

## **WHAT DOES SPOTIFY REALLY MEAN FOR SONGWRITERS?**

Damon Krukowski, of Galaxie 500 and Damon & Naomi fame, recently wrote an editorial for Pitchfork in which he explains how musical streaming services like Spotify and Pandora have benefited him as an artist. As it turns out, they haven't done a whole lot for him.

My BMI royalty check arrived recently, reporting songwriting earnings from the first quarter of 2012, and I was glad to see that our music is being listened to via these services. Galaxie 500's "Tugboat", for example, was played 7,800 times on Pandora that quarter, for which its three songwriters were paid a collective total of 21 cents, or seven cents each. Spotify pays better: For the 5,960 times "Tugboat" was played there, Galaxie 500's songwriters went collectively into triple digits: \$1.05 (35 cents each).

To put this into perspective: Since we own our own recordings, by my calculation it would take songwriting royalties for roughly 312,000 plays on Pandora to earn us the profit of one – one — LP sale. (On Spotify, one LP is equivalent to 47,680 plays.)

Or to put it in historical perspective: The "Tugboat" 7" single, Galaxie 500's very first release, cost us \$980.22 for 1,000 copies — including shipping! (Naomi kept the receipts) — or 98 cents each. I no longer remember what we sold them for, but obviously it was easy to turn at least a couple bucks' profit on each. Which means we earned more from every one of those 7"s we sold than from the song's recent 13,760 plays on Pandora and Spotify. Here's yet another way to look at it: Pressing 1,000 singles in 1988 gave us the earning potential of more than 13 million streams in 2012. (And people say the internet is a bonanza for young bands...)

More:

When I started making records, the model of economic exchange was exceedingly simple: make something, price it for more than it costs to manufacture, and sell it if you can. It was industrial capitalism, on a 7" scale. The model now seems closer to financial speculation. Pandora and Spotify are not selling goods; they are selling access, a piece of the action. Sign on, and we'll all benefit. (I'm struck by the way that even crowd-sourcing mimics this "investment" model of contemporary capitalism: You buy in to what doesn't yet exist.)

But here's the rub: Pandora and Spotify are not earning any income from their services, either. In the first quarter of 2012, Pandora — the same company that paid Galaxie 500 a total of \$1.21 for their use of "Tugboat" — reported a net loss of more than \$20 million dollars. As for Spotify, their latest annual report revealed a loss in 2011 of \$56 million.

Leaving aside why these companies are bothering to chisel 10,000ths of a cent from already ridiculously low "royalties," or paying lobbyists to work a bill through Congress that would lower those rates even further— let's instead ask a question they themselves might consider relevant: Why are they in business at all?

Krukowski is no Luddite — in fact, he's even a Spotify subscriber and recognizes its benefits for him as a music listener. However, he's under no pretenses that Spotify will really benefit him as an artist. He'll still make most of his money via actual album sales, a model that services like Spotify and Pandora are undercutting.

I'm not trying to make you drop your Spotify subscription, but I do want to make a simple point: Spotify, in and of itself, does not help musicians. Some people argue that it brings musicians more exposure, which can translate to more sales — which seems plausible. But so far, I haven't seen any numbers to that effect. (If you know of some, please share them in the comments.) From what I've

seen to date, the musicians who benefit from Spotify already have a devoted following prior to blowing up on Spotify or they were in a niche audience and the label had to take extra steps to bring about sales.

If you hear something you really like on Spotify, don't assume for a minute that simply listening to it a lot is going to result in any real, material benefits for the musician. If you really love a musician's music and want to support them, then nothing is going to beat actually buying their CDs from Amazon, iTunes, Bandcamp, etc., or buying some physical merchandise like a t-shirt. Better yet, track down the musician's website and buy something from them directly.

Certainly, services like Spotify are here to stay. Consumers clearly like the convenience and ease of use that they offer, not to mention the vast musical library that is now at their fingertips. But these services are changing the way in which consumers think about music. Music increasingly becomes a commodity, something more akin to financial speculation, as Krukowski notes. The irony, though, is that those who benefit the least from these services are those who make the services' existence, popularity, and even necessity possible.

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**Article Source:**

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