

Tech firm says musicians lose billions to illegal business streaming

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Most business owners don't even know they are breaking the law, says Sars

At a time when musicians are struggling to live off streaming, a Swedish tech entrepreneur says his app can boost royalties by curbing the illegal use of music by millions of businesses.

Many are unaware that songs on Spotify, Apple, Deezer and other streaming platforms are not licensed for use in cafes, shops, restaurants, hair salons and other businesses.

"Basically, it's like using your personal Netflix account to open a cinema," said Ola Sars, the Stockholm-based founder of a new streaming service, Soundtrack Your Brand, which offers a legal alternative for businesses.

Sars commissioned a study by research group Nielsen Music that found an estimated 21.3 million businesses worldwide were using personal streaming accounts to play music for customers.

That works out as roughly \$2.65 billion in lost royalties every year for rights holders, the study said, because artists should earn "performing rights royalties" and other benefits when their music is played in public.

"Many people think they can just play any music in the background of their business, but they can't," said Keith Ames, of the British Musician's Union. "It's not your property. If you want to play it for the public, you need to pay for the right to do so."

Spotify, which is explicit in its terms and conditions that businesses cannot use its service, was an initial investor in Soundtrack Your Brand.

'Uncomfortable silence'

Though the rules are difficult to enforce, the survey found businesses were willing to pay more to do things legally, but most were unaware of the law.

"The use of music in [public spaces](#) such as retail stores is a jungle. Even if you want to do right, it's so easy to get it wrong," said Lars Poulsen, a

manager at Danish variety chain Flying Tiger.

He said he was previously unaware of the law but was happy to sign up with Soundtrack Your Brand—which costs around five times more than personal streaming subscriptions but provides 50 million fully licenced songs—when the issue was explained.

"Music is essential in the Flying Tiger Copenhagen stores," said Paulson. "Most businesses want to do right."

As with music piracy in the past, Sars hopes a tech solution can succeed where enforcement has failed.

He also hopes to fix the "dysfunctional" way in which performing rights royalties are paid out in the streaming era.

These are currently collected by specialist agencies such as PRS in Britain, or ASCAP and BMI in the United States, but Sars said they often lack the data to ensure that [royalty](#) payments go to the artists being played on streaming platforms.

"The agencies collect aggressively but when a [business](#) asks them 'How do I know this is going to the artists I'm playing?', there's an uncomfortable silence," he said.

'Very confusing'

Listening data from his 40,000 existing clients shows that royalty agencies are often paying the wrong artists, he said.

"To say they're off is a massive under-exaggeration. Restaurants tend to play low-key, very specific tracks, often jazz or classical. They're not playing Justin Bieber."

PRS told AFP it encouraged firms to use properly licenced music, but did not comment on what happens to money collected from businesses that use personal streaming accounts. ASCAP and BMI did not respond.

It is not their fault, said Sars: streaming has revolutionised the [music industry](#) in just a few years, and there has been little time to consider the implications for businesses.

He has managed to convince labels in the US and Canada to let his company manage [royalty payments](#) directly, so that they go to the specific artists being played by his clients.

He hopes he can soon do the same in Europe.

With streaming revenues currently unable to sustain any but the biggest stars, he said it was vital to tap this new source of revenue from businesses.

"The bottom line is that \$10 is way too little for all the [music](#) in the world at your fingertips. We have to extract more value from the art. That's what will create a more sustainable market."

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