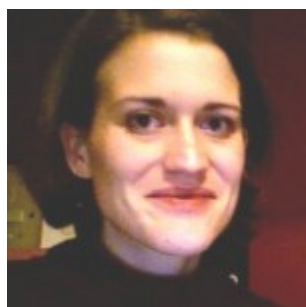


Benefits of the Internet for Musicians and Fans are Under Threat



Former radio music promoter and LSE Alum Helen Charles warns that some of the digital era's creative and economic benefits are under threat and could be lost if artists and fans are not attentive and involved in policy debates about music and the digital economy.

Back in 2001, when I started working as a radio plugger, we would send music to radio stations for them to add to their playlist and play on-air. By 2008, people were calling stations to request for un-released music. Artists found it easier to make, record and share music through sites like

Soundcloud, and I could choose potential music clients based on their popularity on music download sites. Today new music is being released at an astonishing rate. But with Google expanding **its digital music services** and with increased investor pressure for music streaming services like Spotify to go public, artists and fans need to be alert to the possible implications of alliances between powerful technology and music industry interests

These recent developments could mean that artists may lose the benefits that the digital age has accorded to artists, such as lower entry barriers to the music industry, unless their voice is heard in policy debates.

Old gatekeepers and new income models

Digital technology has thus far managed to erode the power of established industry gatekeepers by creating new and free avenues for fans to access and discover a whole range of music online. It is no wonder then that major music companies assert that copyright infringement is the primary cause of falling music sales.

But a **recent Techdirt report** argues that overall sales of music have not fallen at all. This claim is backed by data showing that the sector's total revenue has remained the same, although major labels now take home smaller slices of it. Thus, the real reason for the music industry's gripes appears to be its decreased control and increased competition for each release it puts out, which means a smaller share for those at the top of the chain. As **a report** from LSE Media Policy Project previously argued, copyright infringement is only part of the larger package of changes brought by the Internet to the music industry business model.

Over the past decade, more and more artists have been able to sell 100,000 or so records and fill 3,000 seat venues in 30 to 40 cities worldwide. These artists make a living without first being played on mainstream radio or having a large record label's marketing budget. As Martin Mills of UK indie record label group Beggars **said in 2010**: *"We've got a bunch of bands like that, they're not necessarily seeking stardom or riches. That's incredibly healthy."*

One musician who has been recording and touring for decades has remarked that his income has, contrary to the industry's claims, been on the rise: *"I've never made any real sum of money off of record sales. Usually the level of sales we see is more about keeping the cycle of pressing/distribution alive so we can make another record and have stuff at the merchandise table."*

He also points out that musicians who haven't been on the 'hits' charts instead set their sights on ticket sales, merchandise and licensing, which depend on exposure: *"I have to think that the reason [audiences, especially teenagers] are listening is because they were easily able to check it out in the first place, not because of any marketing but because they heard about it from a friend who shared it with them."*

But this hasn't stopped music companies from blaming technology and steering policy debate towards involving ISPs and search providers in identifying and punishing suspected copyright infringers. And while music and technology companies have been odds with each other, a whole generation of music fans was free to discover and purchase without going through the traditional gatekeepers.

Technology & music companies: from argument to alliance?

This situation could change with the recent speculation that Google will soon launch its iTunes rival, Google Music, outside the US. This follows the search giant's **decision to downgrade websites** that have received the highest number of takedown requests from music firms in its search results. This in turn could be detrimental to the artists who benefit more from the exposure they get from allowing people to share and recommend music than from tightly controlled sites favouring major music companies' releases.

Meanwhile, some emerging artists are having an even harder time getting their music on legal sites where large audiences are found (such as big name streaming sites and digital stores). Those who are successful are often subject to disadvantageous deals. While the exact terms of each deal are confidential, indie labels and artists at all levels of successes **have criticised** Spotify for its compensation scheme. Major music companies have been accused of licensing their entire musical catalogues to digital services, securing a tidy profit for the label while generating **very little** for their popular artists.

After it was accused of giving independent labels a raw deal for plays on its digital music service, Spotify sought to rectify the issue by leveling its deals with both major and indie labels. Now both major music companies and Merlin, the body representing independent labels, have a stake in the digital service, meaning they make money both from plays and if applicable, from their business interest in the company. Good news? Not necessarily. If **Spotify goes public** it is only the labels that will gain. To ensure fair compensation artists must engage with the way lawmakers are classifying these services and be alert to what changes in the industry may mean for them.

Lack of artist involvement in policy

Very few artists were heard from during the policy debate leading up to the Digital Economy Act, even though their perspective would have helped to shed light on digital economy's benefits for both artists and fans. Even now there are still very few artists who come forward with alternative suggestions in the UK discussion despite recent opportunities such as IPO's Digital Copyright Exchange **feasibility study** and related areas of discussion taking place as part of DCMS's Communications Review.

DCMS's seminar series could have been an opportunity for artists to be more involved in policy discussion. Instead, the focus is predominantly on consumer and businesses interests with very little consideration of the impact of these areas on creativity or those who create. While in the USA organisations such as **Future of Music Coalition** are championing artists' voices in related debates, organisations like the Musicians Union and Featured Artists Coalition in the UK have only tend to come forward when asked. Artists and fans need to start joining the debates about the future of copyright, convergence and digital content distribution – whether or not they are invited.

