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## CRB Problems and Solutions Concerning Streaming Royalties

For years now I have listened to artists, writers, broadcasters and music entrepreneurs battle viciously over the rates that are set for streaming, a battle that really shouldn't be necessary if common sense and knowledge were used!

I have been in the thick of this as we represent recording and performing artists and we also serve the broadcasting industry as a radio promotion company providing them with new material. I know all sides of this and have tried to offer my advice and solutions, but everyone seems to so entrenched in their views they never listen.

The recording industry is in a freefall with revenues rapidly disappearing because of digital technology. CD album sales have been in a steep decline ever since downloading services such as iTunes came along. The ability to purchase a single song vs. an album cut profits, but it was workable. Now with on-demand streaming service becoming the norm profits have all but evaporated. Artists have no way to make money selling music anymore with royalties in the hundredths of a cent. I fully understand and agree with this.

Writers also want higher royalties, although I am much less sympathetic to them. For most of them they have no investment in the production and marketing costs and therefore no risk. They get paid no matter what, but that is a discussion for another and is a different topic.

Broadcasters, who everyone seems to want to pile on to get more money, have their own problems and legitimate concerns. Many, especially smaller terrestrial stations, are running on razor thin margins and some simply cannot afford to stream their station as well because of the royalty costs involved. For net only stations it is even worse with few making any money at all. Broadcasters who stream are usually suffering already, and raising their rates will simply knock many of them off the air. That isn't good for anyone!

Artists, and to a lesser extent the writers, need exposure to sell their music in order to earn a living and keep on making music. Radio airplay is by far the best way to get that exposure, and driving up broadcasters' costs and forcing them off air is completely counter-productive to the artists' and writers' needs. The problem though is that while streaming technology has offered huge new exposure opportunities at the same time it has destroyed the ability to sell the music. There is a solution though.

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## The problem and solution is in the definitions

While everyone has been so busy fighting over royalty rates for streaming services nobody has bothered to stop and examine the technology, its use, and how things are defined. That is the crux of the problem.

First streaming is a technology, not a service. It is simply a way to deliver material. It is how it is used that makes the difference. Much like a car it can be used for personal transportation or it can become a for-profit tool for use in business. That is why a car that is used as a taxi pays far higher license and registration fees than the family auto. The same technology but two far different uses.

The same unfortunately does not apply to streaming.

You also have to define the way in which streaming technology is used. Essentially you have two different ways it is used with music, either as a radio station or as a jukebox. Big difference. Huge difference! Whether a radio station broadcasts its music by airwaves, satellite or the internet it is still a radio station. It has a playlist of many artists and songs that are played randomly and are not repeated very often. The listener has no control over what is played, when something is played or how often it is played. The selection is out of the hands of the listener, but this also makes radio a great way to sample many artists and songs. It is kind of like samples at a grocery store. If the listener likes something well enough he will go and BUY the song or album.

This is the kind of exposure artists crave for, especially with services like Pandora where the algorithms can learn the listener's preferences and keep exposing them to more music that they should like. There is no greater tool for introducing new material to music lovers. The key though is that Pandora is still a radio station and only serves up samples, not entire albums or a single artist. Pandora is the perfect model for music discovery.

Unfortunately some other streaming services are not radio stations but instead online jukeboxes. They store millions of artists and their songs that anyone can login and listen to who and what they want anytime they want it and as often as they like, and all for free or very low subscription rates. With the "on-demand" services like Spotify there is no need for a listener who hears a song on a radio station to go out and buy anything. They can just get it off the net without paying the artist or writer anything. That means desperately needed sales for the artist never happen.

Instead the artist earns minuscule royalties, royalties that have been kept low to save the broadcasters, but now allow the net jukebox services to sneak in "under the radar" because they piggyback on the same definition of "streaming" technology.

In plain terms the "radio station" streamers encourage sales and are a great asset to musicians. The "on-demand" streamers on the other hand are simply leaches that have sucked the revenue out of the music industry and musicians pockets. They kill sales and the ability of artists to earn a fair living.

If the CRB and others would take all of this into account the solution would be to simply set the rates according to the use. Personally I would be happy with reducing or even eliminating royalties from radio

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stations. They help us promote and sell our music, and that is where the profits are. To make that work though royalty rates should go up, and I mean way up, for the companies that give away our music for free and destroy our ability to sell our products.

In the end establishing classes of royalty rates based on definitions and use would be a simple solution that would go a long way to putting value back in the recording industry and deserved money in artists pockets. Please consider this.

(If you would like me to come to one of the hearings and speak regarding this please let me know. I might be able to arrange it)

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