Teddy Ni

Professor Megan McIntrye

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**Taylor Swift’s Stand For Artists**

**Taylor Swift’s Actions Against Spotify and Apple Music:**

Taylor Swift’s prominent rise in the past five years has made her a notable star and certainly a massively influential figure, especially in the music industry. Swift, in the past year, has made two notable stands against two prominent companies: Spotify and Apple. In December 2014, a week after the release of her most recent album *1989*, Swift pulled her entire catalog off of Spotify. This decision came out of the blue, and shocked the music industry. A boycotting of this scale was unprecedented. *1989* was set to sell over 1 million copies in its first week, and as we know now, was successful beyond her wildest dreams. Jack Dickey, a reporter for TIME focused on culture and sports, interviewed Taylor Swift regarding her decision to pull her catalog off of Spotify and published her responses in his article “Taylor Swift on 1989, Spotify, Her Next Tour, and Female Role Models.” Swift explained that while everyone was complaining about shrinking album sales, they keep running to music streaming services, “which is, for the most part, what has been shrinking the numbers of paid albums” (Qtd. in Dickey). Furthermore, Swift believes that there is an inherent depreciation of music value when music is published for free streaming. Despite Spotify having a subscriber membership tier, music is available for streaming to all users; those who don’t pay are just shown ads instead. Music, in Swift’s point of view, “is valuable. Valuable things should be paid for” (Qtd. in Linshi). Hence, Swift’s participation in services such as Beats Music and Rhapsody are justified; Beats Music and Rhapsody both restrict Swift’s albums to paying subscribers, something Spotify refuses to do, which “places a perception of value on what I’ve created” (Qtd. in Dickey).

More recently, following Swift’s feud with Spotify, Swift had some bad blood with Apple. Apple announced that with the debut of Apple Music, users would be given a free three-month trial. However, behind the scenes, Apple also decided that they would not be paying royalties to artists for this three-month trial period. Upon learning this, Swift took it to Tumblr to express her view, as an artist, on Apple’s decision. It is important to note that while it is Swift that is speaking out, she is not speaking out for only herself. Rather, what she expresses are the “echoed sentiments of of every artist, writer, and producer in my social circles who are afraid to speak up publicly because we admire and respect Apple so much” (Swift). Swift understands that while in the long run, Swift will certainly benefit from Apple Music, her concerns primarily address new artists who live from paycheck to paycheck and “thought that the royalties from [their first cut] would get them out of debt” (Swift). Three months is indeed a long time to go unpaid, especially for work that artists have dedicated the past few years to. In this Tumblr post, Swift implies an important definition: what a streaming service should consist of. She infers that paid streaming is the ultimate goal of music streaming, and that current forms of streaming are unfair in stating that she hopes she can “join them in the progression towards a streaming model that seems fair to those who create this music” (Swift). Apple, however, was quick to rescind this free three-month trial after Swift’s Tumblr post gained popularity through social media. Eddy Cue, senior vice president of Internet software and services, quickly addressed Swift’s concern with a tweet, stating “#AppleMusic will pay artists for streaming, even during customer’s free trial period.” Cue followed that tweet up with another one directly addressed to Swift, “We hear you @taylorswift13 and indie artists. Love, Apple.” Evidently, Apple in addition to Swift, saw the unfairness of their original policy.

**Background Info:**

With the massive growth of music streaming services within the past ten or so years (which marks the founding of Spotify and Pandora), it’s increasingly growing impact upon the music industry draws in much controversy as to whether or not its impact is positive or negative. Spotify will be used as the primary example, since at the moment, Spotify is the largest music streaming service. As more and more users resort to Spotify, less and less users are purchasing music from artists and labels (Flowers). As a result, artists are suffering in terms of revenue (Price). This, however, would not be an issue if artists were compensated fairly for allowing their music to be streamed freely. This leads to the ultimate question of what is the ideal state of music streaming. In order to furt­­­her understand how and why artists suffer in terms of revenue from music streaming services, one must first carefully examine the consumer aspect of music streaming services. Spotify, at its very core, is a free service, in which users are able to download Spotify and listen to most music and are granted a “freemium” membership. As stated on Spotify’s website, users are urged to upgrade to the premium level, which allows for ad-free playing of music. Premium members pay $9.99 a month to maintain their premium status (“Spotify Explained”). Spotify’s revenue consists of these subscription fees and ad-generated revenue. It is from this money that Spotify must pay right holders, which consists mainly of record labels, and royalties to artists. To be more specific, how much an artist receives in royalty varies depending on Spotify’s revenue from subscribers, number of streams, and several other factors (“Spotify Explained”). This equation that Spotify has developed for the distribution of wealth has major fallacies in the long run (Price), and ultimately makes Spotify a detrimental music service for artists.

**Spotify’s Help Combatting Piracy and Getting Artists Discovered:**

In response to Spotify’s negative financial influence upon artists, supporters of Spotify point towards Spotify’s positive impact upon piracy. Ever since the introduction of the internet, digital piracy has been on the rise and hurting artists. To combat this problem, Spotify strives to promote legal music streaming methods that fall within the limits of the law. As a result, some may argue that they are much better alternatives to the practice of pirating music for free; after all, the ­­­artists do get paid something for streaming. In research conducted by Spotify itself, it is clear that pirating rates lowered significantly since Spotify’s founding. Spotify claims that “across the territories where Spotify is established”, people across all ages were proved to pirate less when offered a free, legal alternative. Spotify especially noted that they were able to drastically lower pirating rates of the generation between ages 18 and 29, which also is the generation most likely to pirate music (“Spotify Explained”). Granted that Spotify is certainly biased in this research, independent studies conducted by TorrentFreak, a reporting agency dedicated to file sharing, have also revealed the same conclusions that Spotify has arrived at. In Sweden, the number of people who pirated music dropped by 25% (TorrentFreak). This is notable since Sweden is notorious for its piracy. Stephen Heyman of the New York Times cited the Sweden’s Film and TV Industry Cooperation Committee stating that Sweden has had over 280 million films and movies pirated in the past year. This is largely since Sweden is the home to one of the largest pirating websites in existence: Pirate Bay. Interestingly, Spotify was founded in Sweden, and has had a profound impact upon the piracy according to the research. In Denmark, the Digital Music Report, also known as the KFPI, stated that 48% of music streamer users had previously been illegal downloaders. Now, eight out of ten of those users have stopped their illegal activities (TorrentFreak). These are very positive statistics towards Spotify’s fight against pirating; however, this remains insignificant if artists continue to receive minimal payment. Thus, because streaming takes away album revenue from artists, its positive effect in terms of reducing piracy is still ultimately detrimental to artists.

Another positive effect that many people see in Spotify is that they help artists get discovered. Levinson from Swanson’s study expressed that Spotify is a “crucial value add to the music discovery process simply because the catalog is so vast and access is so unrestricted” (Qtd. in Swanson). David McMillin, the lead singer of Fort France and an artist who has had experience with Spotify, explains this concept particularly well in his article “Why It’s Time to Stop Hating Spotify.” McMillin describes that while artists do not necessarily receive full monetary value, “Spotify delivers the intangible value of social currency.” In essence, a critical aspect of Spotify, as argued by McMillin, is its social media integration. Notably, Spotify’s partnership with the social media giant Facebook allows friends to share music within Spotify and thus, Spotify becomes much more than just a streaming service; Spotify becomes a community that fosters the spread of music, which is a “huge help for bands in our shoes” (McMillin). This especially holds true with streaming services that essentially are radios, like Pandora, in which users discover new artists and potentially become fans. However, granted that this is true, this is also largely controversial, as not everyone is convinced that the discovery tools in these services are optimized, or that artists getting discovered pays off the loss in album sales. A consumer interviewed by Swanson described Spotify’s discovery features as poor, and that they think that Spotify is catered for people who are “very focused and know what they’re looking for” (Qtd. in Swanson). Not to mention, even with radio-oriented services like Pandora, streaming stations offer the ability to skip songs, and most of the times the songs that do come on are hits and already popular songs. As a result, Spotify’s positive aspects are still overwhelmingly insignificant in comparison to Spotify’s negative aspects. In particular, Spotify’s substandard royalty fees paid to artists in exchange for their work.

**The Grand Financial Problem with Spotify:**

As Swift suggests in her actions against Spotify and Apple, the rise of streaming services such as Spotify have had a negative impact on the music industry. In particular, Spotify has drastically cut down the portion of royalties going to artists. Current streaming services come as close to pirating as it can get. The only thing differentiating them and pirating are the miniscule royalty fees they pay out to artists. In an analysis of the impact Spotify has had on the music industry, Andrew Flowers, a quantitative editor of the news reporting website FiveThirtyEight, presents in his article “Maybe Spotify Isn’t Killing The Music Industry After All,” that Spotify has grown into a massive service, with its active users quadrupling in numbers since 2010. In fact, according to the Recording Industry Association of America, total streaming revenue has grown $1.4 billion since 2010, and now accounts for more than a quarter of the music industry (Flowers). With these numbers in mind, it is no surprise that streaming giant Spotify has had an enormous impact upon the music industry. Flowers focused on the research of two economists from the University of Minnesota, Joel Waldfogel and Luis Aguiar, whose goal was to determine “not only whether streaming displaces sales but, if so, at what rate” (qtd. in Flowers). To summarize Waldfogel and Aguiar’s findings, Waldfogel and Aguiar discovered that there was in fact a correlation between paid album sales and the rise of streaming services; to be precise, for every 137 streams, there was one less album sale. While on a small scale this may seem insignificant, on a grander scale, this can cause significant losses for artists, especially larger artists. Evidently, free streaming has had a sizable impact upon album sales. In addition to this, most music streaming services give back very little to the artists.

Artists, large and small, have expressed dissent with streaming services, justifiably so, because of the miniscule and unfair royalty that the artists receive. Multiple artists have spoken out on this issue. As exemplified in Swift’s case, Swift felt as though her work’s value was being undermined by Spotify’s freemium model. Even though Swift is a global icon and money is no longer a concern for her, she’s still concerned for this matter. Kate Swanson, a recent graduate of Indiana University, published “A Case Study on Spotify: Exploring Perceptions of the Music Streaming Service” in the Journal of the Music & Entertainment Industry Educators Association. Swanson in her study delves deeper into the complicated and mostly hidden relationship between artists and Spotify. Artists earn various amounts from Spotify, largely depending on their record deals, but as expressed by Swanson, shockingly, “this amounts to $0.004, or just under half a cent per stream.” This is remarkably low sum of money; it would take 250 plays to just earn a dollar. That means for smaller artists whose work barely gets any streams, revenue from Spotify is essentially none. Swanson spoke with artists of smaller sizes; artists who the general public may never have heard of and bothered to consider, as the figures and statistics normally reported by Spotify are only of the top hits and most popular songs that earn hundreds of thousands in revenue. Bob Nana, the lead vocalist of a small band called Braid, claims that he has made less than $5.00 since Spotify added his band’s 100-plus catalog (Swanson). Even for larger artists, revenue from Spotify is minimal and certainly is not enough to make profit from. Swanson’s study included Jamie Levinson, the drummer of the White Rabbits, a much larger band than Braid, who explained that it was not their interest to “[use] Spotify to make money [right now]” (Swanson). Moreover, this issue that Spotify is not paying enough to artists is one that is continuously growing and will only become worse as Spotify continues growing.

As Spotify’s place in the music industry drastically grows and continues to do so, its distribution of revenue also drastically changes. Jeff Price, founder of TuneCore and Audium, both organizations dedicated to making sure artists are paid their fair share, published his findings regarding the future impact of Spotify in his report “The More Money Spotify Makes, The Less Artists Get Paid…” Earlier in 2015, Spotify posted a blog stating that they have “now paid more than $3 billion USD in royalties… [which is] good for music makers” (“20 Million Reasons”). Price, however, argues that Spotify is not reporting the whole story. In data collected by Audium, the correlation between Spotify’s gross revenue and the amount artists and labels were receiving is a negative one (Price). At the beginning of January 2014, an artist, who was controlling their own music rights, with 100,000 streams per month on Spotify Premium, earned $90.64 (Price). In December 2014, the same artist for the same number of streams only earned $74.72 (Price). As Price points out, this drop in earnings is largely due to Spotify’s lackluster and poor system of distributing wealth to artists. Because Spotify’s equation for calculating royalties depends upon the number of streams and the amount of revenue Spotify receives (“Spotify Explained”), the fact that the number of streams per month is growing at a much faster rate than revenue is explains the main reason behind the drop in artist earnings (Price). As a result, artists need increased stream rates in order “to just stay even with what they were financially the previous month” (Price). Moreover, even in the current state of Spotify, artists are suffering greatly because of royalties. Evidently, music streaming services do not pay artists enough for their work, and are hurting artist revenues.

**Conclusion:**

The unfairness of Spotify was brought under the light by Taylor Swift. Swift pulled her entire music catalog off of Spotify and wrote a persuasive Tumblr post to Apple in order to protect the intellectual property of artists. Granted that Spotify does indeed reduce pirating rates and helps expose artists, it’s negative financial influence greatly outweighs its positive influence.

Spotify and similar music streaming services return subpar royalties to artists, and are gradually taking a larger and larger chunk of revenue from artists. As quoted in Flowers, Waldfogel and Aguiar’s findings demonstrated that Spotify did indeed take away album sales from artists, which was further proved through Swanson’s case study. Moreover, this is an issue that if not addressed, will progressively get worse. As Price explained, artists are needing more and more streams each month to earn the same amount as the previous month. While the current state of music streaming services may not be beneficial for artists, activists such as Swift will continue strive towards finding the perfect balance between digital accessibility and royalty payment.

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