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Who do we pay for Music: Artists or DSP's?

Eesha Gupta[1], Achyut Agrawal[2]
[1]Finance, [2]Electrical and Electronics, [1]Delhi University, [2]VIT University

Abstract: The involvement of digital service providers (DSPs) or platforms, such as Spotify, Apple Music, and Tidal, that deliver streamed music, has significantly transformed the functioning of copyright management organizations (CMOs) and the compensation structure for songwriters and recording artists. The concept of platform economics has originated from the economic analysis of two-sided and multi-sided markets, providing fresh insights into business practices in the digital realm. This concept is now being applied specifically to the domain of music streaming services. The business model for music streaming diverges from previous arrangements where royalties for songwriters and performers were based on a percentage of sales. In the context of streamed music, compensation is determined by revenues generated from both subscription fees and ad-supported free services. The DSP negotiates a per-stream rate with various rights holders, which varies based on agreements with major record labels, CMOs, representatives of independent labels, and unsigned artists and songwriters. These negotiations have direct implications for the earnings of artists. The study involved the random selection of artists and performers from databases of copyright management organizations (CMOs) and social media. Utilizing predefined online surveys featuring closed questions, the research aimed to delve into the economic aspects of copyright from the artists' viewpoint. A total of 40 questions were formulated, categorized into four groups, each comprising 10 questions. These categories explored perspectives on producers/service companies, intermediaries (such as CMOs, Digital Platforms, etc.), governments, and regulators/regulations/law. Within each thematic area, the survey design sought insights into the overall relationship status of the respondents with the relevant stakeholders. This included understanding their perceived value addition to the well-being of artists, identifying any shortcomings that could lead to potential income loss for artists, and assessing their support, particularly in challenging situations like the Covid-19 pandemic. The obtained results underwent evaluation through taxonomic methods and multivariate comparative statistical analysis.
Keywords: copyright, copyright management organizations, digitisation, platform economics, streamed music, cultural economics, regulations

I. INTRODUCTION

Streaming music has changed how the music industry works economically. For listeners, it's easy to access music, but for those who produce and provide the music, the process has now become complicated. This includes everyone from the composers and performers to the digital service providers (DSPs) or the platforms that listeners use to access their music.This has majorly affected the payment system of those who create the music. For many artists, like songwriters and performers, earning a living from music has become harder with streaming. The production process involves contracts between songwriters, composers, music publishers, performers, and record labels. These contracts deal with the rights given by copyright law. The process ends with platforms that stream music to consumers either for a subscription fee or for free with advertisements. This article explores the economic aspects of each stage of production. Digital platforms distributing sound recordings have disrupted the traditional royalty deals based on sales. Streaming has become a dominant way for people to access music, making up over half of music industry revenues in major markets. Platforms (DSPs), which may not specialize in music, host streaming services with business models that differ from the traditional CD and DVD sales. This has significant effects on the earnings of creators and performers in the music industry and how copyright management organizations (CMOs) manage rights. Additionally, DSPs have different incentives and adopt different business models, known as platform pricing, which greatly impact the streaming rates paid to songwriters and performers.

II. THE ECONOMIC STRUCTURE OF THE MUSIC INDUSTRY

Modern industrial economics studies how goods and services are created and distributed by breaking down the production process into stages. Upstream activities involve creating content, while downstream activities prepare the product for the market and handle distribution. To ensure smooth production and avoid disruptions, entrepreneurs engage in sequential contracts, often acquiring rights from upstream producers. Cultural economics applies contract theory to understand creative industries, considering the trade-off between transaction costs and contract enforcement.

Applying this framework to the music industry, we see a clear fit. Musical composition, an intangible information good, progresses upstream to performance and then reaches consumers and secondary markets. Music exhibits public goods characteristics, being non-rivalrous and non-excludable. While physical music goods are controlled by sellers, intangible goods, like music files, require market intervention to prevent piracy. Copyright laws play a crucial role in protecting creators' and performers' rights, offering statutory protection and economic incentives.

In the music industry, creators and performers enter contracts with downstream producers to use copyrighted works in production and distribution. These agreements impact who controls usage rights, especially in the context of streaming. The decisions made upstream about which rights to trade or retain have downstream effects on earnings, including those from streaming. This article explores these processes specifically concerning music streaming.

A. The Role of Copyright

In economic terms, songwriters can be viewed as upstream entrepreneurs who invest their time, talent, and human capital in creating a work. If the work is successfully exploited in the market, it leads to payment based on the terms of the contract with downstream users, often a publisher. These contracts, while attempting to cover every potential use, are never entirely comprehensive. The type of contract determines which party has decision rights over the use of the work.

Publishing contracts in the music industry come in various forms, such as administration deals, single song assignments, or exclusive publishing agreements. These agreements dictate the rights retained by the author, the royalties agreed upon, and the duration of the contract. When rights are assigned to the publisher, songwriters' streaming royalties depend on the arrangement made by the publisher with Digital Service Providers (DSP) via Collective Management Organizations (CMOs) that license mechanical and performing rights.

For the past century, CMOs have represented their members by collecting and distributing copyright royalties and statutory payments. They negotiate rates with user organizations, enforce them, and handle revenues from streaming, distributing them based on mandates agreed upon in underlying contracts.

Music often requires performance for payment, and music publishers, or independent songwriters without publishing contracts, collaborate with record labels and live performance producers. It's essential to distinguish between songwriting and performing for copyright purposes, as the rights differ and are managed by different CMOs. Other parties involved in the creative process, such as music managers and record producers, may have a share of revenues, but this is not detailed here due to space constraints.

The publishing contract empowers the publisher to negotiate deals with record labels, register the work with a CMO for administering performing and mechanical rights, and share revenues as agreed. The complex creative process may involve many individuals with varying contracts, potentially leading to disputes over royalty shares. Performers, in their recording contracts with labels, often sign away rights for a royalty deal, arguing that it's necessary for the label to fully exploit the recording, and the label then deals with DSPs.

In the end, songwriters, performers, publishers, and record labels receive shares of the value created by the various uses of the recording, including streaming. However, many pre-streaming contracts (and reportedly post-streaming contracts) lack formal provisions for the division of streaming royalties, leading to complexities in the distribution process.

III. ECONOMIC DYNAMICS OF PLATFORMS AND STREAMING SERVICES

Platform economics, a term in industrial economics, is used to study the activities of enterprises that distribute products online, such as streamed music. Essentially, a platform serves as a virtual marketplace where different groups of participants can engage in trade. This concept is particularly relevant to various types of online intermediaries that act as distribution channels, often distinguishing the production and distribution aspects, a key feature in the digital economy.

Online business models benefit from the freedom of not being directly involved in production. Instead, they leverage vast amounts of data collected from consumers' online behavior, a phenomenon known as datafication.

Central to these business models are network effects. These effects occur within a group of users (producers or consumers) and across different user groups. For instance, advertisers benefit from the number of viewers. Economists now recognize traditional enterprises, such as credit card companies and dating agencies, as platforms due to the insights gained from platform analysis.

A platform aims to set prices to maximize profits across its activities, making prices on one side dependent on the other side(s). Additional network effects are created by offering complimentary services, like ratings and recommendations, as well as hosting applications from external sources. These activities generate valuable data for the platform.

Streaming services, considered platforms, obtain rights from record labels to distribute music online. They offer this music to consumers through subscriptions or ad-based services. Platforms like Spotify operate as two-sided markets, with prices for listeners and advertisers. Others, like Apple, function as multi-sided platforms, providing various services with distinct pricing structures.

The analysis presented lays the foundation for applying economic principles to music streaming, focusing on revenue generation and distribution to songwriters and performers. In the streaming market, the platform negotiates upstream prices for music streaming rights and downstream prices for subscriptions or ad-based services. This application of platform economics is crucial in understanding the dynamics of the music streaming industry.

IV. DSPS, COMPETITIVE DYNAMICS, AND PRICING STRATEGIES IN STREAMING MUSIC SERVICES

The connection between competition and prices is inherently intertwined: typically, increased competition within a market exerts a downward influence on prices. However, for Digital Service Providers (DSPs), this relationship is more intricate, primarily attributable to the presence of two- and multi-sided business models (Hagiu, 2012).

A. Competition Between Streaming Platform

Competing Digital Service Providers (DSPs) directly supply streamed music to end users. These DSPs enter agreements with major record companies and bodies representing independent labels to obtain licenses for streaming music. Payments are made to the record labels, which then distribute the earnings to contracted performers, aligning with their respective contracts. However, there is controversy over the distribution methods and amounts, in addition to concerns about streaming rates (source: www.digitaltrends.com/music/apple-music-vs-spotify/).

In the competitive landscape, platforms vie for market share through pricing strategies and non-price tactics. The influence of pricing on one side of the platform extends to both sides due to cross-group network effects. Platforms may strategically operate one side at a loss to attract consumers, making their service valuable for profit-making sides. Multi-sided platforms, like Apple Music, part of a larger DSP, can absorb greater losses compared to two-sided platforms. This has enabled Apple Music to compete with Spotify in the United States, although Spotify remains dominant in other markets (source: www.digitaltrends.com/music/apple-music-vs-spotify/). Notably, there is limited competition observed in terms of subscription fees (refer to Table 1 in the Appendix).

Beyond pricing, DSPs engage in non-price competition by offering a variety of additional services beyond their music catalog. While catalogue sizes and genre ranges may differ, major record labels' non-exclusive deals result in similar portfolios among platforms. Variances arise, especially concerning indie catalogues and other non-economic factors. For instance, regional preferences, such as language in Norway, and targeted advertisements cater specifically to the Norwegian consumer base.

B. Single and multi-homing

Consumers hold a natural check on the market dominance of a DSP by opting for multiple platforms. Choosing a single 'home' simplifies the search process but exposes them to potential monopoly exploitation. On the other hand, 'multi-homing' increases choice, albeit with higher time and attention costs. Platforms seek to retain consumers by offering fixed-term subscriptions while luring them from competitors with free trials. The nature of streaming agreements, such as family plans and introductory offers, directly impacts the compensation for songwriters and performers. Moreover, rights holders have the option to grant exclusive rights to a single DSP (single home) or to multiple ones (multi-home), thereby influencing the market power of the streaming service. This choice holds significance in shaping the dynamics of the streaming landscape.

C. Platform Pricing

Platforms strategically set prices on different market sides based on users' willingness to pay. Possessing market power allows platforms to engage in price discrimination, potentially offering certain services for free. This tactic leverages differences in consumers' valuations and responsiveness to pricing, exploiting the fact that marginal costs are virtually zero for supplying any number of consumers. Platforms estimate individual willingness to pay using data from previous transactions or user profiles, encompassing characteristics like gender, age, and interests sourced from various data outlets.

Perfect (first-degree) price discrimination, designed to extract maximum revenues from consumers, becomes feasible. Dynamic pricing, responsive to the interplay between supply and demand through Artificial Intelligence (AI) settings, is also widely adopted. However, the monopolistic element required for effective price discrimination attracts regulatory attention from competition authorities. While dynamic pricing may operate covertly to evade scrutiny, the utilization of AI in dynamic pricing has been subject to analysis (see Ezrachi and Stucke, 2016).

D. Subscription fees for Consumers

Starting downstream, Table 1 in the Appendix outlines the monthly subscription rates for individual users of leading DSPs and the subscriber numbers for major music streaming services. Notably, there is minimal competition observed in individual subscription rates.

While user numbers continue to grow, with Apple Music surpassing Spotify in the United States, the pace of growth is slowing. Additionally, maintaining consistent subscription prices has led to diminished real value due to inflation. In certain regions, particularly Scandinavia, the high percentage of paid subscriptions raises questions about potential market saturation. To boost upstream payments, the only avenue may be raising subscription fees or advertising rates. For example, Spotify was considering a 13% increase in the family subscription rate (source: www.digitalmusicnews.com/2019/08/15/spotify-price-).

In the competitive landscape of streaming services, especially among two-sided and multi-sided platforms, the equation is not straightforward. Increasing subscription charges might prompt consumers to switch services, potentially lowering overall revenue. This gap would then need compensation from increased advertising revenue, as advertising often subsidizes subscribers. However, if subscribers shift to an ad-funded streaming service, advertisers may follow, seeking a broader audience. It's becoming evident that two-sided platforms specializing in a single product, like Spotify in music, face a relatively weaker competitive position compared to multi-sided platforms that can cross-subsidize music streaming with revenues from diverse products and sources. These dynamics hold implications for the earnings of songwriters and artists and underscore the essence of platform economics.

E. Streaming Rates to Record Labels

Looking upstream, Table 2 in the Appendix illustrates significant variations in the rates paid to major record labels within the U.S. streaming market in 2019, as reported by Digital Music News. The data reveals year-to-year fluctuations, emphasizing the market's instability regarding pricing. Notably, some music streaming services, such as Spotify, reported losses and are yet to turn a profit.

As previously discussed, services integrated into multi-sided platforms like Apple Music and Amazon may possess more stable internal finances. This stability enables them to offer higher rates to record labels, capitalizing on both direct and indirect network effects, scalability, and synergies with economies of scope (Haskell and Westlake, 2018). At the time of writing, Apple was in negotiations with record labels to introduce a combined Video and Music service, showcasing their pursuit of innovative approaches in the dynamic streaming market.

F. Advertising Rates

In the two-sided market's upstream segment, advertisers contribute to the dynamic. On Spotify's Premium ad-based services, advertisements, lasting up to 30 seconds, play every 15 minutes between songs. The platform offers options for branded and sponsored playlists featuring logos and links to the advertiser's site. Ad campaigns come with a minimum charge of US$25,000, with the cost per minute ranging from US$5 to US$30. There's also a service tailored for small businesses, and for individual ads through Spotify Ad Studio, the minimum advertising budget is US$250 (source: www.digitalmusicnews.com/2018/12/25/streaming-music-services-pay-2019/). Revenues generated from advertising contribute to the pool from which payments are made to artists.

V. RATES OF STREAMING AND THEIR IMPACT ON ARTISTS

Considering all of this information together, the data presented above serves as a foundation for discussing a significant question: how do songwriters and performers earn money through streaming, and to what extent? Table 4 in the Appendix offers an interesting calculation by Digital Music News, highlighting the total plays required to earn the US Minimum Monthly Wage in 2019. Unfortunately, for the majority of recording artists, the findings may not be uplifting.

In contrast, a report from Digital Music News in 2017 revealed that the 'big three' music companies – Universal, Sony, and Warner – collectively earned an estimated US$14.2 million per day from streaming services like Spotify and Apple Music. Among them, the Universal Music Group alone raked in US$4.5 million daily.

Streaming revenue is influenced by both subscription payments and fees from advertisers. Since markets are global, additional factors, such as currency fluctuations in the consumer's location and variations in national copyright laws, also impact revenues. The crucial question remains: how much of this revenue actually reaches songwriters and recording artists? The answer depends on the specifics of the contract, the agreed-upon royalty rate with the publisher or record label, and whether payment is handled by Collective Management Organizations (CMOs) or on an individual basis.

A. *Streaming and Copyright*

Changes to copyright law have not proven beneficial for performers, as noted by Taylor and Towse (1998). Despite recent revisions aimed at addressing online activities and supposedly favoring performers, the outcomes have been less than favorable. The Internet Treaties, established by the World Intellectual Property Organization (WIPO), namely the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT), have been adopted across Europe and beyond. These treaties introduced the 'making available' right for authors and performers, specifically relevant to activities where consumers can choose the time of access, such as with streamed music (Towse, 2005).

There is concern about the effectiveness of this right, irrespective of whether it is explicitly included in publishing and performers' contracts. The 'making available' right is an individual one, usually contracted to a publisher or record label, yet it can be independently exercised, often through a Collective Management Organization (CMO) or another monitoring agent.

B. *Impacts on the Oversight of Collective Management Organizations in the Music Sector*

Collective Management Organizations (CMOs) work on behalf of rights holders, determining royalty rates for usage and ensuring the collection and enforcement of payments from users. In many countries, these entities are subject to regulation by the state due to their significant influence, often involving Copyright Courts or Boards (e.g., in the United States and Canada) that set rates for specific rights and uses. Alternatively, some countries rely on bodies like the Ministry of Justice or a Copyright Tribunal to handle conflicts.

The landscape of platform economics has added complexity to the role of these regulators. It's no longer just about the user's rate or administrative charges; rather, intricate pricing structures in two- and multi-sided markets have become a consideration.

There's a question of whether CMOs can be seen as platforms themselves (Handke, 2014). CMOs aggregate specific rights from various authors, establish prices with diverse users, and distribute net revenues to their members. By obtaining exclusive mandates through rights assignments, CMOs can be viewed as reseller platforms. However, not all CMOs require exclusive rights, and changes in streaming and copyright law have disrupted traditional CMO operations. Therefore, categorizing CMOs as 'platforms' depends on institutional arrangements and associated business models.

Regarding streaming rights, the mechanical and performing rights of the songwriters, as well as the making available right and the performance right of the performers, are crucial. Music streaming services need licenses for both sets of rights mandated by copyright law: from songwriters for mechanical and performing rights and from performers for the right to use their performance. For contracted songwriters, the performing right royalty is shared between the publisher and the songwriter, while unsigned songwriters receive the full payment (minus the CMO's administrative charge). Additionally, synchronization licenses are required for music in videos, although they are not discussed here.

Performers receive a percentage agreed upon with the record label. However, a point of contention is whether labels are exempt from paying equitable remuneration to performers for streamed music, potentially reducing performers' income from this source (Cooke, 2018).

In essence, there is competition for the 'digital dollar' among various rights holders and their representatives, as evident in a recent decision by the US Copyright Board related to Spotify's appeal. In the United States, the Copyright Royalty Board is responsible for setting rates for mechanical licenses. (For more information, visit www.publicknowledge.org/news-blog/blogs/spotifys-copyright-royalty-board-appeal-decoded.)

VI. THE PATH OF REVENUE TO THE ARTIST AND UNDERSTANDING FINANCIAL FLOWS

How is the money from streaming delivered to the artist? Most artists, if not all, don't have personalized agreements with streaming services due to high transaction costs. Instead, there is a framework of deals and arrangements in place to channel the funds generated from plays on streaming platforms to the creators. This process varies for songwriters, signed and unsigned performers, and backing performers.

A. *Song-writers*

Initially, songwriters own all the rights to the copyright of their works. Not all songs get published, but for those that do, songwriters can choose from various types of publishing contracts. These contracts range from a complete assignment of all rights for a bundle of works over a specified period (often the entire copyright term) to a non-exclusive administration contract covering one or more songs.

Many songs are both written and performed by the same artist, leading to the record label handling the copyright through a comprehensive 360-degree contract. This type of contract encompasses live performance fees, sales of memorabilia, branded goods, and more. Specific organizations, like IMPEL (Independent Music Publishers' E-Licensing) Collective Management Ltd, focus on digital publishing rights. IMPEL is owned and controlled by independent publisher members.

Regardless of the contractual arrangement, when a song is recorded, the record label engages with the publisher or songwriter for permission to record and distribute it. The publisher and/or songwriter then join the relevant Collective Management Organization (CMO) for the public performance of the song, whether live or recorded, and for the mechanical right.

Although data on songwriters' earnings from streaming are scarce, some performing rights CMOs provide information on revenue distribution across various income brackets. Past data has indicated that more than half of the membership fails to earn the minimum amount eligible for distribution (Towse, 2017; Taylor and Towse, 1998).

B. Signed Recording Artists

For performers who are 'signed' with a record label, the typical contract often involves transferring all rights to the label in exchange for a percentage royalty payment. In this setup, the record label holds the rights and negotiates with the streaming service. The artist then receives payment based on the terms outlined in the contract with the label. The specifics of the streaming revenue share, if any, for the artist may or may not be explicitly mentioned in the contract. This lack of clarity is one of the 'transparency' issues highlighted by the European Union (see Osborne, 2019).

Agreements between Digital Service Providers (DSPs) and major record labels are typically negotiated individually or through Merlin, the global digital rights collection agency for the independent-label sector. In 2019, Merlin distributed over US$2 billion to its members, representing thousands of independent labels and distributors. It provided licenses to more than 25 DSPs on a global scale. In the same year, 54% of Merlin members reported that digital income contributed to over 75% of their overall business revenues (www.merlinnetwork.org/news/post/merlin-reveals-record-revenuedistributions-in-new-2019-membership-report).

C. Unsigned Artists

Independent artists share their music through various channels, including their personal websites and platforms like YouTube, Spotify for Artists, Apple Music for Artists, Google Play, and others. Spotify for Artists, for instance, has a verification system for artists, and this process is facilitated through their preferred artist distributors (https://artists.spotify.com/faq/popular#how-do-i-submit-music-to-your-editorial-team). When artists utilize Spotify for Artists, the platform deducts 30% of the revenue generated and then distributes the remaining 70% as royalties to the publishers. Subsequently, artists receive their payments based on the terms outlined in their agreements (www.openmicuk.co.uk/advice/how-to-make-money-in-the-music-industry/).

D. Backing Performers

Streaming hasn't brought significant changes for backing artists, usually session musicians, as they typically receive a fixed payment that includes the rights to their performances. In the European Union, recent legislation grants them the right to additional compensation 50 years after a sound recording is published. Session musicians are entitled to an equal share of 20% of gross revenues from both physical and online sales of the recording through the performers' rights Collective Management Organization (CMO). This legal provision specifies that musicians cannot waive this income right (www.musiciansunion.org.uk/Home/Advice/Recording-Broadcasting/Copyright-and-Performers-Rights-FAQs).

The overall impact of streaming has raised questions about whether it has increased revenues for songwriters, music publishers, performers, and record labels or simply substituted one revenue source for another, a phenomenon known as 'cannibalization.' Analyzing Spotify data from 2013 to 2015, Waldfogel and Aguiar (2015) discovered that Spotify usage had displaced downloads and sales. However, it had also effectively curbed piracy, leading to overall losses in sales revenue being roughly balanced by new income from streaming (see also Waldfogel, 2018).

VII. THE INTERSECTION OF STREAMING AND COLLECTIVE MANAGEMENT ORGANIZATIONS (CMOS)

Streaming doesn't neatly align with the traditional blanket license model of Collective Management Organizations (CMOs) in the music industry. In this model, CMOs negotiate fees and licenses with a diverse range of users, from broadcasters to hairdressers. The revenues are then distributed to members at the same rate, depending on the quantitative use of their work (Handke and Towse, 2007). For uses like TV and radio, CMOs often have blanket license contracts and standardized rates with stations. In the UK, the BBC still operates this way with the PRS (Performing Right Society) and PPL (Phonographic Performance Ltd) for digital usage.

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A significant challenge in collecting income from streamed music is the sheer number of transactions involved. Streamed music may require different administration, such as individual and direct licensing within a territory, and for cross-border licensing. Business models of advertiser-financed services pose additional challenges. CMOs have had to invest in new data management systems to adapt to these changes, ensuring the efficient collection and distribution of revenues.
The EU's 'Collecting Society Directive' has instructed national CMOs to provide digital management services of equal standard throughout the EU. Those unable to do so must make arrangements with a CMO that can. This directive has introduced competition into an arena that previously operated with collaboration among nonprofit membership organizations.
Critics argue that the Collecting Society Directive favors larger CMOs, as they can invest more in data systems and provide a higher standard of service. Since CMOs are economic natural monopolies, there is a tendency for larger ones to dominate the market for digital musical rights management services. The scalability of a larger CMO, spreading fixed costs over more members and titles, makes it more competitive. PRS for Music in the UK, part of the ICE (International Copyright Enterprise), is one of the larger music CMOs in Europe.
In the digital world where scale and scope matter, it's challenging for smaller national CMOs to compete (Ezrachi and Stucke, 2016; Haskell and Westlake, 2018).

A. Does Streaming Need CMOs?

Collective Management Organizations (CMOs) typically hold a monopoly over the specific rights they manage. In economic terms, they are considered natural monopolies, a common characteristic in network industries where competition is less efficient due to higher unit costs. Consequently, these entities are subject to state regulation (Tirole, 2016). Traditionally, CMOs required the assignment of rights. However, with the advent of digital data collection and the use of artificial intelligence (AI) for analysis (Big Data and Big Analytics), new players like Kobalt have entered the market. Kobalt, for example, acts on behalf of songwriters, monitoring the use of their music and distributing payments without necessitating rights assignment. As they exclusively offer digital services, they avoid the broader administrative structure of well-established CMOs, which include higher-cost activities like live concerts. This situation creates a challenge for established CMOs, as they may face competition from new entrants focusing solely on streamed music – a topic warranting further research.
The overarching concern in the music industry revolves around whether subscription services can successfully replace 'free' or freemium services. This issue holds particular significance in territories where streaming has been adopted early, such as Norway, where almost 90% of the population engages in music streaming. Another worry regarding streaming is related to User Upload Content (UUC) services like YouTube. Despite generating substantial advertising revenues, these platforms pay creators only a small fraction, significantly less than other streaming services like Spotify and Apple Music (refer to Tables 2 and 3 in the Appendix). This disparity, often termed the 'value gap,' hinders fair competition (Liebowitz, 2018). Usage figures in Norway from Polaris Nordic in 2018 support this concern.

VIII. METHODOLOGY

Considering all these factors, a study has been developed to gain an insider perspective from the broadly understood music industry (see Figure 1). The study encompasses all roles in the music domain, including performers, creators, and related professionals like sound engineers and instrument technicians. The essential criterion for selecting respondents was that they all derive income from their activities in the arts industry. The research methodology involved interviews with artists and performers, randomly chosen from Collective Management Organizations' databases and social media. Predefined online surveys using Google Forms, featuring closed questions, were employed to explore the economics of copyright specifically from the artists' viewpoint.

Profession	Ip	%
Composer/Arranger/Songwriter	44	45
Instrumental/session musician	40	41
Solo musician/vocalist/conductor	25	26
Audio/Light/TV engineer/DJ	28	29

Academic Lecturer	1	1
DSP Audio Engineer	1	1
Stage Equipment manufacturer	1	1
Coordinator	1	1
Informal music education (mainly for kids)	1	1
Recording studio/Co-owner/CEO	1	1
Writer and organic grower, but have been writing songs and singing since childhood, though not yet making revenue in that pursuit	1	1
Audio engineer/sound designer/ narrator/voieceover artist	1	1
Digital	1	1
Technical support for audio and video studios artists Technical support for audio and video studios artists	1	1
Assistant to the board	1	1
Actress	1	1
Sound engineer	1	1
Choir conductor	1	1
Luthier	1	1
Marketer	1	1
Mastering Engineer/music producer/performing multiinstrumentalist	1	1

Fig 1: Survey Respondents

The following statements have been presented:

1) Performers primarily earn through live concert activities.
2) Individuals engaged in the role of artist-creators mainly generate income from royalties.
3) Existing methods of settlements with distributors are not suitable for the earnings from creative works.
4) Individuals in associated professions, such as video production, piano tuning, sound production, etc., are often excluded from compensation for performances.
5) Collective Management Organizations (CMOs) and the government actively support artistic communities amidst the challenges posed by the pandemic.

IX. RESULTS

The initial findings clearly show that the majority of respondents (58.3%) depend on their current concert activities for their livelihood. This suggests that, given the global health crisis, there might be a rising number of cases where individuals face unemployment or are compelled to switch industries. Royalties emerge as the second significant income source for the participants, while artists-creators mainly rely on Collective Management Organizations (CMOs) for their income (47.5%).

Creatives involved in commercial endeavors can generate substantial revenue through radio, television, and online broadcasting, with the proportions varying based on their market focus. For instance, commercial music producers earn from jingles and advertising, composers and pop music authors from reproducing their popular hits, and jazz artists from record sales.

The technological advancements allowing for studio-level capabilities on smartphones have led to a surge in para-artistic online events, some of which, despite lacking professional production and promotion, generate substantial income. Although these types of events weren't specifically examined in this study, they constitute a significant portion of revenue distribution in online publications.

Over 40% of respondents are individuals providing commercial services to artists, yet very few of them earn money from the works of the artists they assist. This could suggest a lack of legal regulations allowing for a more equitable income distribution, where professionals like sound engineers and music video creators could share profits from their work. The situation is notably different for managers and cultural animators, whose income is closely tied to the ongoing professional activities of the artists they manage.

While it might seem that artists are dissatisfied with their collaboration with CMOs, the study results reveal a highly polarized environment on this matter. A significant portion, 27.7%, express complete dissatisfaction, but an equally notable 9.6% express satisfaction. Additionally, 31.9% remain undecided or indifferent. Importantly, more than half of the respondents did not encounter any legal conflicts with the CMOs, challenging popular opinions and suggesting a divergence between public perceptions and the actual sentiments of creators.

The art industry has faced significant challenges due to the Covid-19 pandemic. Many musicians, visual artists, stage technicians, and others have had to quickly adapt and rebrand. A major hurdle for this industry is the uncertainty surrounding the execution of planned events, given the constantly changing pandemic restrictions. Concert dates remain uncertain, and local events either do not happen or get postponed. This uncertainty impacts various professional groups, including sound engineers, lighting technicians, stage constructors, multimedia designers, and even security personnel. Concert organizers face the highest risk, dealing with the potential cancellation or rescheduling of events, leading to significant consequences.

We have gathered insights from representatives of the artistic community regarding assistance from industry institutions and government authorities, as well as the effectiveness of legal regulations. A majority of respondents express dissatisfaction with the government's actions and the legal regulations governing crisis aid for specific industries. Many also seem disappointed with the support offered by production companies and Collective Management Organizations (CMOs). Only a small percentage of respondents positively assess any form of assistance for artists.

The politicization of the algorithm for granting aid during the Covid-19 pandemic has further divided the environment, creating distinctions between better and worse outcomes. A substantial group of artists professionally documented their losses due to the pandemic, receiving significant support from the state budget, provided they adhered to political correctness. The second group, who may have suffered losses but had no chance to document them, received nothing. Performers' associations distributed their financial reserves using varied distribution algorithms.

X. CONCLUSION

The research has confirmed that artists and creators primarily earn their income through royalties (47.5%). Additionally, a significant portion of their earnings comes from live concerts. However, it's noteworthy that many musicians also sustain themselves through alternative activities, with teaching music being a prevalent option.

For those actively engaged in commercial endeavors, substantial revenues can be generated through radio, television, and online broadcasting. Notably, advertisements serve as a significant source of income for numerous musicians, video producers, and their managers. It is crucial to highlight that the primary contributors to advertising revenue are radio and television operators, along with owners of Internet portals. Unfortunately, only a small fraction of this revenue reaches the original content creators of the advertising spots. The challenges in revenue collection are largely attributed to the delayed response and insufficient competence of collective management organizations. These organizations are meant to safeguard the interests of affiliated artists, but their effectiveness in this regard is hindered by issues such as procrastination and lack of expertise.

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APPENDIX

Table 1: Streaming services monthly subscription rates (£), library size and users: 2019.

DSP	Subscription	Library	Users
Spotify	9.99	35m	100m
Apple Music	9.99	45m	50m
Tidal Premium	9.99	50m	3m
Tidal Hifi	9.99	50m	
Youtube Music	9.99	50k	15m
Amazon Music	9.99 (7.99 for prime members)		35m

Sources: www.telegraph.co.uk/technology/0/best-music-streaming-services-apple-music-spotify-amazon-music/ (accessed 1 December 2019).

Table 2: Rates per Stream to Major Labels, 2019: US$

DSP	Price
Spotify	0.00437
Apple Music	0.00735
Google	0.00676
Amazon	0.00402
Deezer	0.0064
Tidal	0.0125
Youtube	0.00069

Source: www.digitalmusicnews.com/2018/12/25/streaming-music-services-pay-2019/

Table 3: Streaming rates to unsigned artists in 2017.

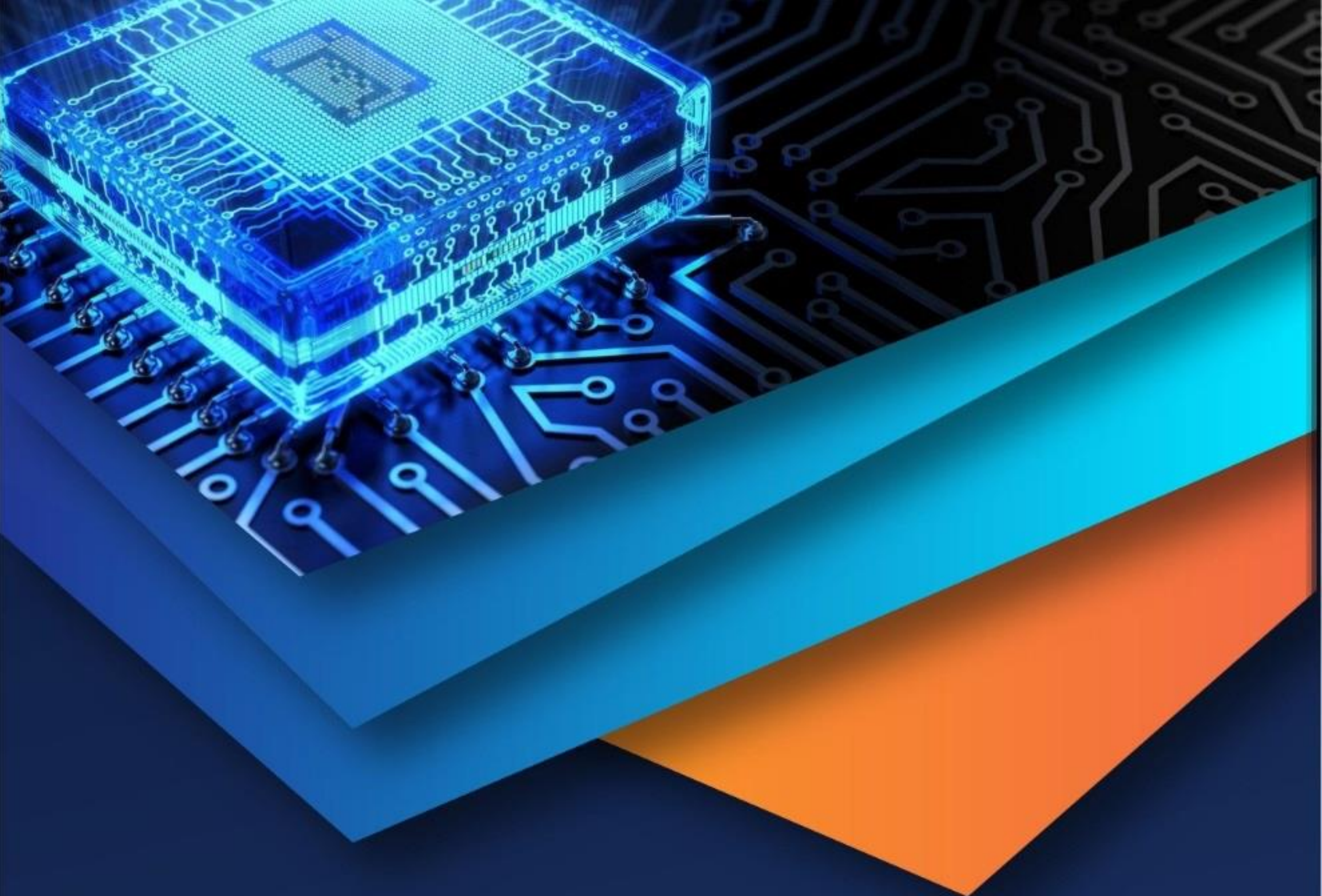
Spotify	$0.0038
Apple Music	$0.0064
Tidal	$0.0110
Deezer	$0.0056
Youtube	$0.0006

Source: https://www.digitalmusicnews.com/2018/01/16/streaming-music-services-pay-2018/

Table 4: Total plays needed to earn minimum monthly wage: 2019.

DSP	Stream rate	No. of plays needed
Tidal	0.0125	177604
Apple Music	0.00735	200272
Spotify	0.00437	336842
Amazon	0.00402	366169
Youtube	0.00069	2133333

Source: www.digitalmusicnews.com/2018/12/25/streaming-music-services-pay-2019/



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