



## Music Sector and Platform economy

ETUC Trade Union Platfor(u)m  
Third Trade Union Forum on Platform work

**Halle Pajol - Paris, 26 September 2024**



## The International Federation of Musicians

- ◆ Founded in 1948 | Headquarters in Paris, France
- ◆ Main objectives
  - \* Brining together Musicians Unions across the World
  - \* Protect and enhance their economical, social and IP Rights
- ◆ Membres in 65 countrie (unions, guilds and associations)
- ◆ Member of IAEA/EAEA, which is a member of ETUC
- ◆ IAEA is a GUF representing the Entertainment and Media sector
- ◆ Formal relationships with the ILO, WIPO, UNESCO, European Commission & Parliement, Council of l'Europe, etc.



## I- « Gig economy » a creation of the Music/Entertainment sector

- ♦ Wide spectrum of employment and working relationships falling outside the traditional model of open-ended full-time contracts
- ♦ Prevalence of short-term project-based working and culture of freelancing to ensure flexibility
- ♦ Work often carried-out on self-employment basis preferred by the employers and in some cases by artists (« freedom », « tax incentives »)
- ♦ The contractual status has little impact on the nature of work itself. In a given workplace workers may perform the same task side by side while engaged under different legal statuses(ex. orchestra substitute), hence bogus self-employment



## II. Impact on musicians of technological changes and digitalization (I)

- ♦ The development of affordable and qualitative home studios, the rise of computer aided music, as well as the digitalization of music distribution, promotion and carrier development models are much more than a mere technological change
- ♦ Besides the traditional model of a musician paid to « create and perform », rise of the DIY musician deeply rooted on entrepreneurship values
- ♦ « Musicians » can be authors, composers, performers (featured and non-featured), music teachers, now more and more are record producers, publishers, community managers, content creators on social media and dealing with administration (contracts, IP Rights, book-keeping, etc.)



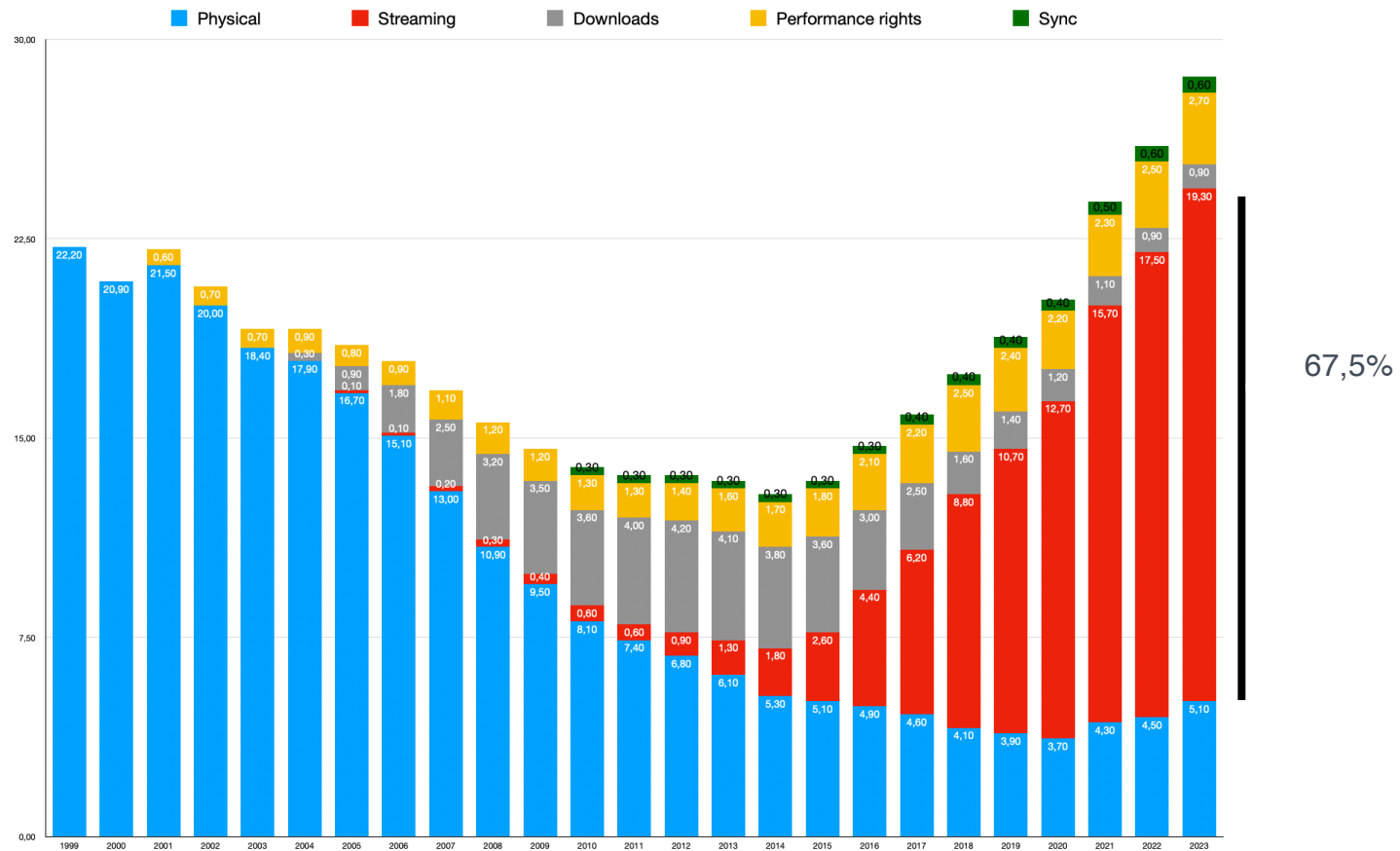
## II. Impact on musicians of technological changes and digitalization (II)

- ♦ Musicians « coexist » (and work) with other categories of « sound artists » such as DJs and beat makers who do not need to play a musical instrument to produce sounds
- ♦ It is also possible to create artistic project remotely: musicians who have never played together releasing a song
- ♦ Digitalization made it possible the emergence of new actors offering a big range of services to musicians and their audience to provide job opportunities, distribute music, provide sounds for videos or increase artists' visibility
- ♦ Digitalization almost killed then saved the recording industry through aggressive streaming business models



# III. The Music market changed by digitalization and saved by streaming platforms

Source : IFPI Global Report 2024





## IV. Musicians' sources of income

- ♦ Diverse sources of income: Wages or fees on teaching or performances, physical sales of CD, vinyls, merchandising, IP Rights, business partnerships, advertising on the web, sponsorship, crowdfunding, contributions from fans through dedicated platforms (such as Tencent, Patreon, Fansly, Onlyfans) with « exclusive benefits », virtual tips, public founding, fondations...
- ♦ In general, live performance revenues represent 50% or more of musicians' income
- ♦ According to a survey based dated 2020, on 5800 European musicians, 75% of them earned less than US\$ 10.000 from music
- ♦ Digitalization has strongly increased the salary gap between the few very successful musicians and others. Very few get significant earnings from music streaming platforms. The vast majority gets 0!



## V. Digital platforms, blessing or toxic model?

- ♦ Every musician has the potential to reach out to a global audience. Their are fairy tales... very few
- ♦ It is generally admitted that « exposure » to the fans is priceless and immediate financial counterpart becomes incidental, hence many musicians will accept poorly or unpaid work to be exposed online
- ♦ « Online life » is very short. Therefore, « entrepreneur musicians » need to edit content permanently to remain « visible ». Consequences on well being and mental health (digital burn out)
- ♦ Digital platforms are essential to musicians careers. Does it make musicians platform workers?





## VI. Role of Digital platforms in the Live Performance Sector (I)

- ♦ Live performance seems to be ripe for platformization as platforms have the potential to: help musicians connect with other musicians, connect with potential venues or help customers (such as individuals organising a private party or corporate event) to find musicians and connect with their audience
- ♦ Traditional agents websites serve as a means of advertising their bands, they do not enable users to sort by price or « quality ». Off-site contacts are required
- ♦ Digitalized agencies have emerged to cater « function work » (low selectivity process, customer focused websites: price displayed upfront, rating system, and some apply labour discipline: ex. disconnection if a musician has withdrawn from an engagement on three occasions
- ♦ Agencies are less likely to invest time and resources into promoting « their artists », and more likely to require that artists produce promotion material themselves



## VI. Role of Digital platforms in the Live Performance Sector (II)

- ♦ This model manifests price competition: four-piece band was offering a starting price of £100 for work in London (the average per-member fee of £25 compares to a Musicians' Union- recommended rate of over £150)
- ♦ This model is problematic in case of intermediation (« wage portage ») between the actual employers (those that use the workers' services) and the artists
- ♦ It is however unlikely to see platform economy taking over the live performance sector:
  1. Sector too diverse and fragmented: « Function vs Creative Work ». Musicians work in different contexts (depending on opportunities)
  2. Many contingencies require specific negotiations (travel, accommodation costs, repertoire, equipments,...)

## VII. Sofar Sounds (I)

- ◆ Example of <https://www.sofarsounds.com/>
- ◆ Staging secret “gigs and intimate concerts” featuring emerging artists for an « invited, engaged audience » (buying their ticket online)





## VII. Sofar Sounds (II)

- ◆ Business model: online ticketing, membership with benefits, partnership with brands (Airbnb, Uber,...), venues, merchandizing, streaming and licensing live shows
- ◆ Compensation for artists: more fans, networking opportunities, share on sales with a minimum of \$100
- ◆ In 2020, \$460,000 settlement with NY Department of Labor due to extensive use of unpaid volunteer workers



## VII. Livetonight

- Example of <https://www.livetonight.fr/> ; <https://youtu.be/l4JuqiVI3CM>
- ♦ Musicians sign-in for free and create their own profile. However, they will be selected to be « Livetonight artists »
- ♦ They can choose to be « intermittent » (employees), Association or self-entrepreneurs (paid on fees)
- ♦ They decide how much they charge as a salary per musician or as a fee for the band
- ♦ Livetonight will collect 21% of the price paid by the client and will handle all paper work



## VIII-Digital platforms in the Recording music (I)

- ◆ Recorded music is mainly digital and new stakeholders have emerged to deal with distribution and career development
  - ❖ Streaming platforms (ex. Spotify, Deezer, Apple, Amazon, Qobuz, Tidal, Pandora, etc.)
  - ❖ Content sharing ISPs (ex. Google, Meta, Amazon, Tik-Tok)
  - ❖ Digital distributors, agregators, community managers, crowdfunding platforms, Capital investissements on artists or albums (ex. Bolero, Swift\$ -cryptomonnaie-, etc.), NFTs, etc.



## VIII-Digital platforms in the Recording music (II)

- ◆ Business models of streaming platforms is poor: Despite +23% of users (600 millions users), + 15% of premium subscriptions (236 millions), + 13% turnover (€13,2 billion), Spotify had a \$446 millions in 2023
- ◆ Tech companies are very attractive on stock markets whatever their level of profitability. Apple Music, Amazon Music or others do not seek profitability on music distribution, music appears to be a « loss leader »
- ◆ Online music sharing services such as Youtube, Twitch, Facebook, Instagram, X, TikTok, Tencent and many others are built on free models are funded by advertising, exploitation of personal data and investments by artists and labels on career development



## IX- Many challenges

- ♦ Music market requires from artist to be active online and increase their visibility. With the exception of a few big stars, artists will get very little money out of digital. What really matters is exposure and artists are never considered as workforce
- ♦ Role of algorithms and lack of transparency
- ♦ Frauds to increase artist's fame, economic value of a project, biaise recommendation systems
- ♦ Platforms that will disrupt traditional copyright models, ex. Epidemic Sound, whose copyright-free business model will undermine IP right systems
- ♦ Low leverage of unions on platforms, ex. of Sweden with CD Baby. Big challenges to organize freelance musicians