



CompleteMusicUpdate.com

DIGITAL DOLLAR DEVELOPMENTS IN 2025

THE STREAMING DEAL

THE STREAMING BUSINESS

SERVICE SELLS SUBSCRIPTIONS

STEP ONE:
TRACK
ALLOCATION

STEP TWO:
REVENUE
SHARE

STEP THREE:
ARTIST
ROYALTY

SONG ROYALTIES NEED TO BE CLAIMED

STEP ONE: TRACK ALLOCATION



Service takes all of its revenue for the month

And each track is allocated some money

Based on what % of plays it accounted for

0.01% of the plays = 0.01% of the money

STEP TWO: REVENUE SHARE



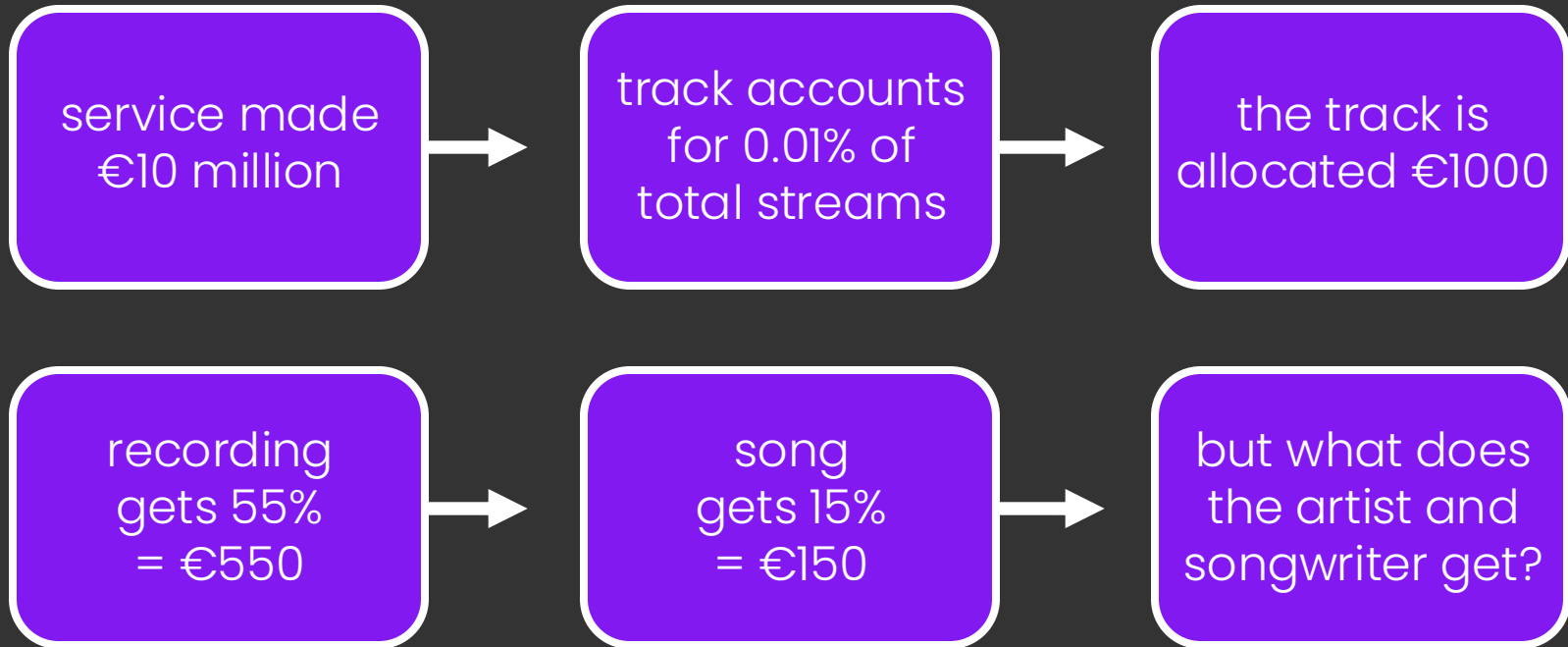
Service takes the track allocation

Pays 50–55% to the recording rights

Pays 10–15% to the song rights

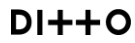
Service keeps 30–35%

TRACK ALLOCATION + REVENUE SHARE RECAP



STEP THREE: ARTIST/WRITER ROYALTY

RECORDINGS

 UNIVERSAL	 WARNER MUSIC	 The Orchard	 ada
 SONY MUSIC	 believe.	 FUGA	 db.
 MERLIN	 DI++O	 iDO!	 EmuBands

licensed by labels + distributors



SONGS

 SONY MUSIC PUBLISHING	 impel	 SOCAN	 BMG
 UNIVERSAL	 THE MLC	 TEOSTO	
 sacem	 POLARIS	 Kobalt	 Ice

licensed by societies, publishers + hubs



artist/writer royalties depend on label/distributor/publishing deals + society rules

PAYING SONG ROYALTIES



Service pays whoever provided the recording

But doesn't know who controls the song

Or even what song is in the recording

So publishers + societies must claim

PAYING SONG ROYALTIES



Service reports consumption by ISRC

Licensors need to match to ISWC

Identify if they control some or all of the song

And then claim what royalties are due

CHANGING PRICEPOINT

PRICEPOINT



Streaming revenues linked to pricepoint

Each service has a baseline pricepoint

But then discounts, eg Family Plan, Students

And charges less in developing markets

CHANGING PRICEPOINT



Baseline price was 9.99 for fifteen years

Which means real price was decreasing

Finally increased to 10.99 in 2022/23

Though that didn't cover inflation factor

CHANGING PRICEPOINT: FACTORING IN INFLATION

COUNTRY	LAUNCH YEAR	LAUNCH PRICE	LAUNCH PRICE ADJUSTED FOR 2023*
Sweden	2008	99 krona	128 krona
France	2008	€9.99	€12.34
UK	2008	£9.99	£14.47
Spain	2008	€9.99	€13.05
US	2011	\$9.99	\$12.99
Germany	2012	€9.99	€11.76

CHANGING PRICEPOINT



There have been additional price increases

Though only keeping up with inflation

And may be impacted by slowing growth

How do we increase ARPU in real terms?

INCREASING ARPU



SUPER PREMIUM...

High quality audio no longer a premium

Spotify still promising super premium

Mix of audio quality, functionality + content

IMPACT OF THE FREE TIER



Some services still have a free tier

Works same way but calculated separately

There is always less ad income

So average pay out less for free streams

INCREASING ARPU



FREE TIER...

Premium v free tier ratio important

How can conversion rate be improved?

Should a low-price tier replace free?

CHANGING TRACK ALLOCATION

CHANGING TRACK ALLOCATION



SHOULD WE TREAT DIFFERENTLY...

Functional audio?

Tracks from 'non-professional' artists?

'Pull' over 'push' streams?

FUNCTIONAL AUDIO



eg white noise, birdsong, ocean sounds

Often used to aid sleep or relaxation

Which can result in high levels of usage

But it's treated the same as music content

TRACKS FROM 'NON-PROFESSIONAL' ARTISTS



Millions of DIY artists upload music

Many make only nominal royalties

Many not trying to make a living from music

Creator platforms have thresholds

'PULL' OVER 'PUSH' STREAMS



Should pull streams be paid a premium?

Pull = tracks the user specifically selects

Push = tracks pushed by playlist or autoplay

Push more like radio, pull more like a sale

CHANGING TRACK ALLOCATION

Since 2023, under pressure from the industry, a number of streaming services have introduced new rules as part of the track allocation process.

CHANGING TRACK ALLOCATION



Deezer

Spotify

Amazon Music

Apple Music (though to prioritise 'spatial available')

CHANGING TRACK ALLOCATION

The changes mean that not all plays are treated equally – some plays count for more, some plays count for less, some don't count at all...

CHANGING TRACK ALLOCATION



DEEZER CHANGES

No third party functional audio

Double boost for “professional artists”

Double boost for pull streams

CHANGING TRACK ALLOCATION



SPOTIFY CHANGES

Functional audio play = fraction of play

1000 plays from 50 users per year threshold

Below the threshold = no allocation at all

CONTROVERSIES



These changes are controversial

No consultation of music-makers or indies

Favours superstars + big catalogue owners

Will the EU investigate?

CHANGING THE RECORDING / SONG SPLIT

THE RECORDING / SONG SPLIT



This split has evolved since the late 2000s

The song gets more, the recording gets less

But many writers want a much bigger shift

How would that be achieved?

CHANGING THE MUSIC-MAKER ROYALTY

MUSIC-MAKER ROYALTIES



Labels pay higher royalties than in the past

Plus artists can set up their own label

And hire the services of a distributor

Allowing them to keep a higher share

MUSIC-MAKER ROYALTIES



But what about artists stuck in old deals?

Does the label still pay an old royalty rate?

And what about session musicians?

They don't usually get any royalties?

CHANGING MUSIC-MAKER ROYALTY



THROUGH COPYRIGHT LAW...

Reversion or termination right

Contract adjustment right

Pay ER on streams (similar to radio)

CHANGING MUSIC-MAKER ROYALTY



THROUGH INDUSTRY AGREEMENT...

Minimum digital royalty rate

Performer fund led by collecting societies

Support for music-makers working on spec

CHANGING THE MUSIC-MAKER ROYALTY IN THE UK



MPs proposed copyright reform in 2021

Government urged for industry agreement

Creator Remuneration Working Group

Discussions are ongoing

CLAIMING SONG ROYALTIES

CLAIMING SONG ROYALTIES



This all comes down to metadata

Need to identify song copyright in metadata

Which means including the ISWC with tracks

Various initiatives trying to make this happen

CLAIMING SONG ROYALTIES: CHANGES IN THE UK



UK METADATA CODE

Identifies core metadata set including ISWC

All stakeholders commit to “try harder”

Still being implemented

TRANSPARENCY

TRANSPARENCY: WHAT DO WE NEED TO KNOW?

how the basic
model works

track
allocation rules

each licensor's
revenue share
deal

each licensor's
marketing
support

each service's
algorithm

song royalty
processing
systems + issues

TRANSPARENCY: CHANGES IN THE UK



UK TRANSPARENCY CODE

Commitment to provide some information

Though mainly reactively to requests

Still being implemented + tested

CompleteMusicUpdate.com

