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After Monetization: The New Recording Landscape For Artists



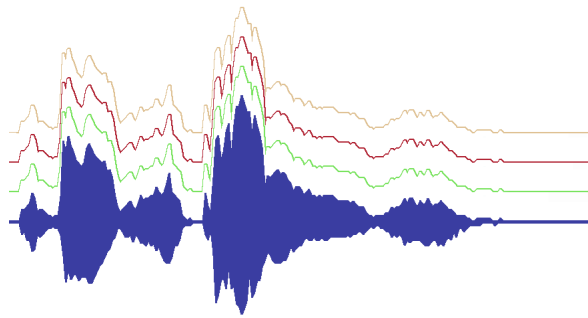
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After Monetization: The New Recording Landscape For Artists

The transformation of the recording industry since the turn of the twenty-first century has been seismic. Physical formats have given way to digital formats, and providers of streaming music show no signs of slowing. This case study examines some perspectives on the recording industry, particularly as it relates to musicians navigating the new landscape heavily impacted by digital service providers. The study begins with an investigation of digital streaming models and continues by surveying traditional record labels in light of advancements in the digital realm. The reader then encounters the company ArtistShare, which offers recording artists a chance to cultivate relationships with a close circle of patrons, in contrast to the global, less personalized reach of streaming media. The case concludes with consideration of what the industry presents to a performer committed to a musical niche.



This case study was prepared by Michael Alan Anderson, Associate Professor of Musicology at the Eastman School of Music. *The Eastman Case Studies* are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements or sources of primary data nor are they to serve as illustrations of effective or ineffective leadership or decision making.

The Recording Industry

The recording industry was forever changed at the dawn of the twenty-first century. For much of its history, music had been mass-produced in physical form—whether as wax cylinder, LP, 8-track tape, cassette, compact disc, or Blu-ray technology. The album-length format became an industry standard and was a powerful way to showcase a set of works from a musical artist. Recordings could be found anywhere from mass merchants to specialty brick-and-mortar music stores. In 1999, the appearance of Napster, an online file-sharing service, jolted an industry built on physical commodity, offering listeners a seamless way to exchange digital audio files. Napster quickly faced litigation for copyright infringement and filed for bankruptcy within three years of its launch. Its demise was a major victory for record companies, artists, and all involved in the production of recordings.

Advances continued in the digital sphere almost immediately. Apple's iTunes store was the first to offer single digital downloads, most for 99 cents. By 2008, iTunes became the United States' leading music retailer, ahead of Walmart, and others like Amazon.com began to compete in the market for digital downloads. Not unlike material recordings, digital downloads gave ownership of music to listeners. This model would, in turn, be challenged by one that allowed listeners to access music without ownership—a kind of music rental. The advent of digital channels, internet radio, and audio streaming technology has revolutionized the way that consumers encounter recorded music, either for free or for a fee—and legally. Gone are the days of music catalogs and traditional advertising to learn about new recordings. In the digital realm, algorithms determine what consumers will hear and even when they will hear it. Developments in recording technology also provide a listening experience far superior to the old formats, even in the face of some efforts by listeners to reclaim classic sounds—say, of early vinyl records. Questions remain as to the value of producing and purchasing physical albums in the digital age.

The severe shock that Napster gave to the industry drove the sales of recorded music down in its wake. Piracy is still rampant online, and government regulations have been slow to react to changes in consumer behavior. But the market for recordings has recovered since Napster's abrupt collapse. According to the International Federation of the Phonographic Industry, revenues for global recorded music grew by 5.9% in 2016, which represents the fastest rate of annual growth in two decades. Streaming services have led the surge, up more than 60% from 2015 to 2016. Paid subscriptions have risen beyond the 100 million mark, and streaming music now accounts for half of all revenues from recorded music. The pendulum will no doubt continue to swing in the direction of streaming services in the near term. One can see it already in the decline of digital downloads (iTunes, Amazon, etc.), falling more than 20% from 2015 to 2016. The results seem to confirm an undeniable consumer shift from outright ownership of recorded music toward access to recordings at free and paid tiers.¹

Where does this trend leave the artist who composes or performs recorded material? Perhaps surprisingly, in lock step with industry growth has been the rise in revenue paid to performers and other rights holders for use of material on broadcast media and in public venues. Revenue for rights holders grew 7.7% to \$2.2 billion in 2016, so those who have a stake in recorded material are indeed receiving compensation. The level of compensation, however, continues to be an issue. The amount owed to artists is almost certainly higher than what is paid to them because of unauthorized use of material and other lingering forms of piracy.

This study takes a broad overview of the recording industry, first outlining the digital streaming model and highlighting its advantages for both consumers and producers. It then discusses the value of the traditional label in the digital world and continues with a profile of the crowdfunding platform ArtistShare, which has succeeded with a different model in the world of

recording. The case concludes with consideration of what the industry presents to a performer committed to a musical niche.

The Digital Landscape of the Recording Industry

Two market leaders in the music streaming industry who have seen meteoric growth are Pandora Internet Radio and Spotify. Pandora appeared in 2001, eventually offering a free internet radio service option supported by paid advertising. The revolutionizing service faced a number of competitors for several years until two Swedish entrepreneurs developed the streaming service Spotify in 2008, a particularly disruptive force in the industry. Pandora's "first-mover advantage" resulted in a massive registered user base of more than 250 million people, of which 80 million are active monthly users. Spotify has been playing catch-up but has managed to enroll 100 million users with 50 million active each month.² Appendix 1 demonstrates that other services are competing for listeners in the streaming market as well, such as Apple Music, Google Play, Amazon Music, iHeartRadio, Soundcloud, and more.³ Among Americans age 12+, far more are likely to have used Pandora in the last month than any other service.

The streaming services can be compared on a number of other levels. The catalog size provides a basic point of comparison. Spotify and Apple Music each boast more than 20 million songs as of 2016, while Pandora sits at 1 million songs by contrast.⁴ The services offer a "smart" product that presents music to listeners based on their history of preferences. Digital service providers generally operate using a "freemium" model that allows consumers a fundamental choice between a free and a premium tier. In the "free" version, advertisers occasionally intrude with short ads during the listening experience, and consumers may have a limit on the number of songs they can skip. The premium option essentially eliminates these barriers. Subscribers may pay between \$3.99 and

\$9.99 per month to receive the superior version of the service, which drops the advertising, provides a higher quality stream, and allows limited (or unlimited) offline listening. Consumers may also be given the power to create playlists and to choose the order of play, options otherwise limited in the free version.

It is easy to be swept away with the attributes of these providers that affect listening consumption. The streaming companies have now steadily begun to offer tools for artists to promote their work. Pandora offers the Artist Management Platform (AMP), which allows musicians and producers to see how global users respond to their different songs and where their strongest advocates may lie geographically. Spotify likewise provides a robust set of analytics for musicians and labels. Spotify for Artists is a free service that similarly brings listeners and musicians closer together with demographic insights (age, gender, location) about the most avid consumers of a track or album. The user data, in turn, can be powerful for artists' future recordings and marketing efforts. Musicians are also afforded a space for a profile page, in which fans can learn more about the artists and discover their favorite music.

With crowded song databases, streaming audio services offer little for an unknown artist's music to reach its users. Individual tracks on streaming services have simplified "metadata" or summary data about the track, which is embedded in the music file (such as an mp3 format). The principle information identifies the artist, title of the track, and album title. Some expansions to these defining categories include genre and year, but the effect has kept this information highly streamlined and hardly conducive to robust searches for distinguishing musical characteristics. The streaming services have made some inroads

"Spotify saved a record industry that piracy had gutted."

– David Byrne, The New York Times

toward understanding musical commonalities beyond the basic metadata accompanying a track. Pandora has a clear advantage over Spotify in the way it allows listeners to find new music. The company's proprietary algorithm, known as the Music Genome Project, has analyzed some 400 musical attributes of hundreds of thousands of songs. For songs that listeners rated positively, the service in return recommends more songs with those characteristics. Spotify has long provided its own playlists of songs that share certain stylistic attributes. Performance of a track may be substantially enhanced if a streaming service adds an artist to a company-curated playlist for the global public. Industry professionals acknowledge, however, that the background algorithms tend to be self-reinforcing and scarcely promote the discovery of new music, music outside of the popular mainstream, or pieces outside company-appointed playlists.⁵

The 'New Normal'

Even if consumers stumble upon an artist's music, that artist reaps very little on a per-stream basis from the streaming services. This harsh reality of digital service providers has been criticized heavily by music creators and performers. As monetized operations built on generating revenue from micro-transactions, the companies pay royalties to composers, performers, and labels for each stream, which can multiply quickly with the millions of subscribers to whom they offer music. But the rate per stream is miniscule, creating a system of few winners and many losers.

Per-stream rates are notoriously difficult to follow and differ even within a single service's "freemium" model. On Spotify, for instance, music heard by paid subscribers in 2016 earned the rights holder \$0.006111 per stream, whereas the same track heard via the free service netted \$0.001348 per stream. This means 1,000 streams of a track could result in \$6.11 if all were streamed to subscribers, and a sobering \$1.35 would be forwarded to the rights holder for the same number of streams in the free version. More sobering

is that these 2016 rates, in fact, *decreased* from just two years ago. Pandora's subscriber rate of \$0.0022 was considerably lower than that of Spotify for 2016. When both subscriber and free services are considered together, Pandora estimates it paid out \$0.00176 per stream.⁶ Other services may pay more per stream but do not hold a large share of the streaming market. And as the number of streams has increased dramatically in recent years, companies have adjusted the average per-stream rate downward, much to the chagrin of rights holders.

Still, the earnings for rights holders remain front and center for digital service providers. As Spotify has often acknowledged, its largest expense is paying out royalties: about 70% of revenue it receives is redirected to those intermediaries who hold a stake in the track (composer, performer, producer, etc.)—a percentage that has become an industry standard.⁷ Musical artists who bypass intermediaries (such as a label) can reap a higher level of return on these micro-transactions. And further, they can easily find ways to have the streaming services carry their music through "artist aggregators" like CD Baby and TuneCore. Artist aggregators are companies that charge artists a small fee for placement on major streaming and download sites and take a small percentage of sales on those platforms. But even with the intervening parties minimized, the chance of discovery by listeners is still predictably low and the payout likewise grim for most musical creators. There are rewards for the biggest stars, to be sure. Pop icons can earn hundreds of thousands in royalties each month from the tens of millions of streams they can expect. But those artists who capitalize on the system are few and far between.

On one hand, the global streaming services are a boon for consumers, who have a simple listening platform on which to locate almost any music imaginable at a very low cost. Those who create, record, and produce the music are far less sanguine, uncomfortable with the "new normal" of compensation provided by streaming

media companies. While music is increasingly available to global audiences, it is rare for those who make the music to reap the rewards of the monetized system. In 2014, pop star Taylor Swift took decisive action that

“Music is art, and art is important and rare. Important, rare things are valuable. Valuable things should be paid for. It’s my opinion that music should not be free, and my prediction is that individual artists and their labels will someday decide what an album’s price point is. I hope they don’t underestimate themselves or undervalue their art.”

– Taylor Swift, *Wall Street Journal*

awakened the general public to the punitive nature of the system from the artist’s perspective. In an op-ed for the *Wall Street Journal*, Swift explained that she was pulling virtually all of her music from Spotify to raise awareness of artists’ lack of compensation from internet streaming services.⁸ The following year, she criticized Apple publicly over unfair compensation with the introduction of Apple Music, a move that prompted the company to revise its policy the next day.⁹ Other major artists followed suit, pulling music from these companies or delaying the release of streamed music as a way to reward those who purchased songs and albums for a fairer price.¹⁰

In spite of these pleas to consumers and streaming companies for fair compensation, artists trying to make a living only selling recorded albums still face

great headwinds. A 2015 comparison of traditional music purchases and streaming purchases indicates the number of sales or streams it would take per month to generate compensation for the artist to earn the minimum wage in the United States (**Appendix 2**). For example, a musician who has not signed with a

label would have to sell 105 physical CDs to reach the minimum wage for the month. The same unsigned artist would have to generate 1,826 downloads of a single track on iTunes (more than 60 per day) to earn the same. For the single track to produce the same income on Spotify, it would have to be streamed 180,000 times per month, or around 6,000 times per day. The obvious lesson is that musical artists cannot rely on recordings alone to provide a reasonable income. There are other ways, however, for artists to deal with the tectonic shifts in the recording landscape without fully succumbing to the threat of a monetized environment.

The Value of the Label

In the bygone commercial recording model, artists were seen as potentially profitable by a label’s “A&R” (Artists and Repertoire) team. The artist and label would enter into a contract, which sometimes came with an advance for the artist to help cover production expenses before the release of an album. Labels took the financial risk of the venture and thus controlled the content at every level. They then took on the important responsibility of disseminating and marketing the artist’s work and often invested in long-term agreements that extended beyond the project at hand. To cover their return on investment, labels insisted on owning all rights to the album. A percentage of sales, usually 15%, would be paid out as artist royalties in perpetuity. The long-term contracts between artist and label have largely disappeared, but compelling partnerships on an ad hoc basis still have a key place in the transformed landscape of recorded music. Supply and demand need to be rethought every day.

The three major recording labels remaining—Universal Music Group, Sony Music Entertainment, and Warner Music Group—are now substantial players in the streaming industry. By some accounts, they created it, not surprisingly in response to the specter of file-sharing networks and piracy of the late 1990s. They still are responsible for about three-quarters of all

recorded music, but that number is shrinking as fast-growing independent labels flood the listening marketplace. While aspiring pop artists and those operating in niche genres (such as classical music or jazz) have little chance of signing with a major label, there are more options than ever for talented musicians with quality recordings to approach an “indie.” There is also a burgeoning industry of do-it-yourself releases in which artists can produce their recordings cheaply and bring them to market via artist aggregators mentioned earlier.

Many small, independent labels have had to refine their strategies for survival in a vastly changed market glutted with recordings. But benefits await some artists who pursue the indies. If a recording is accepted on an independent label, an artist can expect physical CDs to become available if appropriate for their needs, placement on a range of sites for digital download, and inclusion in the massive catalogs of multiple digital service providers. Getting a recording listed is a necessary step for labels, but this is just the beginning of their involvement. The label ultimately acts as a marketing machine, primed to give the artist the best chance of cutting through the clutter of the listening environment. Ideally, the recording label or distributor uses existing industry relationships to find ways to feature the artist with whom it has signed. It works for prominent placement of albums in online and brick-and-mortar stores; it jockey for highlighted positions with digital service providers; and it seeks opportunities to be included in those coveted playlists that reach millions, compiled by the major streaming services. Leveraging relationships also extends beyond the mechanisms that may result in direct revenue for artists. Indies often boast pathways to quality reviewers, DJs, and station representatives, who similarly have the power of featuring an artist and of commanding the attention of a target audience. A review—or even a single positive quote—in a major music publication could pay long-term dividends for a musician or group. Labels can also work in connection

with an artist’s touring plans for an album’s rollout.

Industry executives counsel that labels are not for everyone. For those that can identify a “match” with a given label, their chances of landing a contract with that company rest on the ability to develop a compelling proposal. A recorded master of superior quality and talent is essential, but there are intangibles that separate outstanding proposals from good ones. Artists should first have a keen understanding of the competitive environment into which they propose to enter. For some labels, new works or premieres clear an immediate hurdle in this regard, as opposed to new recordings of standard works. Perhaps as important is the degree to which artists can function as marketing conduits themselves before and after the release of the music. A substantial and active social media following will ultimately provide a crucial megaphone for a musician’s work. The label then can extend the artist’s base and amplify the chances of success by tapping into preexisting relationships forged in the industry.

Independent record deals vary widely. Reflecting a shift in industry convention, an increasing number of labels are offering artists ownership rights to the master recording. This removes the problem of artists not having access to the recording should the label fold. Niche labels are also sharing profits differently in ways more advantageous to artists. Innova Recordings, which supports about 25 recordings per year, specializes in the market for contemporary American compositions and gives ownership of the album and all of its profits to artists. Innova offers artists an arsenal of services designed to create industry and consumer interest for their work, but the artists are carefully selected to have the best chance of matching its profile. The company declines about three-quarters of the proposals it receives. To maintain stability, Innova, a nonprofit that needs to meet a quota each year to balance its budget, charges an overhead fee for its services to artists. The fee, which averages \$3,900

plus manufacturing costs, covers not only design and project management, but also the company's human resources to publicize the work. There is of course no guarantee that this investment by the artist will pay itself back financially, though over time every project's costs will be offset to some degree. Innova Recordings director Philip Blackburn looks for win-win situations with artists: "Some people will not benefit from a label, since their market is already known to them and they can reach it in a more targeted fashion. There are cost and practicality concerns. But there are also some artists who do not have the time, willingness, access, or skill to do certain things. That is where we can help."

The era of musicians who record music and hand it off to a company for production and publicity, if it ever existed, is certainly dead by now. Today's musicians need to show endorsements and the willingness to promote their recorded music tirelessly before approaching a label. Sean Hickey of Naxos of America (North America's leading classical music distributor) paints a realistic picture: "If it sounds like a lot of work for the artist, it is! There is not a lot of money in this for the labels; their investment might not be returned for five or ten years. Artists that come with visionary, far-reaching proposals are the ones who usually find success." Hickey also cautions about how much an artist can expect to earn from recordings alone. He advises that "recorded music is part of an artist's ecosystem. That ecosystem should also include video, live concerts, publishing, touring, and even lecturing."

Help on the Front End

The implication to this point has been that nowadays artists are on their own to finance recordings before approaching a label for marketing and distribution. But artists are not necessarily on the hook for the development of a mastered recording. At least this is part of the idea behind the company ArtistShare, which offers a novel business model for recording artists and represents musicians who have received

numerous accolades including Grammy awards. Not unlike a traditional label, the premise of ArtistShare rests on cultivated relationships that allow the artist to rise above the noisy market for recordings. Although it offers many of the services of a label or distributor and has industry relationships, particularly in the world of jazz, ArtistShare is fundamentally a crowdfunding platform, and a pioneer in this area. Artists pitch their recording projects with a video released through the ArtistShare site, and the general public

is invited to support those projects. Projects that reach their campaign goal not only are funded for the production of the work, but also have relationships in place for support down the road, whether in album sales or in live performance. To emphasize the value of the artist-patron relationship, ArtistShare favors the term "fan-funding" over "crowdfunding" to describe the business model. The company places value on artists at every stage of their development—most importantly, in the creative phase.

It may seem counterintuitive, but the success of ArtistShare musicians is measured in the incubation period of their projects and less so in the finished product. Artists set a financial goal for a recording and consult with ArtistShare to design a fan-funded campaign. Bucking the trend of limited timeframes usually associated with crowdfunding campaigns, ArtistShare allows up to one year for fans to join and for support to accumulate. ArtistShare and the musicians devote substantial energy to the initial campaign video, which aims to draw prospective supporters to the recording endeavor. From the ArtistShare perspective, the key transactions are not related to album sales but rather to donors' early commitments to the idea of the project before it materializes. The ArtistShare platform offers a kind of "backstage pass" to the

"Recorded music is part of an artist's ecosystem."

– Sean Hickey, Naxos of America

artist at work, a place for the creative process to be unveiled in the company of key stakeholders. To drive potential supporters to watch the video, ArtistShare assists artists with emails to a database of thousands of patrons who have previously contributed to other ArtistShare projects. The company also relies heavily on the artists themselves to drive traffic to campaign launch videos through social media and other preexisting networks.

Once donors (called “participants”) are enlisted, ArtistShare retains a percentage of their contributions

“We try to stop the mentality of the ‘next big thing’ in the recording industry. Instead, we want artists to play the long game, like the stock market, with their supporters. Make the music and creative process part of their lifestyle. The genie is out of the bottle: slow and steady wins the race.”

**– Brian Camelio,
CEO of ArtistShare**

(15%). The musicians then have the opportunity to grow the relationship with the supporter, making good on the special access to the creative phase promised with every ArtistShare project. Artists remain in complete control of their work but are expected to provide updates and special vignettes about their work made possible by the participants. Some artists will write blog entries to be posted to their ArtistShare webpage, describing the status of their projects; others will record a short video with a recent anecdote about their work. Still others will post musical scores and other intriguing images that draw the supporter further into the artist’s world. Updates occur periodically

during the campaign, perhaps every few weeks. The communication about the creative process is just one of the tactics designed to grow the relationship between artist and patron. Grammy award-winning ArtistShare

composer and jazz bandleader Maria Schneider will sometimes call her supporters personally to keep them apprised of her work. She may invite them to rehearsals and performances and may also list her key patrons on published scores of the music they sponsor. As is evident, ArtistShare stresses the artist-fan relationship, not on the product at hand. In the ArtistShare model, the “sale” has been made in advance of the issue of the recording: the donor is “bought in” from the start. It is constant work for the artist to maintain meaningful contact with supporters, but the hope is that these bonds extend to future projects.

ArtistShare CEO Brian Camelio has openly resisted the industry’s movement toward monetization, instead maintaining that artists will profit most from the power of a close circle of dedicated supporters. He believes strongly that a robust relationship between committed fans and artists is far superior to the whims of the algorithms one finds with the providers of streaming music. The relationships formed around artistic ideas, as ArtistShare has framed them, keep the focus off the transactional nature of the recording culture. Rather, Camelio urges current and prospective artists to treat their supporters with respect by defying the impulse to discard them upon the purchase of a track or album.

Attending to a fan-funding platform with updates and communication extended over the course of the campaign might cause some musicians to recoil. But it has proven to be very successful for many artists over a period of years, even decades. It encourages the artist’s investment of time at the front end of a project with the promise of a dividend beyond the release of an album. The musician also can earn the comfort of having the project fully funded at the outset, at a cost set by the artist and not left to the market.

*

Sofia Gupta is a classically-trained guitarist who won two international awards as a young artist and does a limited amount of touring with her music in Europe and the United States. She has a new idea for an album-length recording that draws on music inspired by cities she has visited around the world but filtered through the classical guitar idiom. Sofia is considering how this project should unfold. She has a friend represented by ArtistShare but is unsure if she wants to pursue a crowdfunding campaign. She is attracted to the prospect of having her recording funded from the start, but is also worried about the substantial time and energy needed to produce material for supporters. She is further aware that there is no guarantee that the recording would be funded by the campaign deadline. Sofia has considered financing the recording herself and approaching a label with the music. She is intrigued by the prospect of focusing squarely on the art while another company handles marketing and publicity for her work. By self-financing the recording, Sofia has some concern that the musical quality may be compromised because of the limited studio time and level of mastering services that she can afford. She believes her idea may gain acceptance with a label, however. Sofia has also considered simply releasing the recording through an artist aggregator, which can distribute her music quickly to major download

sites and streaming services. She is well aware that the dividends would be small from these companies and that her music would likely get “lost” in a sea of millions of recordings, but she is not convinced these outcomes would be significantly changed with a traditional label.

How can Sofia approach the question of her recording project? What are reasonable expectations for a recording artist facing these circumstances? To what degree can a musician or group pursue parallel paths with recorded material? What advantages and disadvantages has Sofia not considered in her assessment of the recording landscape? What factors must she consider to make the most informed decision about her proposed recording project?

¹ See <https://www.ifpi.org/global-statistics.php> (accessed June 10, 2017).

² See <https://press.spotify.com/us/about/> (accessed June 10, 2017) and Craig Smith, “78 Interesting Pandora Statistics and Facts,” (March 2017), <http://expandedramblings.com/index.php/pandora-statistics/> (accessed June 10, 2017).

³ YouTube figures heavily as well, but it is difficult to measure because of its entanglement with its core video sharing services.

⁴ Rick Stella, “With Grooveshark out of the Picture, We Pit Spotify against Pandora,” <https://www.digitaltrends.com/music/spotify-vs-pandora/> (accessed May 25, 2017).

⁵ Robinson Meyer, “The Tragedy of iTunes and Classical Music,” <https://www.theatlantic.com/technology/archive/2015/07/the-tragedy-of-itunes-and-classical-music/399788/> (accessed June 10, 2017).

⁶ Paul Resnikoff, “Calculate Your Earnings from Spotify, Apple Music, Pandora, Amazon, Google Play & More,” <http://www.digitalmusicnews.com/2017/04/25/streaming-music-royalty-calculator-spotify-apple-music-pandora/> (accessed June 10, 2017) and Glenn Peoples, “Pandora Details Its Pay Raise to Publishers,” <http://www.billboard.com/articles/business/6874911/pandora-publisher-pay> (accessed June 10, 2017).

⁷ David Byrne, “Open the Music Industry’s Black Box,” *The New York Times*, July 31, 2015.

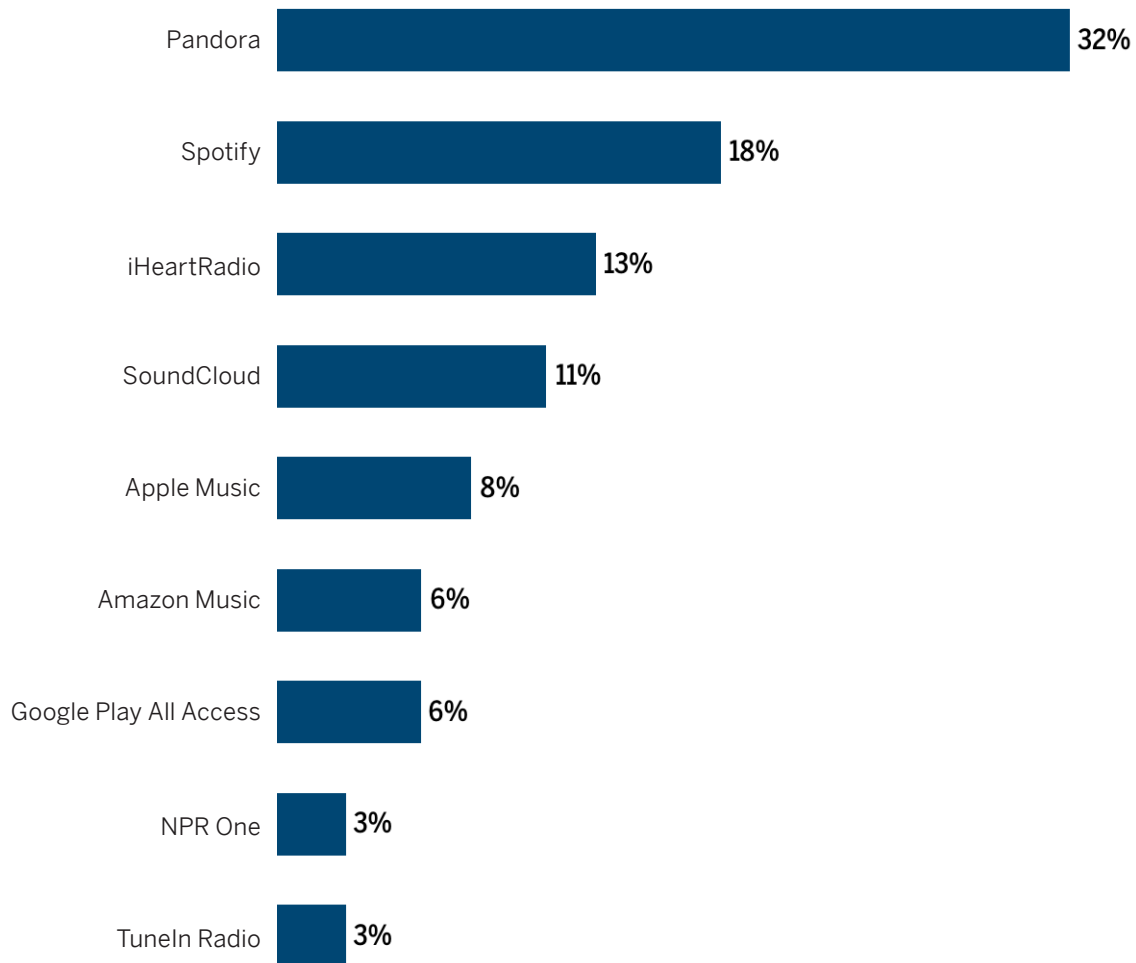
⁸ Taylor Swift, “For Taylor Swift, the Future of Music Is a Love Story,” *Wall Street Journal*, July 7, 2014.

⁹ Ben Sisario, “With a Tap of Taylor Swift’s Fingers, Apple Retreated,” *The New York Times*, June 22, 2015.

¹⁰ Jack Linshi, “Here’s Why Taylor Swift Pulled Her Music From Spotify,” *Time Magazine*, November 3, 2014.

APPENDIX 1

Percentage of Americans Age 12+ Who Listen to the Following Streaming Services in the Past Month*



* Brands lower than 3% not shown

Source: Edison Research

APPENDIX 2

Units an Artist Must Sell Monthly To Earn Minimum Wage in the United States

Platform	Format	Deal	Retail Price	Units Must Sell	Artist Revenue per Retail Transaction
CD	Self-distributed album CD	Unsigned	\$12.00	105	\$12.00
Bandcamp	Album download	Unsigned	\$10.00	148	\$8.50
CD Baby ReverbNation TuneCore	Album download via distributor	Unsigned	\$12.00	159	\$7.92
CD Baby	Album CD	Unsigned	\$12.00	175	\$7.20
iTunes via CD Baby ReverbNation TuneCore	Album download via a distributor	Unsigned	\$9.99	210	\$5.99
CD	Retail album CD (average royalty deal)	Signed	\$12.00	457	\$2.76
iTunes	Album download	Signed	\$9.99	547	\$2.30
iTunes	Single track download	Unsigned	\$0.99	1,826	\$0.69
Amazon iTunes Google Play	Single track download	Signed	\$0.99	5,478	\$0.23

Source: <http://www.informationisbeautiful.net/visualizations/how-much-do-music-artists-earn-online-2015-remix/>

APPENDIX 2 cont.**Streams an Artist Must Achieve Monthly
to Earn Minimum Wage in the United States**

Platform	Users	Deal	Plays Needed	% of users to hit minimum wage	Artist Revenue (per play)
Google Play	n/a	Signed	172,206	n/a	\$0.0073
		Unsigned	70,391	n/a	\$0.0179
TIDAL (formerly WIMP)	500,000	Signed	180,000	36%	\$0.007
		Unsigned	29,302	6%	\$0.043
Beats	300,000	Signed	420,000	140%	\$0.003
		Unsigned	70,000	23%	\$0.018
Rhapsody	2,000,000	Signed	663,158	33%	\$0.0019
		Unsigned	104,132	5%	\$0.0121
Apple Music	n/a	Signed	971,323	n/a	\$0.0012
		Unsigned	n/a	n/a	n/a
Deezer	16,000,000	Signed	1,260,000	8%	\$0.001
		Unsigned	96,923	0.6%	\$0.013
Spotify	75,000,000	Signed	1,117,021	1.5%	\$0.0011
		Unsigned	180,000	0.2%	\$0.007
YouTube	1,000,000,000	Signed	4,200,000	0.5%	\$0.0003
		Unsigned	700,000	0.07%	\$0.0018

Source: <http://www.informationisbeautiful.net/visualizations/how-much-do-music-artists-earn-online-2015-remix/>

APPENDIX 2 cont.

Distribution of Revenue Between Distributor/Retailer, Label, and Artists for Cds and Downloads

Platform	Format	Deal	Artist Revenue per Retail Transaction	Percent cut		
				distributor/retailer	label	artist
CD	Self-distributed album CD	Unsigned	\$12.00	100		
Bandcamp	Album download	Unsigned	\$8.50	15	85	
CD Baby ReverbNation TuneCore	Album download via distributor	Unsigned	\$7.92	33	66	
CD Baby	Album CD	Unsigned	\$7.20	33	66	
iTunes via CD Baby ReverbNation TuneCore	Album download via a distributor	Unsigned	\$5.99	40	60	
CD	Retail album CD (average royalty deal)	Signed	\$2.76	30	47	23
iTunes	Album download	Signed	\$2.30	30	47	23
iTunes	Single track download	Unsigned	\$0.69	30	70	
Amazon iTunes Google Play	Single track download	Signed	\$0.23	30	47	23



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