st century. In the beginning of 2000s, CD was the medium for music listening that was favored by the majority of people in all developed countries. During that time, CD sales saw their peak in many nations. Around 2005, however, digital downloads began to gain popularity and eventually, their sales displaced those of CDs. When the Internet become more common and available to even larger amounts of people in 2010s with faster network speeds, another form of music consumption was introduced; streaming, which allowed people to listen to music directly from the Internet without the need for purchasing physical or digital copies of albums and singles. Since then, streaming has become a global phenomenon which, in 2018, generated nearly half of total revenue of recorded music. Today, CDs and digital downloads are rapidly losing their popularity, which increases the main problem that comes with streaming­–small royalties. The purpose of this Academic Report is to provide solutions to that very problem and further investigate the effects of streaming and how it is currently shaping the industry. The fees that the most popular online streaming services, Spotify, Apple Music, and Amazon Music pay for single streams are not comparable to those that the rightsholders of music were previously accustomed to receiving from music sales. That has made it especially difficult for many independent performers make enough income from music sales. Generating a similar amount of money that CDs and digital downloads did when they were in fashion would require someone to stream a certain track for hundreds of times, which is not a realistic scenario for a typical user. Furthermore, online music streaming services tend to have a paid and a free version of their application, using the latter, advertising-supported version of which generates even less income to the rightsholders. Hence, all companies that offer such services should improve their pay rates and more people should become paying subscribers of those services in order for performers and musicians to get fairer fees and a proper recognition for the music that that they have published. As streaming entirely replaces the previous ways of music consumption, the displaced sales from those forms of music will likely be seen as gains in music streaming, thus generating more revenue to the rightsholders of music through streams. Nonetheless, that is not enough to raise the revenue from music sales to a similar level that it used to be when physical music dominated the market and for that reason, it would be highly important to make serious changes in the ways that online music streaming services operate regarding royalties.

**Editorial**

Imagine this: A small artist wants to quit their full-time job to pursue a career in music. This artist does not create popular music, but music that is a very distinctive mix of different genres. They are very unlikely to get a record deal because of the peculiar nature of their music, and so they just begin self-publishing their music on different online music streaming services and doing some small gigs here and there. However, very quickly, this independent artist realizes that they are not generating even close to enough income to make a living, as they have attracted only a few hundred listeners to their artist profile on Spotify. That month they managed to get 3,000 streams, which resulted in 13.11 US dollars in revenue. While still very passionate about music and wanting to do it for a living, that artist ended up continuing their previous job that is completely unrelated to music.

That is a reality to many aspiring artists today. Because of the new norm of music consumption that is streaming, many small and independent artists are not making even nearly enough money from music sales in order to sustain their career. For that reason, many performers have to rely on doing live performances and selling tickets to generate a decent amount of income. In the past, if an artist sold 200-300 albums in digital or physical form during the month, they could have easily made a living out of music sales. Nowadays, however, if 300 people streamed an album with 12 songs twice on Spotify, the artist would receive a miserable fee of roughly 31.46 US dollars. In contrast, if those 300 people had bought the album digitally on iTunes, the artist would have received approximately 2484.00 US dollars before tax. There is a humongous difference in those pay checks, and people outside the music industry need to realize it, too.

The largest online music streaming services of today, namely Spotify and Apple Music need to realize their position as the platforms that generate nearly half of total revenue from recorded music globally. These platforms should not play by the rules of the most famous artists anymore, but consider the smaller artists too. Not everyone is able to accumulate millions of streams on their music. In fact, a great majority of musicians are unable to achieve that. The way I see it, there has to be a way to improve the situation so that it is beneficial for everyone, even if it would mean drastically rising the prices of the premium subscriptions that people have. Video streaming services such as Netflix have done it constantly over the years, so why are the music services reluctant to act similarly?