



It's Time to Challenge the Flow #2
Revisiting how to make the most of streaming, April 2023¹
([Infographic here](#))

Background

Two years ago we called for cooperation between services, rights holders, lawmakers and creators to free music streaming from the restrictions put in place by its foundational quirks. The idea was to explore the freedom and the amazing opportunities streaming can offer if services embrace change.

Our proposals were inspired by three overarching ideas. I) We want a market that grows by offering an ever more compelling and varied range of options to fans; II) we want a diverse market where all creators of every music can reach and inspire music lovers and realise their full artistic potential; and III) we want a fair market in which artists participate enthusiastically and feel appropriately rewarded.

Many of the best and most imaginative suggestions we have seen addressing the streaming market of late echo arguments and ideas we put forward in that paper. We welcome this influence; but many of the barriers and problems we identified remain in place and in some cases, they have been aggravated by time, inflation and bad practices.

In the two years since we first published our plan, streaming has continued to be the centre of insistent calls for reform in the allocation of revenues. Labels find themselves at the same time more central to the digital market, more crucial to artists who wish to have their voices heard, and perhaps, less visible. Yet the market assessments conducted in the UK (the most exhaustive and independent work done yet) shows that the revenue share of master rights in their core business has been steadily eroded in recent years². We owe it to our artists to meet this challenge, head on, at the same time as we amplify our calls to grow the overall market

IMPALA wants to take another look at the streaming market and try, again, to move the needle. On the two-year anniversary of the plan, we launched a month-long review process.

The outcome is that our original recommendations remain as valid and still more pressing today than they were two years ago, with a few important elaborations. Our recommendations fall into three parts:

- ◇ Getting more money into the market and making sure there is no dilution of music revenues
- ◇ Changing how revenue is shared
- ◇ Boosting diversity, transparency and climate action

Our ten points are set out on the next page, followed by a page of stats on the current market. This leads into the rationale for our recommendations, taking on board developments in the market over the past two years.

We end with our conclusion and vision for the next two years.

The independent music community stands with artists, ready to help build better models for creators, fans, services and the environment - to make the most of the promise of streaming.

¹ Updated May 2023.

² For example on streaming, see CMA report p.65 - figure 2.10: Share of streaming revenues across the value chain. In the plan we also go into other findings of the IPO and the CMA about the progression of different parts of the sector, across the whole market as well as in streaming. See also *Context and key stats around the value of the market*, on p3.

The IMPALA 10-Point Plan to Make the Most of Streaming

GETTING MORE MONEY INTO THE MARKET AND MAKING SURE THERE IS NO DILUTION

1. Grow overall streaming revenues – unlock subscriptions (prices to follow inflation), promote differentiation and end revenue dilution.
2. No royalty reduction, pay-for-play, or other initiatives recreating elements of payola.
3. Apply revenue enhancement mechanisms in markets where services are failing to convert users to paid models.
4. Use sophisticated tools, including AI, to address unlawful activity that removes value from creators, such as streaming manipulation, ad-blocking, stream-ripping and AI rip-offs.

CHANGING HOW REVENUE IS SHARED

5. Labels to pay artists a fair contemporary digital royalty rate. *(Note, we don't support "equitable remuneration" because it's not equitable, see more [here](#). We recommend industry agreements like in France instead.)*
6. Reform allocation of streaming revenue.
 - a) Differentiation of rates - services may wish to explore any or all of the following:
 - Active Engagement Model - Encourage artists to stimulate active fan engagement by attaching a premium value to tracks which the listener has sought out or reached by artist, track or albumname, or where she has saved, "liked", or pre-ordered an album or track, for example.
 - Artist Growth Model - Enabling artists to accelerate revenues to a sustainable level, support a broader diversity of emerging, and credible niche talent. The top tier streams would generate a bit less and bottom ones a bit more to help emerging and niche artists.
 - Fan Participation Model - Facilitate spaces within services for rightsholders to develop incremental revenues through direct relationships with fans, e.g. by offering access to extra tracks, better audio, and special features.
 - Pro Rata Temporis Model - To deal with the value imbalance for long-form music content. An example could be to have a rate for the first 30 seconds to 5 minutes of a song, then further payments triggered at 5 minute intervals - but other options exist.
 - b) Revise master rights share for labels and artists upwards to cover risk and investment³.
 - c) Thresholds to access monetisation mechanisms should not harm small labels or small markets.

BOOSTING DIVERSITY, TRANSPARENCY AND CLIMATE ACTION

7. Enable search by labels/performers/producers/composers/musicians/authors/publishers.
8. Boost local repertoire and languages – better profiling in playlisting, track titles in more than one language, specific and ringfenced funding mechanisms to invest in new, local recordings.
9. Work collaboratively with a spectrum of labels, across all markets (e.g. through Merlin for independents) to ensure editorial algorithm developments are transparent and don't negatively affect diversity, local repertoire and opportunities for artist discovery.
10. Help our digital partners assess and reduce their carbon footprint for digital music.

³ Below we explain that we believe there is a concern about master rights being undervalued. We refer to various extracts from recent UK studies, with data across the whole market including on the publishing side. For the avoidance of doubt, this is for illustrative purposes - we are not asking for a reduction of the share for songwriters/publishers.

Context and key stats around the value of the market

Globally, streaming is the largest contributor to copyright income for creators, accounting for 55% of income in 2022⁴.

Music streaming appears under-priced, compared to other forms of entertainment. Subscribers receive access to almost all music recorded, ever, in one platform with no adverts for £9.99/€9.99/\$9.99. A full price Netflix subscription costs 50% more, for a limited selection of televisual content. It's a headline price which has remained stuck for 15 years. The £10 UK price point from 2008 is now worth £15.08 according to the [Bank of England's](#) Consumer Price Index (CPI) calculator. Many services continue to offer free, ad supported subscriptions.

Competition for attention is fierce, with up to [100,000 tracks a day being added to services](#) as the number of emerging artists' tracks continues to increase. In the UK alone, the number of artists being streamed almost doubled between 2014 and 2020 from around 200,000 to 400,000⁵. We are seeing high concentration of activity around a very low number of tracks. In the UK, the top 0.1% of tracks accounted for 40% of streams, with the top 1% accounting for between 75% and 80% of total consumption.⁶ At the other end of the spectrum, 42% of tracks have less than 10 streams globally, and 24% have zero streams, according to [Luminate](#).

In this context, the UK Competition and Markets Authority (CMA) found that deal conditions available to artists continue to improve. Royalty rates are rising, deals increasingly feature shorter commitments and/or shorter terms of copyright⁷, while the UK IPO shows that artists with labels have better outcomes, in both absolute and relative terms⁸. As for authors and publishers, the CMA study found that the share of revenues going to publishing rights almost doubled from 8% in 2008 to 15% in 2021 as the market transitioned from physical to digital.

For the overall market, UK IPO figures also show that while performers' revenue remained relatively stable between 2008 and 2021, and composers, lyricists and publishers' earning increased, the revenue going to labels declined by 19% over the same period. For streaming, the shares between the different parts of the music sector and services since 2017 are set out in the CMA report. The latter see their share of streaming revenues grow, while the labels' share decreases and the share for artists remains stable⁹.

Music is sharing platforms with other forms of content, including podcasts but also white noise and other audio. It is also competing with fake streams ([estimated at 1-3% of total consumption](#)) dragging down the value of legitimate streams. New releases no longer attract the lion's share of music revenues. Previously, around 50% of income would come from new releases (less than 2 years old) and 50% from back catalogue (older than 2 years). In the UK in 2022 only 28% of revenue came from new music, while 72% of UK streaming is coming from songs that are over 2 years old. The same trend is occurring in the US, where Luminate [report](#) that 72.2% of value goes to back catalogue in 2022, up from 60.9% in 2017.

In summary, the price the consumer pays for music is not keeping pace with inflation (European market is just over 42% of 2001 peak when adjusted for inflation¹⁰), or reflecting the value music brings. Other content and fraudulent activity are lowering the value of streams. And in a hit heavy distribution, back catalogue is edging out challenging new music. All of this increases the risk and limits rewards, when investing in new talent and new creations.

⁴ Will Page, Global Value of Copyright, 2022

⁵ UK CMA "Music and Streaming" study, final report, 29, November 2022: bit.ly/3FYDVTG

⁶ UK IPO "Music Creators' Earnings in the Digital Era" study, September 2021: bit.ly/43HvP5R

⁷ UK CMA "Music and Streaming" study, final report, 29, November 2022

⁸ UK IPO "Music Creators' Earnings in the Digital Era" study, September 2021

⁹ CMA "Music and Streaming", final report, 29, November 2022, (see Figure 2.10: Share of streaming revenues across the value chain p.65)

¹⁰ Results obtained using figures for Europe from IFPI's Global Music Reports (2001-2021), excluding performance and synchronisation rights.

Our Rationale

Music streaming is now the main source of income from recorded music worldwide, and the main source of listening pleasure for fans. But it is also the main bone of contention for the artists who create the pleasure and the income.

More music is being released by more artists than ever. In 1984, 6,000 music albums were released in the UK. Today, streaming services make available up to 100,000 new tracks – every day. And almost all recorded music is now available to listeners.

And fans are listening more than ever – to the new music arriving every day, and to back catalogue. Because it's all there in their pockets, all the time. For listeners, this is a musical golden age.

Streaming saved the music industry. Music streaming platforms have attracted hundreds of millions of paying subscribers.

When we issued our plan two years ago, the European recorded music market was at only 50% of its 2001 value – 35% when adjusted for inflation. We also flagged that it was concentrated within a small handful of global platforms and services, and its potential limited by a monolithic “consumption” model.

So where are we today? Despite the dazzling figures we see in the press, when adjusted for inflation, the market today is just over 42% of what it was at its peak, even though consumption and availability are far higher than they have, of course, ever been. At the same time, we have many more mouths to feed.

We still need new ways for streaming companies to grow revenues, and incentives for them to adopt these new ways. We also urgently need to encourage a diverse range of options for consumers, and we need to consider different approaches to the way revenue is distributed. We will come to these last two later in this paper.

But first we must address the root problem.

How is it possible for such a vast – and truly incredible – market to be at considerably less than half the value it had at the turn of the century, in spite of the massive growth in music listening? What's holding it back?

Revenues are not where they should be. They are undermined by subscriptions rates that haven't changed in 15 years, by safe harbour and other value gaps, by streaming manipulation and by schemes that reduce royalties in turn for promotion. Failure by services to enhance revenue in markets where subscriptions are low still dilutes income. All of this suffocates the market.

Ending value gaps once and for all

The market is stifled and distorted: too little income comes in. Legitimate new entrants to the streaming market must compete with free, which is ruinously difficult¹¹. Competition in the field is near impossible and limited to a few huge multinationals.

Legislators in Europe began to resolve this a few years ago and member states are still adapting their national legislation.

¹¹ [IFPI's 2021 "Engaging with music" report](#) shows that 35% of people surveyed who didn't subscribe to a paid streaming service said it was because anything they wanted to listen to was available on free video streaming services. In 2022, almost a third of those surveyed used [illegal or unlicensed methods](#) to download and listen to music.

When they play by the same rules as our fully licensed partners, services that dominated under the safe harbour model become part of the legitimate listening revolution for consumers. And they will deliver immense growth in revenues to creators, and to cultural entrepreneurs.

IMPALA members also welcome new services. They offer new experiences to music lovers and find new ways to captivate listeners. They, too, must work with us to fairly reward the artists who make these experiences possible. Seeking consent, paying for music and building productive relationships with artists and labels is the path to success.

A “moment economy” has been facilitated and its growth driven by very short clips or “moments” of music - witness the emergence and the arrival in everyday language of TikTok. These services must recognise and reward the central place of music makers in their business. The licensing arrangements for such services present another value gap.

All countries should protect their creative artists – not timidly, but fiercely. It is time to close all value gaps and to make sure no new loopholes are created. We also call on services to stop using suspension of catalogues or other “take it or leave it” negotiation tactics, which [are on the rise](#).

The impact of AI generated music is also a hot topic. We need to make sure AI remains at the service of human creators and respects copyright. This is why IMPALA supports the [Human Artistry campaign](#), which sets out seven core principles for Artificial Intelligence applications.

Recorded music has afforded spectacular growth in subscriber numbers to the established music streaming services. Some of those services have decided to expand the nature of the audio content offering by giving these subscribers access to a flurry of non-music content, such as podcasts, audio books, whale noises and white noise playlists, which are sometimes fully AI-generated. As exciting as it might be, music - original music, made by humans - remains the heart and soul of these platforms, their *raison d'être*, and such content needs to exist under a separate category and not to eat into music's revenues. This is not always the case today and is especially important as this content is sometimes created with the sole purpose of gaming the system by redirecting revenues due to legitimate actors. This is something we explain further below.

This type of content could prove a perfect opportunity to make fans' subscriptions unique by allowing them to top their music subscription – which should always be at the basis - with extra content on separate terms. This is one way to address the current lack of variety in subscription models, which leads to our next point.

Growing revenues for all

Subscription prices have remained stubbornly fixed since the beginning of streaming. This means that, although we've never offered as much music as today (see above, up to 100,000 tracks uploaded every day), the price to access it has never been lower. Bank of England figures put £10 in 2008 at a value of £15 today (CPI), suggesting undervaluation of music is becoming chronic. Other sectors have managed to grow their revenues and increase subscription prices such as Netflix for the AV sector, which we believe to be essential. Some streaming platforms are now [starting to consider it](#), but lack of diversity and real competition in the market make most of them unwilling to make significant moves.

All in all, streaming services are very similar. They all share more or less the same catalogue, they all offer the same “all-you-can-eat” model through similar subscription tiers (the music catalogue remaining the same across the different tiers) and distribute revenues according to the same model based on market

share (i.e. market-centric). We are beginning to see some limited attempts from a few services to propose differentiated subscriptions and revenue models. Yet we are still a world away from a market where specialised services could come into being, offering a more profound understanding of a specific musical genre, or focusing on production in local languages. This works in the TV streaming market for example, with innovative European actors such as the [Catalan FilmIn](#). Attempts at differentiation can be cut short as when they don't compete with free, standalone music services are faced with large digital companies who can subsidise their competing offerings as they make the vast majority of their revenues from other services and goods.

Since our first plan was released, we also understand more about the power of back catalogue. It accounts for over 80%¹² of music streams and therefore consumes a high proportion of streaming revenues – while the creators of this music often do not benefit from a modern, negotiated, market rate royalty. Although IMPALA supports a more nuanced definition of “back catalogue” which takes into account the longer recoupment times for music in the streaming era, we are confident that there has been an unprecedented shift in revenues towards music from previous decades. This shift makes it more and more difficult to break new artists. It also reinforces the power of music companies with the biggest catalogues.

Collective bargaining (through organisations such as Merlin for the independents) has helped put everyone on equal footing, although some discrepancies remain, while access to monetisation systems are sometimes based on thresholds that restrict genuine labels in particular from small countries. We need to ensure streaming services don't discriminate against smaller labels and their artists and we challenge them to adopt models that pay more to promote investment and diversity.

We need to move away from the current standardisation of DSPs' offering. It hinders new entrants, prevents the development of new innovative models, and ultimately stops the market from growing. Of course, this needs careful planning and support from the sector, but we believe it is essential.

This is something we explore further below - **Differentiation in rates is a fundamental part of our optimal model. This is the key to developing a dynamic market.**

This also means that all parties should play their part. **We call on record labels to commit to revising all pre-digital royalty rates. All artists should receive a fair contemporary digital rate**, which brings us to our next recommendation.

IMPALA represents nearly six thousand labels across Europe, all competing with each other to sign artists. We range from established producers who have profoundly enriched the continent's culture over decades of recording, promoting and marketing many of the greatest artists working today, to burgeoning new businesses defining today's diverse scene, and new industry standards. Together, we know what a fair deal looks like, and are confident in calling for all labels to revise pre-digital rates to correspond with a modern, negotiated, digital royalty rate. This benefits all artists, but especially those on older deals where royalties can be as low as 4%.

We also call on the entire music sector to stand with IMPALA to reject any proposals by services that reduce royalties for plays, or privileged treatment, in algorithms or other features. This is payola, and has no legitimate place in improving viability and opportunity for creators. Innovation to promote discovery and to introduce music lovers to new music they will love must be the lifeblood of streaming services. Slashing value in exchange for visibility is toxic for the market. The landscape in DSPs is, sadly, by no means as populated with alternatives for artists and rights holders as is our sector. This unhealthy concentration has led to practices which really damage all music makers. Where services are boosting works in exchange

¹² UK CMA “Music and Streaming” study, final report, 29, November 2022: bit.ly/3FYDTVg

for paying a low royalty rate, consumers should be made aware, in the same way that advertising is clearly visible as such on traditional media outlets.

When low cost becomes a key criterion for a service featuring and boosting the presence of tracks and artists, the credibility of the service with creators and fans alike is wounded, and the value of music, once again, undermined. And of course, it hurts the presence and the income of all artists.

Once we grow revenue we can make a bigger pie, instead of fighting for the reallocation of one that's simply too small. Every part of the music business should be paid properly and of course, services also need to make sure that all rights holders are well identified in their reporting including labels, authors and publishers. Given the criss-crossing of rights on the publishing side with multiple writers and publishers, this needs authoritative data sources.

Overall, remuneration models for digital and physical exploitation tend to reflect the risks and investments taken by the respective parties. In the UK, a lot of work has been done to map out these questions since our streaming plan was published.

The UK Competition and Markets Authority (CMA), in its market study into music and streaming, showed that since the beginning of streaming, when it comes to the recorded sector, the costs of manufacture and distribution are lower, but other costs (e.g. marketing, data analysis, etc.) have increased considerably, and record labels continue to face important risks when creating new recorded content for streaming services¹³.

Yet, the UK CMA – based on data from the IPO study - found that under streaming (compared to physical), the label's share of revenue has decreased (concurrently to an increase of revenues to artists) and that the share allocated to publishing rights has increased significantly more than that of recording rights (with songwriters seeing a corresponding increase).

In line with the IPO's findings, the CMA identified that the share of publishing in the UK has almost doubled from 8% in 2008 to 15% in 2021¹⁴. The study goes on to say that *“overall publishing revenues paid out by the UK's largest music streaming services have grown (from £[100-200]m in 2017 to £[200-300]m in 2021, a [110-120]% increase) as streaming revenues continue to grow. Major publishers in particular have seen above average streaming revenue growth between 2017 and 2021 – significantly outpacing their recording counterparts' revenue growth”*.

With that in mind, we ask whether the label share is being undervalued compared to other parts of the sector¹⁵.

We have always said that there cannot be a review of the allocation of revenues between different parts of the sector without a concomitant discussion about who's taking the risk and investing in music. **With the evidence from the UK market assessments, the question now is how do we boost the recording share to ensure investment in new talent can continue?**

¹³ UK CMA “Music and Streaming” study, final report, 29, November 2022

¹⁴ Ibid. The master rights' share (for labels and artists) also increased during that period, but only by 2% (from 51% in 2008 to 53% in 2021). However, the CMA table for the most recent years 2017 to 2021 shows a continuous decrease for master rights share, more particularly the label share (see Figure 2.10: Share of streaming revenues across the value chain p.65 of the CMA report, which also shows an increase for DSP share during the same period).

¹⁵ For avoidance of doubt, the references above to publishing data are to illustrate the relative lack of progress on the master rights' side. We do not call for a reduction of the songwriter/publisher share.

IMPALA's Vision

IMPALA and its members have learnt a great deal from the ongoing transition to streaming. We have worked tirelessly to improve the industry for all in it and all audiences. And we will continue to do so. This paper and the range of recommendations it contains are built on those principles.

We see music services as our partners, and together we can create a sustainable, diverse, dynamic market, exciting and rewarding for musicians, fans and all of us in the music business.

This paper now sets out a number of further ways to grow revenues and make streaming fairer for artists and more personalised and engaging for fans.

Revenue Distribution Models

Beyond the issues already addressed above on growing revenues and ending dilution, we propose reforms to revenue distribution models.

However, we believe that there is no single model that would provide an instant fix to more fairly distribute revenue.

There will be winners and losers with any change. We recommend a spectrum of ideas to investigate and implement as appropriate. These offer multiple differentiated approaches for services to create a rich, pluralistic market with choices for artists and fans.

Equitable Remuneration

Equitable remuneration sounds fair and has continued to receive a lot of attention since our plan was published. But let's be clear. It is not a new right – it is a compensation mechanism for rights when they are stripped away.

The model on which it's based illustrates the loss of value it brings, with radio paying rates per listener that are up to 200 times lower than streaming. And in some countries, like the USA, terrestrial radio doesn't pay anything to play recorded music.

It may also allow monopoly market participants to end the industry's freedom to negotiate commercial rates for streaming and it would not result in greater pay-outs to artists. Rather, it would inevitably lead to smaller label advances and lower royalty rates. This in turn would disproportionately affect young and new musicians and artists. Far from being "equitable", this model would actually undermine diversity, equity and inclusion¹⁶.

Anyone closely acquainted with the ad hoc network of reciprocal agreements across borders maintained by collecting societies is aware that the idea that "equitable remuneration" can be achieved through this network is a chimera. Some societies in many territories simply do not distribute income to artists outside their borders, others do so, but few reach every territory. When one link fails, the value chain fails altogether. In a business where every artist and their agents are focusing on the whole world as a market, these monopoly national associations are not equipped to distribute income to creators worldwide.

In addition, so-called "equitable remuneration" cuts across innovative initiatives such as the [Fair Digital Deals Declaration](#), introduced by the independents to deal with legacy issues and to facilitate the sharing

¹⁶ Read more in a section of IMPALA's annual equity, diversity and inclusion report from October 2022 entitled "[Cutting the digital pie – what is equitable?](#)"

of revenue previously not covered by contracts. It transformed the market, and helped thousands of artists share in the benefits accrued to labels when Spotify floated.

“Equitable remuneration” would deplete value from the commercial market and reduce capital for investment in new artists and projects. This would disproportionately harm the independent sector, which is responsible for 80% of new releases, and that’s before counting the community of artists who are not signed to record labels. Where there are issues (including when it comes to session musicians), we see [industry agreements such as in France](#) as a more sustainable path than a blanket legislative approach like so-called equitable remuneration.

User-Centric

User-centric pay-outs feel more appealing to those who like the idea of their money going to the artists they listen to. Having scrutinised the existing data and the pros, cons and unintended consequences of some services choosing the user-centric model, we feel, though, that on its own it won’t create the optimal market for artists, just a different set of artists who gain and lose, without growing the market or embracing other dynamics which we feel are needed to achieve change. The model might help with some streaming manipulation practices in the short term but clearly there are practices beyond the scope of any payment systems.

More generally, any new models need to be robustly explored via real data before making any moves, and any data being used to evaluate new models should be made available widely across the industry.

Differentiated Distribution Models

We want a more nuanced approach to the distribution of value from streaming platforms.

For example, differentiating the value of listeners’ streaming behaviour is key. Some services will see value in rewarding deeper relationships with an artist’s music. Active engagement with individual creators, such as adding an artist’s album or single to your collection, or “liking” her track on a playlist, could drive enhanced value to that artist and their label. This would be an opportunity for services who wish to recognise the key role of the individual artist in the creation of music.

Such a distinction could really enhance synergies between artists, fans and services which we expect would quickly lead to greater opportunity for interaction, innovation and conversion of free customers to payment.

Several of our proposals for revenue growth strategies are in effect user-centric - they encourage fans to pay more for enhanced offerings and exclusive content, and to connect with the artists they love.

Further Revenue Opportunities

We saw during the pandemic that fans like to support and connect with their favourite artists more directly. There has been an explosion of direct-to-fan sales of vinyl and other physical goods, of subscription based digital fan clubs, and of paying for live-streaming experiences¹⁷.

We want to work with streaming services to create initiatives and products that allow artists to earn more, directly from fans’ streaming. This could also reduce artists’ reliance on touring – more sustainable for the environment, and for the wellbeing of artists themselves. These new revenues could provide exciting opportunities for different types of new business models and revenues splits. This is our “Fan

¹⁷IMPALA produced [guidance](#) for members on live streaming.

Participation” model (formerly “user-choice”), which we renamed when updating this plan as its former name was often mixed with user-centric.

Recognising Track Length

Music fans are listening to a deeper and broader range of music than ever before, yet artists outside the dominant genres don't earn enough from it.

For example, artists who create longer-form pieces of music, such as jazz, electronic and classical, currently have to accept that the consumption of their music is measured in the same way as short-form pop music. An hour of listening might include 20 pop songs, but three classical pieces. In this instance, the classical artists are at a significant revenue disadvantage if streams are paid only 'per song'.

IMPALA's membership agrees that the length of a track should be valued and recognised. We also see opportunities for some services to take a creative approach to attracting fans of longer-form genres, and we have a proposal for rewarding the work of artists in these genres in new ways, without discriminating against short genre tracks.

Encouraging Innovation and Adding Value

Audio streaming subscription prices have been static for over a decade. Therefore, despite its growth, the relative value of music has reduced over that time. Video streaming prices and TV subscription services edge up every year; music streaming services are held back by safe harbour, concentration and the limitations of the economic model devised two decades ago, which, together, tether music streaming prices to the bottom.

As a start, subscription prices should follow inflation to keep up with the cost-of-living increase. Once we get a grip on value gaps and other forms of dilution, we see many opportunities to innovate and offer value-added services to consumers. The most voracious, active listeners are willing to pay more for better experiences.

Fans spend on value-added products. It could be limited editions or live streams or music publications. Record stores offer personalised service and recommendations. We can do much more than just automated recommendations driven by artificial intelligence, and offer compelling alternatives.

What is it about fans who stream that makes them less likely to appreciate, and pay for, more layers and levels of engagement and fun? Nothing! Consumers want it and the market needs it now. This can be done through:

- Artist subscriptions: consumers pay a small supplement for being super-served content by a particular artist/set of artists. For example, 1 euro per month above your subscription gets you extra tracks, live chats, early ticketing offers, discounts on physical goods etc. from your favourite artists. The share of that 1 euro per subscriber would change the equation for artists in terms of ARPU or Average Revenue Per User, which is the key metric for measuring real value in the streaming economy.
- Deep curation/hyper-personalised recommendations: consumers pay a small supplement for curation better targeted to their favourite artists/genres. This could include articles, interviews with artists, histories, retrospectives, podcasts etc. These supplemental revenues would be apportioned to the artists that these consumers engage with.

Address streaming manipulation

Streaming manipulation and fraud continue to plague the industry, and evidence suggests that methods

are increasing in volume and complexity. Today, 1 to 3 billion streams are [identified](#) as being generated artificially or paid out incorrectly.

From activities that simply elevate the number of streams, to more subtle ‘gaming’ of algorithmic playlists or upload of 31 second tracks resulting in more plays by legitimate or non-legitimate users, to metadata manipulation, illegitimate reupload of tracks or legitimate upload of low-grade content with the sole purpose of redirecting streams, [AI rip-offs](#) and more¹⁸, streaming manipulation and fraudulent strategies continue to evolve and there is no clear way in which any one payment model could avoid manipulation.

This content is supplied to platforms, often by *bona fide* suppliers, causing monies due to legitimate rightsholders to be redirected when stream numbers are artificially inflated, or paid out to a fraudulent actor through metadata scams or audio manipulation. This is plain stealing - it must be stopped!

The noxious effects of streaming manipulation include:

- Diluting the customer experience.
- Diluting the revenue pool for legitimate repertoire, harming the artist and the creative economy.
- Increasing DSP overheads (storage, streaming costs etc), which also has an environmental impact.
- Hindering discovery of legitimate and quality repertoire.

IMPALA notes the efforts that are being made by some streaming platforms to combat manipulation and fraud, using their own tools or those of third-party experts, but the problem is growing and greater, concerted and collaborative efforts must be made.

Platforms and distributors need to work together on solutions at least as sophisticated as the methods of the fraudsters. AI could play an important role. A combination of metadata detection, audio fingerprinting technologies and delivery verification will be needed. Parameters must be devised to score the impact of delivering illegitimate content, and the penalties must be decisive and harsh.

With the proper technology supported by efficient human quality control of content, we can identify and reject such content fairly and decisively, curtail repetition and block, definitively, the suppliers responsible. There must be a transparent system of recourse underlying such systems to ensure fairness.

IMPALA urges streaming services and distributors to be more transparent about their anti-manipulation policies, and to work with the music industry to find effective solutions.

Inspiring Change, Boosting Diversity and Promoting Climate Action

It’s easier today for artists to make their music available to consumers than ever before. Immense volumes of diverse new music are uploaded to platforms every day.

There is huge commercial potential in smaller markets, especially in Europe where there is great cultural and linguistic diversity.

Two simple ways to unlock this value are by enabling multiple titles for tracks, in different languages, and implementing search by label. These are key to promoting linguistic diversity, inclusion and market access, and we understand some platforms are working on it.

Labels matter to music fans and artists as curators. Artists seek them out more than ever for investment, expert professional services and association with a label’s values, identity and track record. Independent labels often specialise and are seen as incisive taste-makers, adding extra synergy and fan appeal in many

¹⁸ IMPALA developed [guidance for members](#) on this issue.

types and genres of music. Search by label lets fans explore and enjoy the artistic lineages and choices that make labels special and unique. It opens up a deeper and more exciting relationship between musicians, labels and listeners – which in turn offers dynamic ways to grow revenue.

We welcome all opportunities to work with streaming services to boost diversity and market access in Europe and elsewhere, in line with [IMPALA's diversity charter](#).

However, the market is dominated by a small number of multinational conglomerates. They have global business imperatives, so they focus on a small number of global hits, and the most lucrative markets. Few resources go to smaller or emerging markets, even though these have the potential for healthy music ecosystems.

The status quo rewards global homogeneity of content and under-represents and underpays local or niche artists. It gives no incentive to investment in more diverse forms of repertoire, by language or genre.

The variance in ARPU (Average Revenue Per User) across markets also makes it harder for artists outside the top few territories to make sustainable earnings from streaming. We must create new models in markets where streaming services are failing to convert listeners from free to paying.

For example, services offering free tiers could be required to agree a 50% conversion rate of free to paid users within five years of opening in a market, with further annual increments, with a minimum per stream rate set for all streams to enhance revenue when targets are not achieved.

Finally, no optimal model could be complete without addressing sustainability. We understand more about the carbon footprint of our entire industry now, and we will work with everyone in it to bring it down. Our [carbon calculator](#) is a key part of the independent sector's programme for their emissions and we urge all services to do as much as possible and account transparently on how they handle their emissions for digital music.

Conclusion

With this updated plan, IMPALA is looking forward to resuming conversations with services, legislators, artists and other groups who share our ambition to realise the true potential of music streaming.

The price of the dominant model needs to be addressed urgently, this year, and conversion of free to paid users in established streaming markets, likewise. These two measures would bring an immediate and much needed uplift to streaming income for all parties, while still offering an incredible deal to fans.

Adoption of our other suggestions will greatly enrich the consumer experience and the connections of fans to music and music makers, and at the same time reallocate revenue in a fairer way. This can be done through bespoke offerings, making the market more dynamic. Competition between companies should be directed at grasping the creative possibilities of music streaming, not at making the same model cheaper.

Music listening is a thrilling and visceral experience – it should be conveyed as such. The success of the streaming model shows that fans will pay for a compelling proposition; artists and record labels who have grown up in the digital age are bursting with creative ideas to enhance that proposition.

New metrics and targets must be devised to create incentives for streaming services to help them exploit that huge creative potential. In another two years' time, we hope to be celebrating a much bigger streaming industry that's fairer for all and sets standards for delivering art in all its thrilling diversity to an engaged, informed worldwide audience choosing from tailored services for every taste and need.