



The recent [study](#) commissioned by GESAC and prepared by Emmanuel Legrand outlines the three main objectives that must be met in order to create a fairer and more sustainable music streaming market for authors and composers. These are namely:

- Increased value from the streaming market (Growing the size of the revenue pie)
- More fairness in the value chain (Better sharing of the revenue pie)
- Ensuring cultural diversity & transparency on music streaming platforms

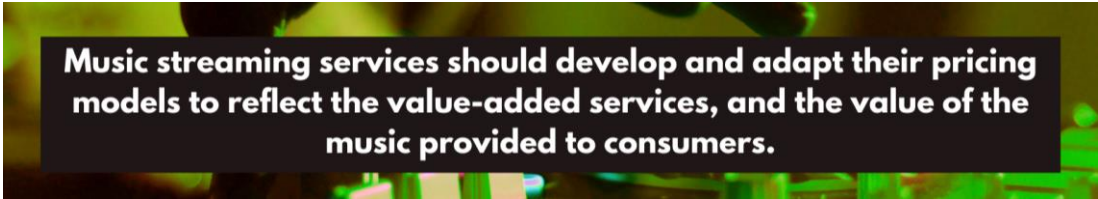
Each of these objectives requires in our view a combination of industry and policy initiatives, which are outlined in the 10 bullet points below:

- 1. Restore the value of the streaming market by implementing appropriate pricing policies**
- 2. Ensure the value of music in all streaming services**
- 3. Recognise the key role of authors and composers in the streaming market**
- 4. Ensure that authors and composers benefit more favourably from the growing pie**
- 5. Ensure prominence and discoverability of European works on streaming services**
- 6. Provide transparency of algorithms used by streaming services**
- 7. Tackle unfair and fraudulent practices on streaming platforms**
- 8. Enforce proper implementation of Art 17 of the Copyright in DSM Directive**
- 9. Strengthen collective rights management**
- 10. Ensure better identification of creators on streaming services**

RESTORE THE VALUE OF THE STREAMING MARKET BY IMPLEMENTING APPROPRIATE PRICING POLICIES

There is no other sector or business model where prices have remained constant and their value has continuously decreased due to inflation over the last 15-20 years, despite the exponential growth of the offer and the quality of the service provided. While approximately 26% of the value has been lost only due to inflation,¹ the value that each user generates has been significantly compromised, due to several promotional and multi-user accounts offered in much lower cost since 2015.²

The race to the bottom of the subscription prices results in value erosion and hence in a decrease of revenues for creators. Music streaming should no longer serve as an attempt to create an alternative to total piracy, since it is the market's most prominent form of music consumption now.



Music streaming services should develop and adapt their pricing models to reflect the value-added services, and the value of the music provided to consumers.

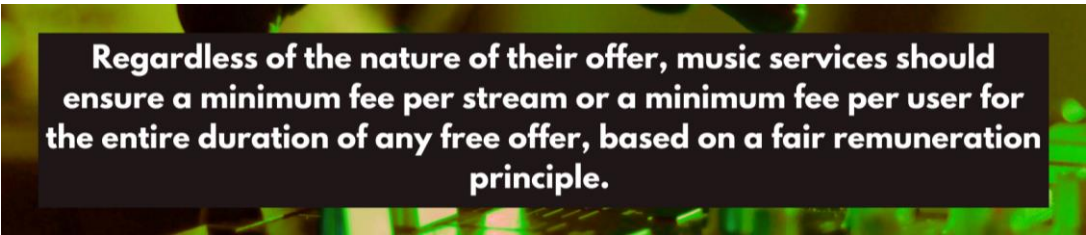
ENSURE THE VALUE OF MUSIC IN ALL STREAMING SERVICES

Music streaming services have for more than a decade focused solely on either growing their user bases or offering music as a tool to get consumers to purchase their other services or devices. When doing so, several services consider that they can always deduct on the value of music to promote or make a discount on their service. For example, Apple sells new headsets or sound devices with a 3-month or a 6-month free subscription to Apple Music, or Amazon Prime includes a full catalogue of music in its service to provide free deliveries or privileged access to its market-place, or Spotify and YouTube maintain an unlimited and very convenient free-tier to boost their user base without any real strategy to move them to paid subscriptions or develop a more viable business model around free-tier.

When there is an ad-supported free-tier, the revenues generated are ten times less than the revenues generated by individual subscription. The work of authors should no longer be considered as a free asset for the development of music services' own commercial strategies.

¹ According to MiDIA research numbers for the period of 2009-2019, see on <https://midiaresearch.com/blog/heres-how-spotify-can-fix-its-songwriter-woes-hint-its-all-about-pricing>

² For instance, the "average revenue per user (ARPU)" of Spotify decreased to as low as €4.40 in 4Q 2021.

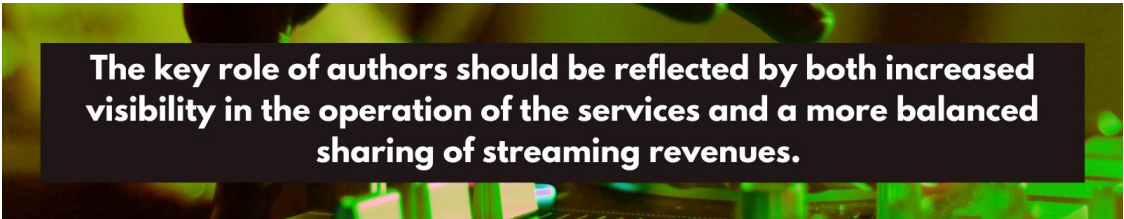


Regardless of the nature of their offer, music services should ensure a minimum fee per stream or a minimum fee per user for the entire duration of any free offer, based on a fair remuneration principle.

3 RECOGNISE THE KEY ROLE OF AUTHORS AND COMPOSERS IN THE STREAMING MARKET

Authors and composers are at the heart of the “song economy”, as often outlined in recent studies. However, their contribution to this ecosystem is not sufficiently visible in the operation of the services, and their role is not properly recognised in their remuneration.

Developing tools dedicated to visibility and discovery of composers and songwriters, such as credits, songwriter pages, dedicated search functions and links to the works written by the same authors, would increase authors’ visibility and showcase their role and importance. Moreover, services should be more transparent on how much they pay composers and songwriters for the use of their works, in order to bring more awareness on the situation of creators in the market.



The key role of authors should be reflected by both increased visibility in the operation of the services and a more balanced sharing of streaming revenues.


4 ENSURE THAT AUTHORS AND COMPOSERS BENEFIT MORE FAVOURABLY FROM THE GROWING PIE

In order to enable sustainable market solutions that are viable for all stakeholders in the streaming economy’s value chain, policy makers must ensure that fairness is maintained and creators are able to negotiate a fair deal.

According to recent studies, despite being at the core of creation, authors currently receive the least from what the streaming economy generates. This is a fact. They receive approximately 15% of net revenues³, while the recording side receives 55% and the services themselves receive 30%. Even the amount of the VAT applicable to music streaming services is higher than the amount received by authors and publishers from an individual subscription.

³ Net revenues are defined as gross income minus VAT.

The priority should be to grow the overall value of the streaming market and to increase the recognition of the value of creation and the creators, through necessary measures and industry actions.




Once the value of streaming is increased and the revenue pie grows, the increased part of the new pie should benefit the authors the most, in order to reinstate market fairness.



ENSURE PROMINENCE AND DISCOVERABILITY OF EUROPEAN WORKS ON STREAMING SERVICES

Because of the current hit-driven market, a pyramid system has developed in which a small number of songs capture a large portion of the listenership. In March 2021, 57 000 artists accounted for 90% of monthly Spotify streams, and 93% of Spotify artists had fewer than 1000 monthly listeners in 2022. This causes problems in terms of cultural diversity.

Although the European music landscape is characterised by great diversity, this diversity should not be taken for granted in a streaming environment that is increasingly dominated by a few global players.



Positive obligations for music streaming services to ensure the visibility and discoverability of niche repertoires and European works should be introduced at EU level. This could be achieved by enacting new rules for the promotion and prominence of European works for music streaming services.

Moreover, the EU and its Member States should provide incentives for major music streaming services to contribute financially to the preservation and promotion of musical diversity in Europe, including through direct investment in local repertoires and contributions to dedicated funds or entities at national or European level.



PROVIDE TRANSPARENCY OF ALGORITHMS USED BY STREAMING SERVICES

Inclusion into popular playlists dictates what becomes successful or who receives more revenue, yet the criteria that form the basis of streaming services' content recommendations

(algorithms, curated playlists against payment, preferential treatment of presentations in exchange for royalties etc.) remain opaque to creators and the general public.

With the enormous power that streaming platforms wield over what we listen to, transparency into algorithms' operation has become increasingly important. Music streaming services are the only media channel that operated in a regulatory vacuum in this respect because they are not subject to the transparency obligations under any of the DSA, AI Act, AVMSD, P2B Regulation or any other EU regulation.

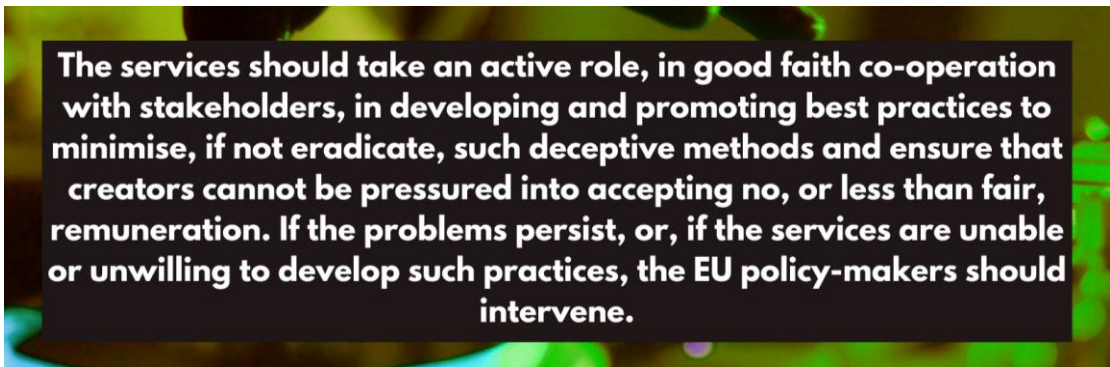


Dedicated transparency obligations should be introduced at the EU level to ensure the transparency of the algorithms and recommendation systems used by streaming services.

7 TACKLE UNFAIR AND FRAUDULENT PRACTICES ON STREAMING PLATFORMS

Practices that require creators to accept lower royalties, or royalty-free usage in exchange for more visibility and/or inclusion in specific playlists are to be discouraged, as they drive the already disrupted value of music even lower in the streaming market while forcing some songwriters to accept unfair terms.

Streaming manipulation and fraud, as well as the increasing recourse to “ghost writers” and royalty-free content, cause significant disruption and deprive creators of another sizable portion of the already insufficient pie. The recent study on music streaming gives a broad picture on the nature and scale of such problems.⁴



The services should take an active role, in good faith co-operation with stakeholders, in developing and promoting best practices to minimise, if not eradicate, such deceptive methods and ensure that creators cannot be pressured into accepting no, or less than fair, remuneration. If the problems persist, or, if the services are unable or unwilling to develop such practices, the EU policy-makers should intervene.

⁴ [“Study on the place and role of authors and composers in the European music streaming market”](#), September 2022, pages 22-24



ENFORCE PROPER IMPLEMENTATION OF ART 17 OF THE COPYRIGHT IN DSM DIRECTIVE

This is needed to capture both all the services that are required to license under Art. 17 and all relevant usages on the services that are already licensed. Many of the user-uploaded content services previously refused licensing. Where they were licensed, they systematically refused payment of a fair remuneration relying on their self-proclaimed non-liability and they did not properly report on actual usages taking place on their platforms. When these elements are addressed, the revenues due to authors and composers should eventually reflect the use being made of their works and finally a fair remuneration. However, due to the long period prior to the adoption of Art. 17 where user-uploaded content services operated in that under-licensed situation or without a licence, they still try to maintain their low valuation of the rights of authors and composers and to avoid payment of the fair remuneration of the latter. The implementation of the Directive should therefore ensure that the situation of creators improves, and injustices of the past cannot be used by the concerned services as a justification to perpetuate their unfair behaviour in their future relations with authors and composers.

Indeed, establishing accurate and transparent reporting obligations on online content sharing service providers (OCSSPs) is as important as their liability under copyright law, because authors and composers are paid based on what is identified as a usage on the platforms and/or based on the revenues generated by the service through the use of protected works.

Member States and the Commission should ensure that Art 17 is properly implemented, so that all OCSSPs get licences from authors' societies in a way to improve the situation of creators as intended by the Directive, provide the necessary usage reports, and integrate the relevant data into their systems.



STRENGTHEN COLLECTIVE RIGHTS MANAGEMENT

Collective rights management based on the exclusive rights of authors and composers is more important than ever in order to negotiate fair remuneration for music creators in light of the growing market power of streaming platforms. Collective management organisations (authors' societies) manage both niche and internationally sought-after repertoire under the same conditions. As a result, all repertoires, including lesser-known ones, have equal access to the market, contributing significantly to cultural diversity. Collective management is an indispensable part of copyright policy at EU level because it facilitates rights clearance for businesses, wider access for consumers, and appropriate remuneration to creators.

Collective management should be further promoted and strengthened by EU policy as a fair and sustainable solution for all.



ENSURE BETTER IDENTIFICATION OF CREATORS ON STREAMING SERVICES

Author and composer identification is crucial not only for their recognition and better remuneration, but also for ensuring diversity and transparency on platforms.

All music industry players should intensify their efforts to ensure comprehensive and correct metadata allocation, as promoted by the Credits Due initiative, among others.

Collective management should be further promoted and strengthened by EU policy as a fair and sustainable solution for all.



Authors' societies are the vital link between creators and the users of their works.

GESAC (European Grouping of Societies of Authors and Composers) comprises 32 authors' societies from the EEA and Switzerland. Together, we represent over one million creators and rightsholders in the areas of musical, audiovisual, visual arts, and literary and dramatic works.

Website: www.authorsocieties.eu

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