

Laying a foundation for success

Canada's *Online Streaming Act*

Contents

From the Author	1
1 History Doesn't Repeat Itself, But It Rhymes	2
2 Canada's Music Streaming Market by the Numbers	4
3 Canadian Artists' Presence and Prominence	11
4 Songs by Canadian Artists' Presence and Prominence	15
5 Making Sense of all the Evidence	19
6 Considerations for the Range of Regulation	23
7 Striking a Balance with the <i>Online Streaming Act</i>	39
Acknowledgements	43
About the Author	44

From the Author

You can take the economist out of government, but you can't take the role of government out of the economist.

I left the UK Government Economic Service in 2006, when the definition of cool was scrolling 1,000 songs on an iPod. But the 'policy bug' never left me. I am still wedded to the lessons I learned from our then Chancellor, Gordon Brown, who asked us economists to strive for evidence-based policy making and avoid the temptation of policy-based evidence making.

Whenever there's a chance to work on policy, I grab it with both hands. A decade ago, I showed my own government that music was seven times more valuable to the economy than policy makers first thought. At Spotify, I helped the Swedish government sustain their music export

success story. More recently, I've advised all parts of the British music industry during the three-year inquiry into streaming economics, and modelled Equitable Remuneration for WIPO.

I see the role of the economist in the policy making process as laying a foundation to help those who have to make the actual decisions get it right more often and wrong less often. That's what I want to do here: lay a foundation so the Canadian government and all of its stakeholders can get this right. The world is watching. Get this right and the world will follow. I'm not claiming to lay 'the' foundation (the use of 'a' in the title is intentional), and I welcome others to build on this work.

Now, let's now get to work and make this *Online Streaming Act* a success.

1

History Doesn't Repeat Itself, But It Rhymes



Imagine checking your phone today and seeing the headline “Spotify launches web app to ‘**Canadify**’ your music selection.” You’d be forgiven for thinking this is in response to the recent passage of the ***Online Streaming Act*** – but you’d be wrong.

This headline dates back to October 2014, a month after the Swedish company’s soft launch in Canada. Search “Radiohead” and this app, aimed at garnering publicity around Spotify’s Canadian launch, would recommend similar-sounding Canadian acts like Arcade Fire, The Dears, and Broken Social Scene.

Recommendation engines and algorithmic playlists have come a long way since Canadify, but we now have a law in Canada that brings it to mind. The *Online Streaming Act*, when implemented, will likely require streaming platforms to give both investment and promotion to Canadian content. The

key question is how. Back when domestic broadcasters predominated in media, governments could more easily influence the promotion of regional content by instituting quotas. But with the limitless airtime of on-demand streaming, quotas will not work.

As the former Chief Economist of [Spotify](#) and [PRS for Music](#), and previously a government economist in my home country of Scotland, I don’t have a dog in this fight. But I do have some insight that I believe policymakers will find useful in this consultation period prior to implementation of the *Online Streaming Act*. My goal is to provide a clear picture of today’s music streaming landscape, highlight important considerations for implementing the *Act*, and discuss a range of policy options.



Canada's Music Streaming Market by the Numbers

Streaming is widely considered to have saved the recorded music industry from its piracy-fueled plummet.

Today, global recorded music revenues tally up to an all-time high of \$25.9bn dollars, with streaming making up nearly two-thirds (\$17bn). Add to that the collections from publishers and their collective management organisations, and you have a global music copyright industry worth \$39.6bn.¹

From billions to trillions, the sheer volume of streams being consumed around the world beggars belief. In April of this year, Luminate reported that, for the first time, it took the world only three months to listen to 1 trillion streams.² To put that into context, global music listeners have spent roughly 960,000 years streaming music in the first quarter of 2023 alone. As these numbers underscore, online streaming platforms have broadened music access to unprecedented proportions, by connecting listeners and artists from around the world in ways that broadcast radio never could.

¹ Page, Will, [Global Value of Music Copyright 2021](#)

² Luminate, [Global Music Audio Streams Cross One Trillion Mark in First Three Months of 2023](#)



The music industry's recovery was no simple feat: in addition to competing with a new alternative offering an unbeatable price, markets had to adjust to an entirely new model of music consumption – letting go of the old vine of ownership and grabbing onto the new one of access.



Within this limitless, borderless, ever-growing trove of audio, Canada remains a top-ten market. **As of 2022, streaming accounts for 79.4% of the Canadian recorded music market's revenue.** Per the IFPI's most recent Global Music Report³: "Annual Canadian streaming revenues to labels now represent more than the total Canadian recorded music revenues in 2019." Canada's 2022 growth in streaming subscriptions (8.4%) far outpaced the USA's (5.8%) – driven by a 10.1% increase in streaming, which includes an 8.4% increase in subscription streaming. But Canada's per capita spending on recorded music (\$20.03) lags far behind its southerly neighbour's (\$42.78). And while Canada's recorded-music market is the world's eighth largest, its ranking is under threat from markets like Brazil, China, and Korea.

Across the world, the shifts streaming has brought to the music industry represent a sea-change, which has gone on to affect stakeholders across virtually every media format. And with the *Online Streaming Act*, the tide has risen onto the shores of the Canadian music market.

³ IFPI [Global Music Report 2023](#)

Evidence-Based Policy Making

Policy interventions in online streaming can affect both the presence and the prominence of Canadian content.

Understanding the current presence (the share of streams that is Canadian) and prominence (the relative popularity of streams) of Canadian songs and artists will provide a benchmark against which the results of any *Online Streaming Act* implementation can be measured, and ideally offer some guidance for doing so effectively. To build this foundation, this analysis draws on a unique data set whose size and scope surpasses that of any similar study I have seen.

By combining data from analytics firm Luminate and other third party data, we can assess the language and nationality of the top ten-thousand artists and songs reaching Canadian listeners for calendar years 2021 and 2022, as measured by on-demand audio streams. Using 2021-2022 data as a baseline provides a stable dataset that lays the foundation for future policy analysis.

⁴ Source: Luminate, The State of Canadian Streaming by the Numbers Canadian Music Week 2023

There are some omissions in the data that merit explaining. Albums are not included, as this would have been exceedingly time-consuming to construct and, more importantly, arguably irrelevant in the modern streaming era. Nor are video streams included, e.g. YouTube; this is partly a data-reliability issue: audio data is robust, video less so. Moreover, audio streaming generates more recorded music revenues for the industry than video streaming.

With 112bn streams⁴ in Canada last year, it would be overly burdensome for me or the Canadian Radio-Television and Telecommunications Commission (CRTC) to monitor everything. A sample of the top 10,000 artists and songs, however, covers around 76% and 40% of the total, respectively.

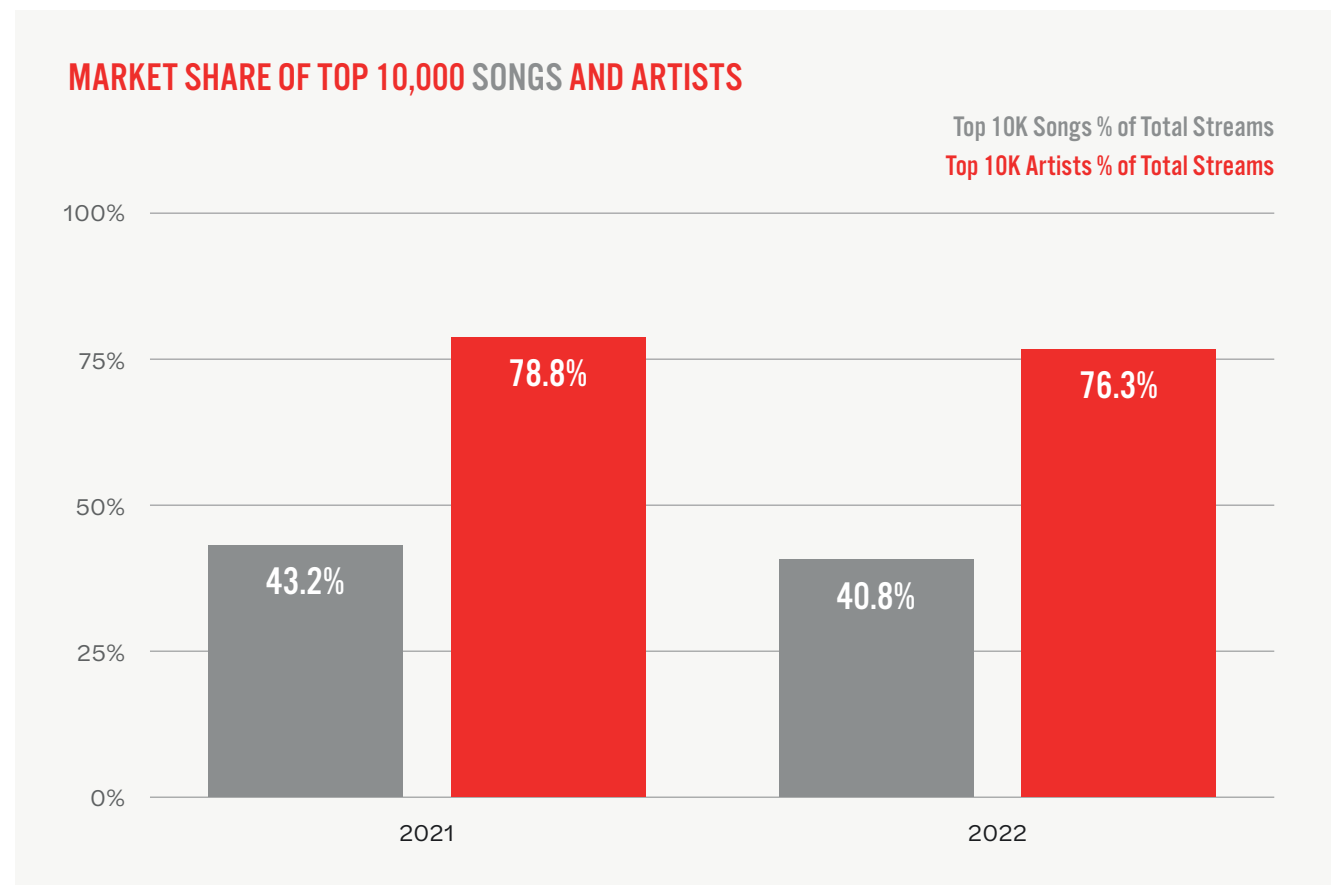


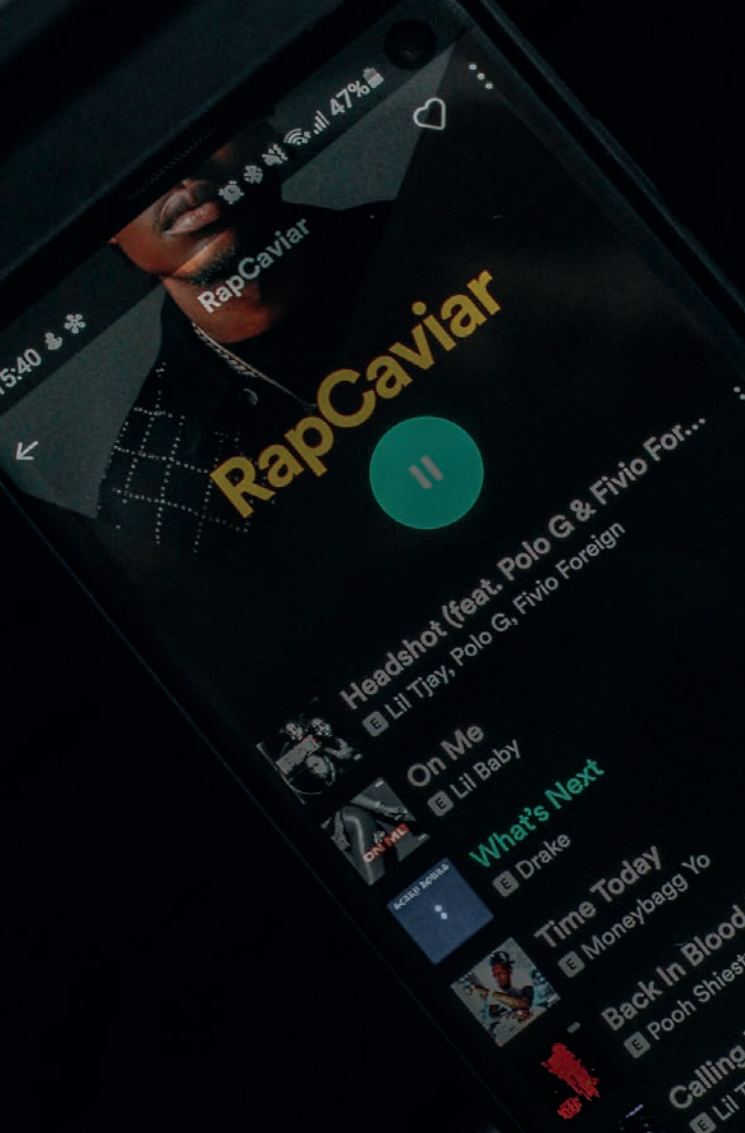
Deciding whether to focus this data set on Canadian artists, songs by Canadian artists, or a hybrid of both evokes a similar choice that *Online Streaming Act* implementation will need to consider. As usual, each option has trade-offs. In the streaming era, optimising for the presence and prominence of Canadian artists risks favouring established acts with large catalogues, at the expense of up-and-comers.⁵ Conversely, optimising for songs could skew toward one-hit wonders rather than more sustainable acts.

Labelling songs and artists by nationality and language likewise carries some caveats. It's an imperfect process, with inherent subjectivity, but crucially, Luminate's labelling data is scalable – a key feature considering that Canadian consumers are presented with 120,000 new songs every day⁶ (broadly the same volume of music that was released in all of 1989, when Canadian band Rush released their 13th album, *Presto*).

⁵ New releases dominated the market in the age of record and CD sales, but in the streaming era the reverse is true: according to Luminate, 83% of streaming consumption is of songs more than 18 months old. See also my essay, [Does the Definition of Catalogue Need an Upgrade?](#)

⁶ Source: [Music Business Worldwide There Are Now 120,000 New Tracks Hitting Music Streaming Services Each Day](#)





Luminate’s nationality labelling is based on the birthplace or stated identity of the lead artist.

As a result, these data do not fully match the MAPL definition of “Canadian Content” used in regulating Canadian radio, which requires an assessment of music, artist, performance, and lyrics. For example, there’s an infamous case from 1991, when Vancouver-raised Bryan Adams was deemed not Canadian enough because he’d co-written with a non-Canadian and recorded in Britain. Many similar stories still occur today, emphasising the importance of eligibility criteria (like MAPL) aligning with how Canadians actually make music in today’s borderless and collaborative world.

MAPL may have been viable in the late 90’s when Nielsen recorded 100,000 new songs in a calendar year, but its viability will be called into question when faced with 100,000 new songs every day.

‘MAPL MAY HAVE BEEN VIABLE IN THE LATE 90’S WHEN NIELSEN RECORDED 100,000 NEW SONGS IN A CALENDAR YEAR, BUT ITS VIABILITY WILL BE CALLED INTO QUESTION WHEN FACED WITH 100,000 NEW SONGS EVERY DAY.’

Policymakers should also be aware of alternative data sources. The Echo Nest, for example, has an even richer data set than Luminate's country of origin data, but is largely restricted to just one streaming service, Spotify (which bought the company in 2014). Similarly, Chartmetric offers a suite of streaming as well as social media metrics, providing additional data from the likes of Instagram and TikTok that measure popularity differently than streaming platforms do. We’ll come back to both of these data sources later.

Two newer companies merit inclusion on the policy makers radar: Quansic, which claims to be the world’s largest asset identifier database and Jaxsta which claims the world’s largest database of verified music credits. All four have the potential to broaden the policy scope to include songwriters, producers and engineers.

Interpreting the Numbers



The analysis presented in the next section covers Canadians' consumption of audio streams, which make up about 75% of Canada's recorded music revenues

Other recorded-music revenue sources include video streams, downloads, CDs, and vinyl; many artists also make significant income from live performance. The analysis also focusses on artists; songwriters, producers, and recording studios are not included. Although these elements fall outside the current scope, policymakers deciding how to implement the *Online Streaming Act* should keep these important creators in mind. Finally, this analysis covers only the Canadian domestic market, which makes up less than 3% of global recorded music revenues. As I will reiterate, the export market offers a bigger (yet increasingly challenging) opportunity for Canadians than the hometown one.

This brings up another important consideration for how to approach this analysis: whether to focus on everything that affects the supply and demand of music inside Canada, or stick to a focus on audio-only streams – namely Amazon Music, Apple Music and Spotify. I've chosen the latter, as the former risks getting 'noisy' by introducing too many variables into the equation, while narrowing the data makes it easier to connect outcomes to interventions. Plus, audio streaming tends to correlate closely with other parts of the value chain: if Canadian artists' share of the top ten-thousand audio streams is trending up, we can expect a similar trend in other formats (e.g. YouTube) and among other participants (e.g. Canadian songwriters).

Canadian Artists' Presence & Prominence



Just as Wayne Gretzky famously knew to skate to where the puck is going, rather than where it is, policymakers should be primarily concerned with the data's direction of travel – is it up, flat, or down?



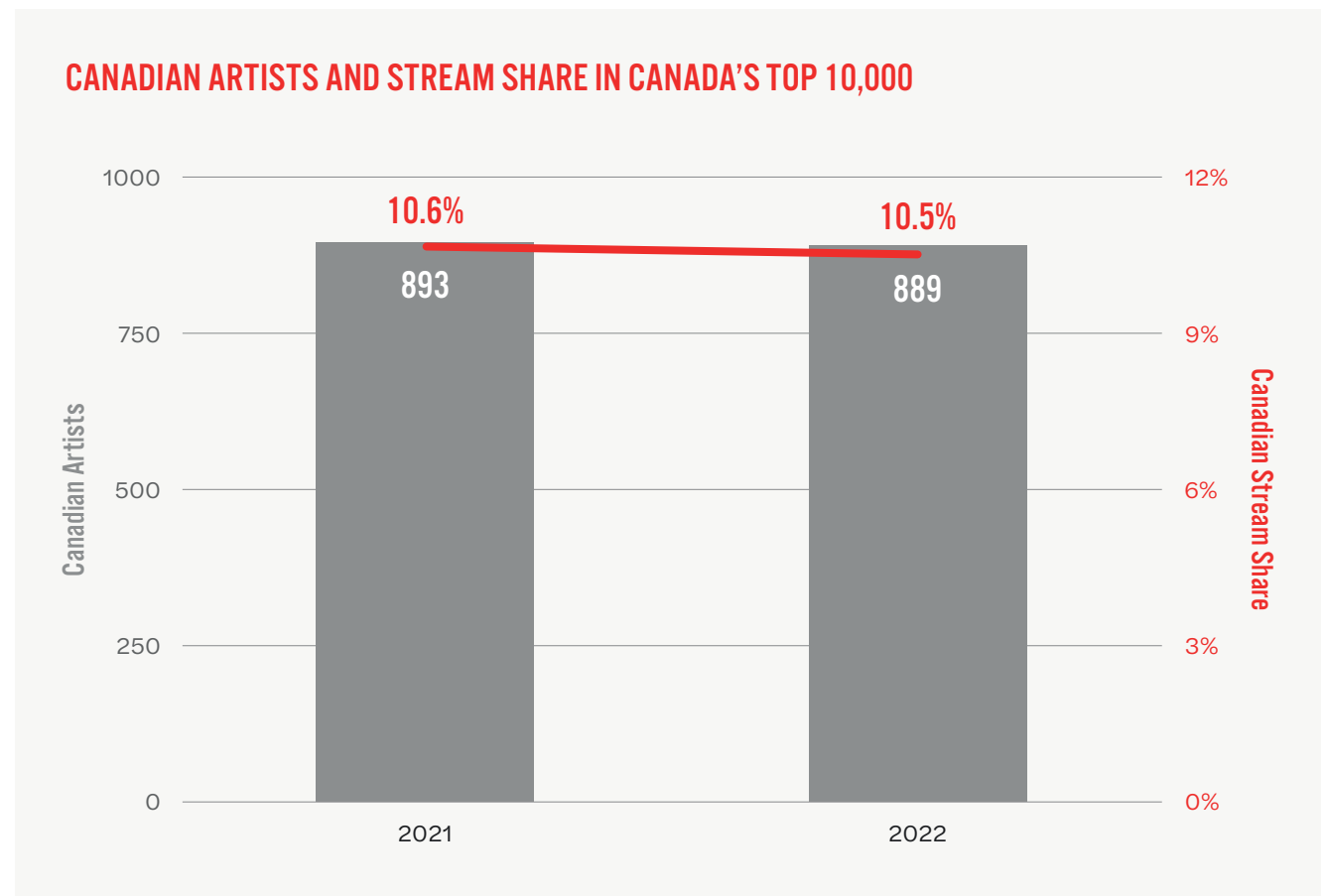
As we'll tease out across five exhibits, the share (or the puck) currently isn't moving much year on year.

Let's start with Canadian artist presence, perhaps the most straightforward policy target.

'AMONG THE TOP 10,000 ARTISTS IN 2021, 893 WERE CANADIAN, WHILE IN 2022 889 WERE.'

To be clear, Luminate considers artists “Canadian” if they are either fully so or from multiple backgrounds (e.g. Moroccan-Canadian Faouzia), and songs as such if they have at least a “Canadian presence”, which includes featured artists and collaborations. **Among the top 10,000 artists in 2021, 893 were Canadian, while in 2022, 889 were** – an insignificant drop in share of less than one-tenth of a percentage point. Their share of streams was stable too: 10.6% in 2021 and 10.5% in 2022.

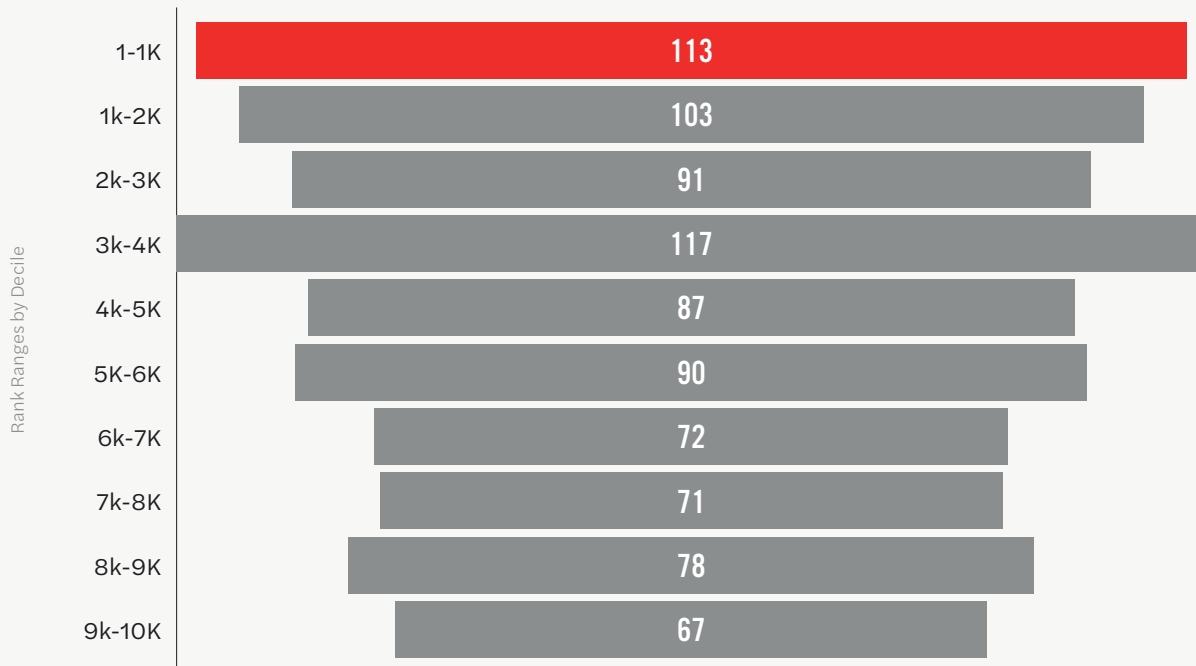
As for language, among the 889 Canadian artists in the 2022 top 10,000, around 75% performed in English, while approximately 20% did so in French – broadly similar to the population. Punjabi plugs most of the gap making up 3% of all Canadian artists’ language of choice – and is, in fact, the fastest growing music-language in Canada right now, thanks to the success of artists like Ikky, Karan Aujla, and AP Dhillon.



Policymakers don't just need to know about presence, however. They also need to understand prominence. That is, where are these Canadian artists found within the 10,000 – in the popular head, or the relatively niche tail? As the below 'tornado chart' for 2022 shows, if there is any bulging to be seen, it's in the higher deciles. As with presence, the results are stable across the two years of our sample, with over 100 artists in the top decile in each year and a fairly even distribution thereafter.

'FOR EXAMPLE, ALBERTA'S TATE MCRAE AND QUEBEC'S CHARLOTTE CARDIN ARE IN THE TOP DECILE, RANKING ABOVE THE GLOBAL HOUSEHOLD NAMES OF SELENA GOMEZ AND CAMILLA CABELLO.'

DISTRIBUTION OF CANADIAN ARTISTS IN CANADA'S TOP 10,000 IN 2022



Source: Luminate



Chasing the tornado and getting inside it reveals some faces in their places on the chart. For example, Alberta's Tate McRae and Quebec's Charlotte Cardin are in the top decile, even ranking above the global household names of Selena Gomez and Camilla Cabello. Everyone knows the success of the megastars like Drake and The Weeknd, but each one of these 900-odd artists has a story to tell and a song to sing – be it in English, French, or Punjabi.

4 Songs by Canadian Artists' Presence and Prominence



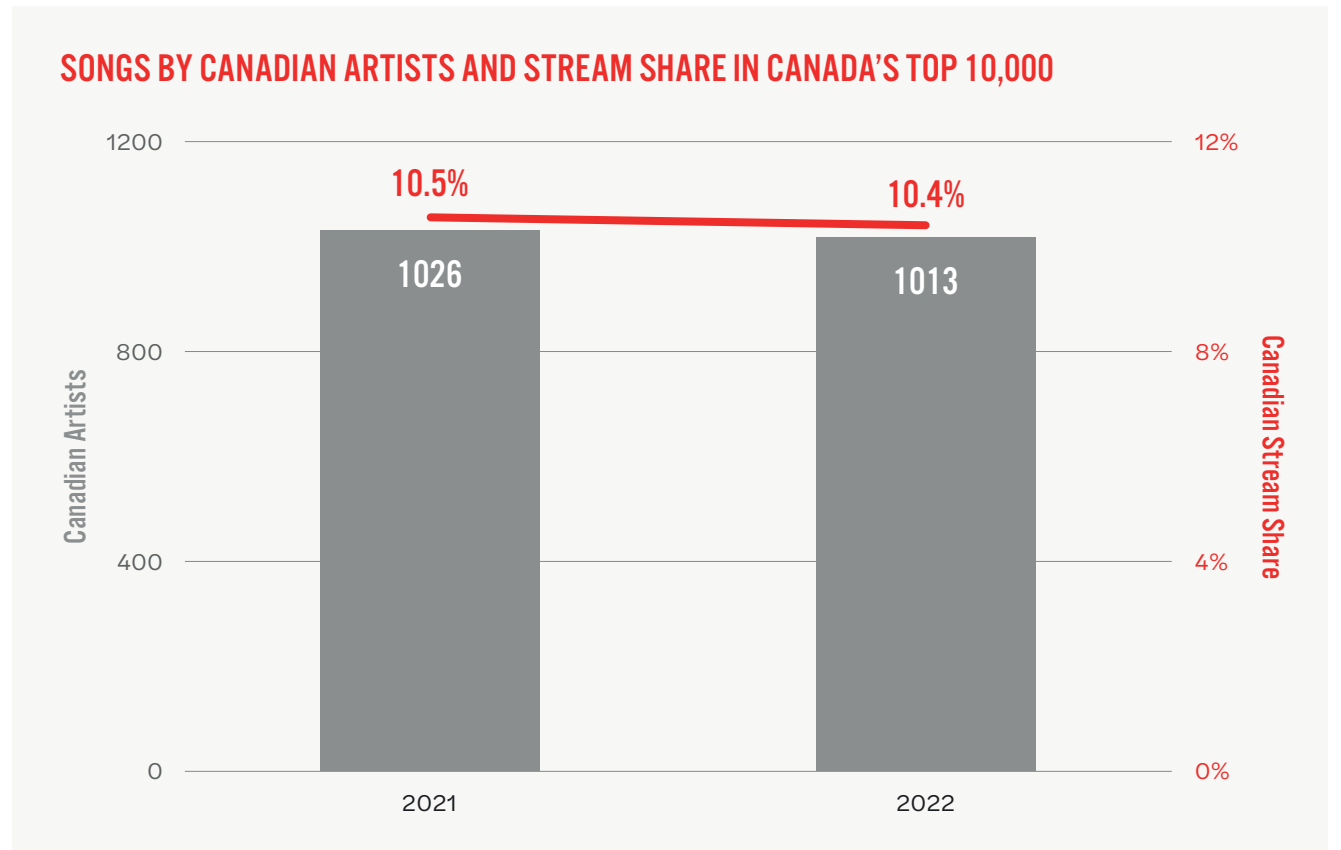
Before performing the same analysis on the top 10,000 songs streamed inside Canada in both 2022 and 2021, a few considerations deserve calling out.

First, the top 10,000 songs are a less representative sample than artists – making up just over 40% of audio streams for both years. This discrepancy highlights an important dynamic in streaming. The relentless supply of music, with around 34 million new songs being uploaded onto the digital shelf in 2022⁷ alone, is lengthening the long tail and dispersing demand with it.

Second, the top 10,000 songs are arguably more susceptible to the ‘famine and feast’ effects of the release schedule, wherein Canadian artists could release a lot of hits one year, and hunker down in the studio (writing future hits) the next.

Ultimately the song data tells a very similar story to that of artists: around a tenth of the 10,000 songs are by Canadian artists (using Luminate’s definition of Canadian artist, described above), and they capture around a tenth of streams. Similarly, we see an insignificant decline across the two years. The total number of streams of those thousand-odd songs has grown by 5% – slightly below the industry benchmark of 8% – while their share has fallen by less than half a percentage point.

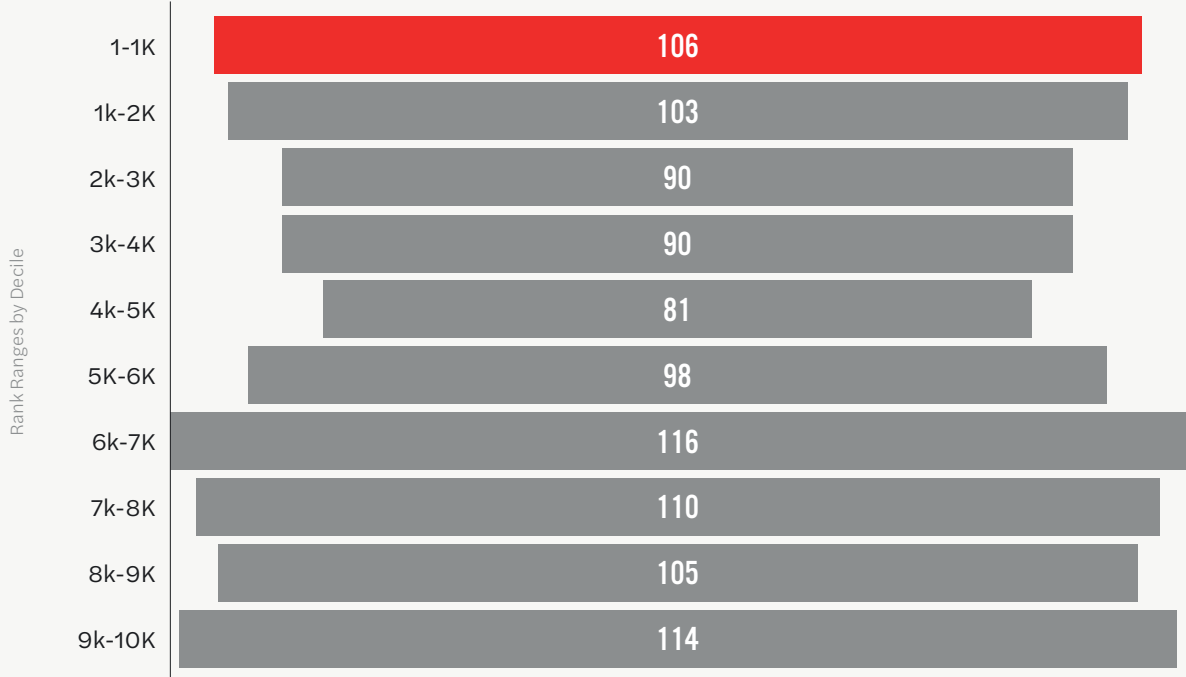
⁷ Source: Luminate, The State of Canadian Streaming by the Numbers Canadian Music Week 2023



From a language standpoint, the story among these songs by Canadian artists changes a bit, skewing more English when compared to artists. For both years, the results are about 90% English, 7% French, and 3% Punjabi. This discrepancy may be a result of artists who identify in one language but choose to sing in another.

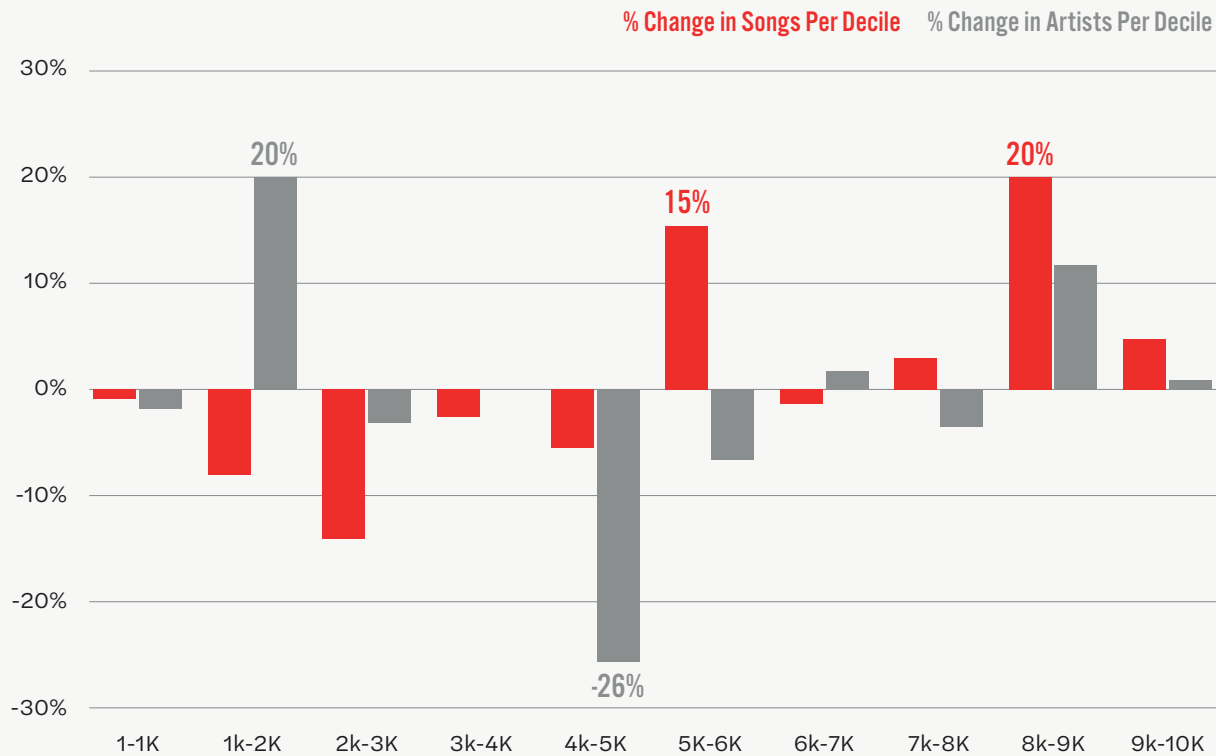
The final piece of the jigsaw is to repeat the earlier tornado chart and show the relative prominence of these Canadian songs. Again, stability is the story as the distribution is remarkably even across the deciles. As with Canadian artist prominence, it is also encouraging that the count in the top two deciles of this tornado are both north of 100 observations.

DISTRIBUTION OF CANADIAN SONGS IN CANADA'S TOP 10,000 IN 2022

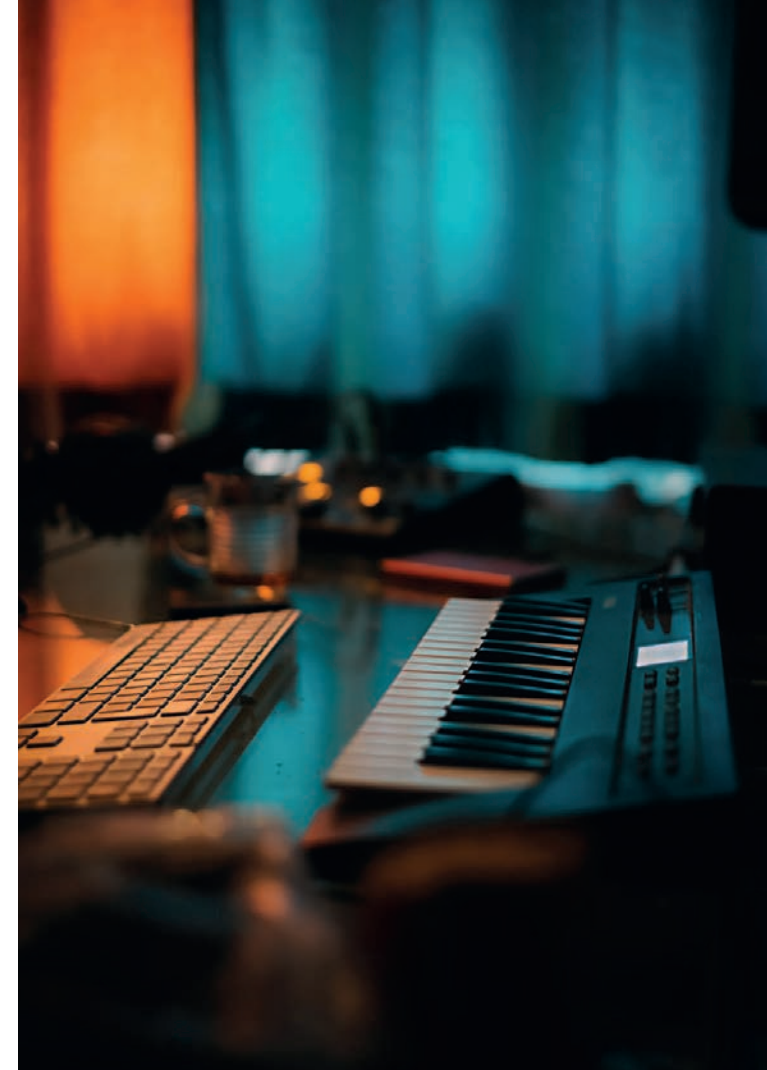


Source: Luminata

CHANGE IN CANADIAN ARTIST AND SONG DISTRIBUTION 2022 ON 2021



Source: Luminate



The two tornado charts offer a snapshot of 2022, but policymakers can use this same analysis to measure change over time. For our sample, only four of the 20 observations (ten deciles each for songs and artists) show changes exceeding 15%, with the most noticeable shift being the second-highest decile for songs. In this instance, the observations from 86 to

102; this is to be welcomed from a Canadian perspective, as it helps ‘fatten the head’.

In implementing the *Online Streaming Act*, it will be important to understand whether the goal is to increase presence or prominence, as not all interventions will necessarily affect both metrics equally. We’ll return to this dilemma later.

50

Making Sense of all the Evidence



Interpreting this evidence suggests absolute, relative, and comparative implications. Let's unpack each, in turn.



From an absolute standpoint, knowing that around 900 Canadian artists and 1,000 songs by Canadian artists can be found in their respective top 10,000 shortlists gives policymakers the information they need to make a key judgement call: Is that presence too high, too low, or about right? One reassuring point is that the distribution of Canada's presence skews towards the head, and not the tail.

The tornado charts show us that it's not just three or four Canadian superstars dominating streams; it's hundreds of Canadian artists finding success in the domestic streaming marketplace.

As for the relative analysis, the 2022 stream share of these artists and songs are almost identical, at 10.4% and 10.3%, respectively. This suggests that if policymakers were to

monitor stream share, tracking either artists or songs would work. Policymakers should recognise, however, that the volume of streams Canadian artists achieve domestically can move independently from the absolute volume of streams inside Canada. You could have the absolute volume of streams from Canadian artists (or songs) holding constant year-on-year whilst the total volume of all streaming inside slows, thus pushing up Canadian stream share. Such a scenario creates a conundrum where Canadian share is up, but demand for Canadian content is flat. Policymakers may find themselves in a quandary as to whether this is what 'good is supposed to look like'.

'THE TORNADO CHARTS SHOW US THAT IT'S NOT JUST THREE OR FOUR CANADIAN SUPERSTARS DOMINATING STREAMS; IT'S HUNDREDS OF CANADIAN ARTISTS FINDING SUCCESS IN THE DOMESTIC STREAMING MARKETPLACE.'

In addition to the benchmark data established here, it's worth looking at other markets to assess Canada's comparative performance.

At one extreme, the United Kingdom's trade body BPI – which represents the third biggest market in the world – has concluded that British artists comprise roughly 40% of its domestic market⁸, which makes Canada's 10% figure feel comparatively low. At the other extreme, down Australian music industry execs – who represent the tenth biggest global market – are concerned that Australian acts have vanished off the top of the charts, making the Canadian (global) chart toppers Drake, Weeknd, and Bieber appear as out-performers at home and abroad. But one must also consider whether success at home translates to success overseas. **Indeed, if we take a global lens, Canadian artists ranked third in worldwide streams of the top 1,000 singles (behind the US and UK), while Australia ranked eighth – an incredible achievement.**⁹

8 & 9 BPI publishes [All About The Music 2023 Yearbook](#)

10 There are over 100 Canadian-specific genres; <https://everynoise.com/countries.html#canada>

There is a fourth consideration for assessing this evidence: additional data. The aforementioned Echo Nest offers a reassuring Spotify-focused sense check on the robustness of this analysis. But The Echo Nest can go further, by identifying popular local genres such as Canadian Hip Hop, Chanson Quebecois, Indie Quebecois, and Hip Hop Quebecois.¹⁰ Another policy angle is to use The Echo Nest to look overseas, and create an export-chart playlist of recent songs from Canada that are popular in the rest of the world. That's just the tip of the evidence-gathering iceberg but, of course, similar exercises would be required from the other main streaming services.


'INDEED, IF WE TAKE A GLOBAL LENS, CANADIAN ARTISTS RANKED THIRD IN WORLDWIDE STREAMS OF THE TOP 1,000 SINGLES (BEHIND THE US AND UK), WHILE AUSTRALIA RANKED EIGHTH.'

The image shows a Spotify playlist interface. At the top, the title 'Export Tracks: Canada' is displayed in large white text on a dark green background. Below the title, it says 'Recent songs from Canada popular in the rest of the world.' and 'thesoundsofspotifybeta • 100 songs, about 5 hr'. The playlist is displayed in a table format with columns for '#', 'Title', 'Album', 'Date added', and a clock icon for duration. The first three items are:

#	Title	Album	Date added	Duration
1	On The Radar Freestyle Drake, Central Cee	On The Radar Freestyle	3 days ago	4:35
2	Cheques Shubh	Still Rollin	2 weeks ago	3:03
3	Hurts Me Tory Lanez, Trippie Redd, Yok...	Hurts Me	2 weeks ago	2:20

Another data source worth considering is [Chartmetric](#), which captures not just streams but social data points in Canada as well. Their homepage provides a variety of easy-to-access data about trending artists and tracks, streaming charts for Spotify and YouTube, and airplay, allowing policymakers to easily track the progress of up-and-coming Canadian artists inside Canada. **As an example, the exhibit below shows Banx & Ranx ranking as the 157th most-popular Canadian artist, based on Chartmetric.** Notably, their ranking is rising fast.











Canada: 157
 Artist: Banx & Ranx
 Percentile: Top 1% of artistsOverviewRanksGrid.artistCountryMetric

Historical Positions (Past 30 days)



Artists	Genre	Country Rank	Genre Rank	Chartmetric R...	Chartmetric S...
 Sienna Dahlen	Vocal	152	101	8,803	7,668
 Shawn Austin	Country	153	315	8,862	7,550
 3MFrench	Hip-Hop/Rap	154	2478	8,963	7,485
 Alvays	Pop	155	3946	8,971	7,478
 Ash	Electronic	156	1655	9,041	7,419
 Banx & Ranx	Pop	157	3991	9,071	7,394

6

Considerations for the Range of Regulation



Considerations for the range of regulation



Now that we have our evidence base, let's assess the range of policies the CRTC will be considering to make the modernised *Broadcasting Act* work.

The first scenario to consider is the status quo – doing nothing. Each subsequent scenario should be compared and contrasted with the status quo – and importantly not with each other, so incremental costs and benefits can be calculated and compared. For simplicity's sake, the two alternatives to the status quo presented here are 'light touch' proposals like 'mandate don't dictate,' and a more prescriptive approach.

Scenario One: Do Nothing



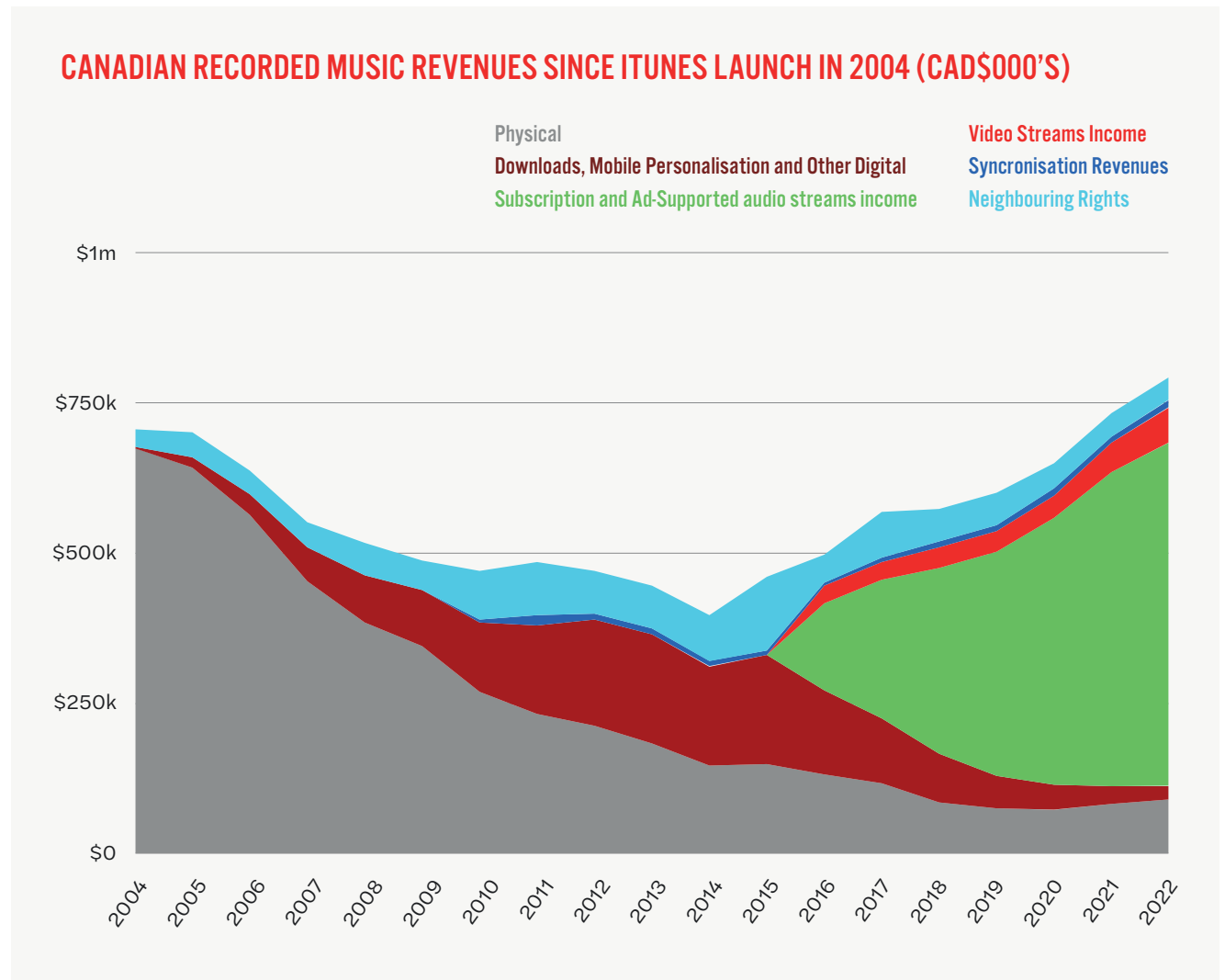
Scenario One: Do Nothing

The status quo is arguably the most important scenario to understand, as it raises a paramount question: If it ain't broke, why try to fix it?

As illustrated here, the Canadian recorded music industry is by any honest reckoning a case study in streaming success. Since iTunes launched in 2004, across the industry we've seen a famine-to-feast transition from ownership (CDs, downloads) to access (streaming services like Amazon Music, Apple Music, Spotify and YouTube). Canadian recorded music revenues today, at CAD\$792m¹¹, are exactly twice that of the CAD\$396m generated in 2014, the year of Spotify's launch. Putting wind into the sails of this streaming-led recovery were Apple Music's (launched in 2015) and Amazon Music (2017) and YouTube Music Premium (2018). We need to appreciate that very few developed markets can match this claim in such a short period of time.

This chart raises important questions about where the Canadian music business is going, and what policymakers may (or may not) need to do about it. Consider these as 'ice breakers' that need to be broken if intervention is to be justified.

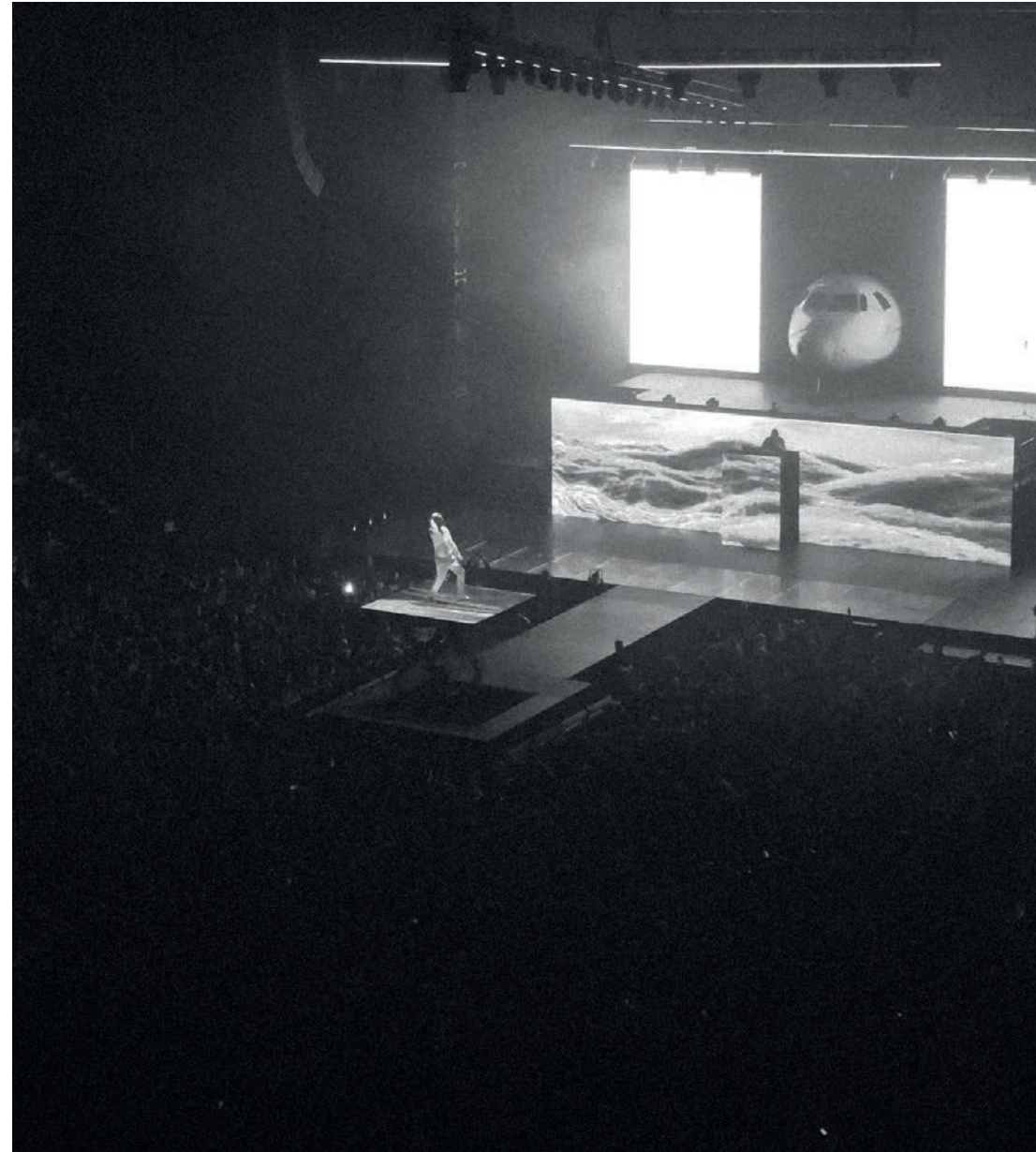
¹¹ Source: IFPI



1. When will Canada finally become a billion-dollar business?

The answer may surprise you: MIDIA, a respected consultancy, reckons next year.

Canada has never breached the billion (Canadian) dollar threshold, peaking at CAD\$998m in 1998, during the CD era. Should it happen, streaming will make up 80% of all Canadian recorded music revenues. To offer some historical context, piracy, the cause of the industry's steep decline, has decreased considerably since the launch of streaming. In the 15 years that followed the launch of Napster around the time of the millennium, the word 'piracy' dominated every debate at Canadian Music Week. At the 2023 Canadian Music Week, however, the word piracy didn't appear in any of the conference literature. If policymakers wish to intervene in this global streaming market, they ought to justify their actions against its unregulated success. If their policy backfires, piracy might once again raise its ugly head inside the brochure of future Canadian Music Week conferences, and beyond.



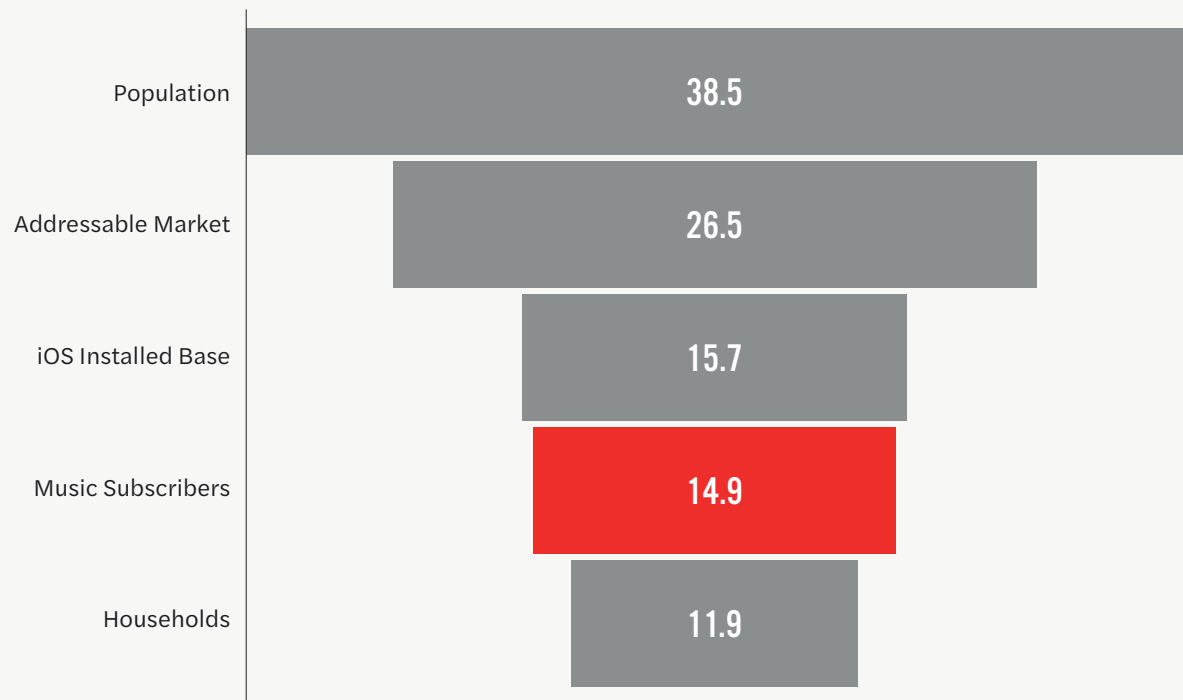
2. When will Canada's streamers turn from herbivores to carnivores?

Canada became a great implementer of streaming despite launching relatively late, over three years after the USA. But here's the catch: the US market is now showing signs of becoming 'carnivorous' – streaming services are beginning to eat each other's lunch to fuel their growth. In Canada, there is still plenty of 'grass left ungrazed,' or population that's yet to pay for a music subscription service. Given that streaming prices have scarcely increased despite ongoing inflation, subscriber growth is what matters most; it's what ultimately 'pays the bills' for all the participants in this complex value chain, from executives at labels to performers in the studio. Think of media subscription companies as bicycles – if they don't move forward, they fall over. But subscribers won't keep growing forever; the only question is when they will slow down. Regulating music streaming platforms can mean one thing when the market is growing, but something radically different when growth has stalled. Policymakers would be wise not to treat growth as a given (or as a constant) in their economic models.

A proven method for unpacking this question is to look at Canada through a series of top-down lenses. Starting with its population of 38.5m and establishing how many of those are addressable (i.e. have a streaming-enabled smartphone and the means to pay for it) gives us a total addressable market of 26.5m (of which 1.4m are students).

Currently, there are 14.9m Canadians using music subscription services¹², which is more than half (56%) of the addressable market and 25% more than the 11.9m 'qualifying' households. As a general rule, when you get to two-thirds of the addressable market, or 1.3 subscribers per household, growth starts to get difficult. Canada cannot be very far off.

CANADA'S ADDRESSABLE MARKET METRICS, 2023 (M)



¹² Source: OMDIA and MIDIA

3. Do streaming companies pay artists (and songwriters) fairly?

The UK has spent three years debating this thorny issue, and – after hundreds of written submissions, dozens of verbal hearings, and countless pages of government reports – its final answer has been an arguable but defensible yes. The underpinnings of this dispute can be found in my own [submission](#) to the UK governmental inquiry and a subsequent *Financial Times* Op-Ed, titled: [‘The music industry makes more money but has more mouths to feed.’](#) **It is this explosion in the number of artists and songwriters (which has far outpaced the growth in revenues) that formed an unspoken undercurrent to the UK debate.** And it’s a positive problem to face: we should celebrate, not commiserate, the fact that the number of artists and songwriters in the UK has tripled since the first streaming service launched in 2009! How to feed them all is a derivative problem that stems from this success in creativity. Policymakers may want to explore similar (but more subdued) trends in Canada, where SOCAN’s songwriter membership has grown from 125,000 in 2014 to over 185,000 in 2022 – a 48% increase.¹³

Based on data from The Echo Nest, with my own conservative extrapolation, **the artist population of Canada is likely double that of songwriters, at almost 400,000 – broadly comparable with the population of Halifax.** Finally, to appreciate how many unique mouths need feeding, note The Echo Nest is counting artist entities – so, for example, Rush is counted as one entity, even if it comprises three of the most technically gifted musicians of all time.



¹³ [SOCAN 2014 Annual Report](#) and [SOCAN 2022 Annual Report](#)



Crucially for policymakers, there's an apples-and-pears comparison to be had with the often-criticised payouts from streaming relative to that of linear radio. It's a point I've been making since 2008, thus now celebrating its 15th year. Let's assume a 'spin' on Toronto's (and therefore Canada's) most-listened-to radio station BOOM 97.3 radio will reach an upper bound of almost 690,000 people.¹³ Normally that 'spin' would be likely to pay the songwriter (via SOCAN) \$19.20¹⁴, and the artists (via RE:SOUND) \$10.80 – adding up to an impressive \$30 per play. Far more compared to a measly \$0.005 per stream, right? Except first you need to divide that \$30 by the 690,000 pairs of ears, to get a comparative unit value per listener, i.e. \$0.000043 – **which means a radio stream is worth just 1% of the \$0.005 that you would get from one unique person on a streaming service.**

There is a legal and economic rationale for this rising value of music, often termed the 'hierarchy of exploitation': the more you interact with content, the higher the unit cost that the rights-user pays to the rights holder. As streaming is more interactive than radio, it has a higher payout per listener.

What's more, this is not an either/or comparison, as those who listen to a song on the radio may be more inclined to hear it again on music streaming services. To bring this calculation full circle, let's assume that the song gets 'rotation' (repeat plays) on radio, with seven plays a week for a four-week run. The total payout for that period is close to \$840. **Now, if all those radio listeners went to their favourite streaming services and streamed it just once, a cheque of close to \$3,500 would be paid to the rights holders representing the artist and songwriter – a four-fold increase on rotation on radio for a month.** And if they streamed it again (and again), then the same payout would flow again (and again). 'Not too shabby', as they say.

¹³ Numeris PPM Meter commercial radio ratings results for Toronto (23/02/27 ~ 23/05/28)

¹⁴ Source: author's own estimates

Scenario Two: Mandate, don't Dictate



Scenario Two: Mandate, don't Dictate

If policymakers decide that 'doing nothing' is not an option, one of many interventionist scenarios that can be envisaged is the light-touch regulation option that is often termed 'mandate, don't dictate.'

That is, encourage the global streaming services to do something, but be non-prescriptive as to what it is they should actually do. Given the consumer is now empowered to choose (a) whether or not to subscribe, and (b) what to do with their service if they do subscribe, what can the Canadian government mandate these global platforms to do? The options can be narrowed to two paths: prominence and investment.



1. Playlist Prominence

Thanks to The Echo Nest, policymakers can quickly view what Spotify's editorial team in Canada are working on, providing insight on the 'store window' to gauge what the platform is doing to promote Canadian music. A similar tool for Apple Music, Amazon Music and YouTube Music would help the debate.

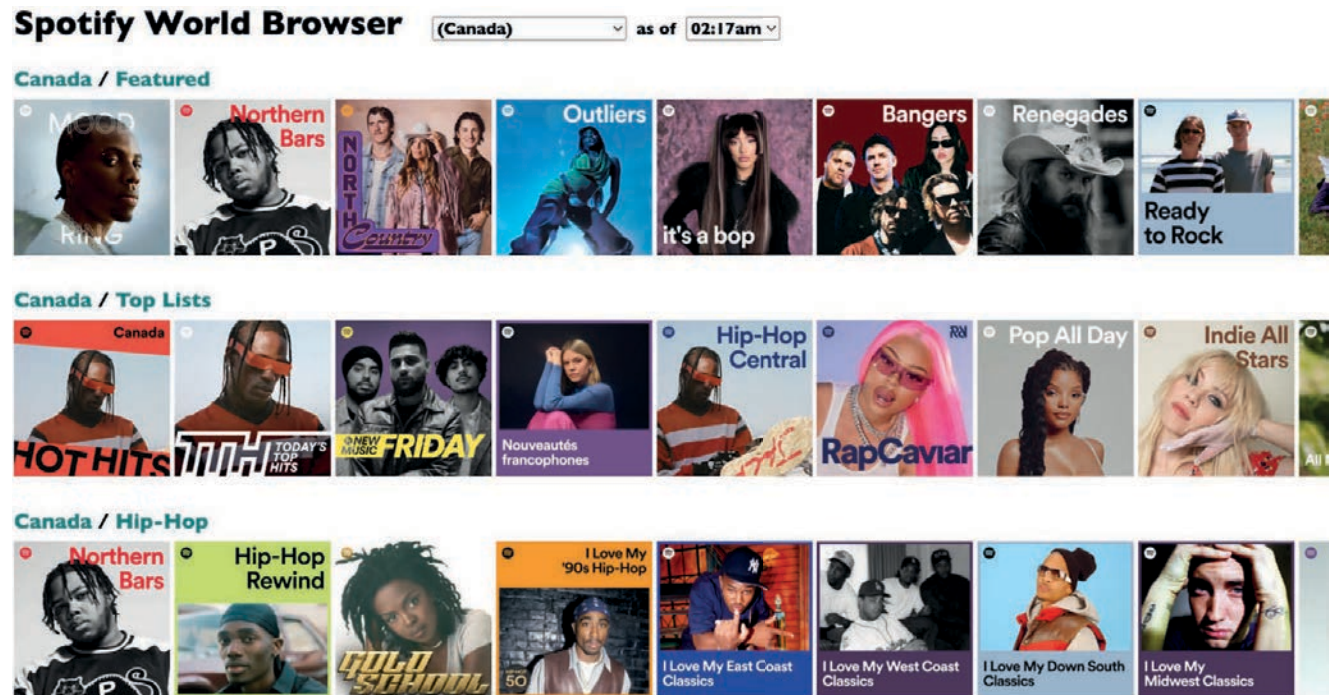
But we need to be wary of treating playlists (which platforms can influence) as the be-all and end-all of music streaming. As a useful reference, the United Kingdom's Competition and Markets Authority produced a revelatory table that assessed the prevailing logic that power and influence rests with the editors and algorithms behind the playlists. This analysis found that the percentage of streams on music streaming services that were deemed either Editorial or "Algotorial" (where the platform pushes the music to the listener) fell between 15% and 30%. **Far more important were 'user-created' playlists and 'non-playlists' (where the consumer pulls the music from the platform), which, on Spotify and Apple, made up between 60% and 80% of streams in the UK.** This revelation may mean the platforms have much less sway over consumers than might otherwise have been perceived. Focusing solely on playlists as a policy tool therefore may not move the needle.



STREAMS ON PLAYLIST TYPE AS A % OF UK STREAMS BY MUSIC STREAMING SERVICE IN 2021

	SPOTIFY	YOUTUBE MUSIC	APPLE	AMAZON
EDITORIAL	[5-10%]	[5-10%]	[10-20%]	[10-20%]
ALGOTORIAL	[10-20%]	[30-40%]	[5-10%]	[5-10%]
STATION/RADIO	[0-5%]	[0-5%]	[0-5%]	[20-30%]
AUTOPLAY	[5-10%]	[0-5%]	[5-10%]	[5-10%]
USER CURATED	[50-60%]	[10-20%]	[20-30%]	[10-20%]
NON-PLAYLIST	[10-20%]	[40-50%]	[40-50%]	[40-50%]

Source: CMA analysis of data from music streaming services



But playlists are the closest thing we have to a linear broadcast, where we all listen to the same list, even if we listen at different times and to different songs. Indeed, they're the closest thing we have to charts, which make the popular more visible and the visible more popular. If we take Spotify's Hot Hits Canada as the 'prime real estate' of playlists, it has 850,000 likes (but a fraction of listeners). For policymakers, prominence is not about asking 'what percentage of the capped 75 songs on the playlist are Canadian'; rather, it's asking how close to the front of the queue are those Canadian songs.

You could have 50 Canadian tracks, but if they're listed from 26 to 75, that wouldn't be as impactful as having just 15 inside the first 25. Why? Because playlists suffer a decay curve just like any other media format. **That means there's a 'first come, first served' element to consider, where the majority of the demand relates to those top-listed tracks, leaving those lower down the list scraping for attention.**

(Note the old joke about the best way to keep a state secret is to put it in the second half of a podcast). The point is, it's the songs at the top of a playlist that both drive, and benefit from, higher engagement, longer play times, and stronger daily active users. When policymakers debate the promotion of Canadian songs' prominence, they need to think about this and other causes and consequences of supply (presence) and demand (engagement).

2. Global Platforms, Local Investment

A second lane of mandate-don't-dictate policy is to replicate what radio stations do in Canada, which is to reinvest monies generated domestically to causes that benefit the country. Currently, radio stations pay around 0.4% of their gross revenues to funding organisations like FACTOR, Musicaction, Fonds Radiostar, and Radio Starmaker.⁴ These funds support the development and promotion of Canadian music. If global streaming platforms were required to pay an additional levy to the Canadian government, this might bring more money for investing in local music, but would also potentially introduce unintended costs, such as making the Canadian market less attractive for those companies to invest in, vis-à-vis other countries.

Putting aside the politics of if-and-who should pay and how much, option appraisal should focus on what such reinvestments could achieve to determine whether it's worthwhile. **Rather than invest in activities at home, a strong case can be made for allocating resources to strengthen Canadian music abroad.** The logic is simple: Canada is an increasingly small fish in an increasingly large pond – accounting for just under three percent of global streaming revenues, as mentioned. As the global market expands, Canada's share will likely shrink.

And if nine out of ten streams of Canadian artists come from abroad, there's a strong case to exploit this 'trade imbalance'.

Devising a new Canadian music export strategy is beyond the scope of this work, but policymakers can reference my earlier work from 2019 on Sustaining Sweden's Music Export Success (co-authored by Canadian intellectual Shain Shapiro). This included a 'best practice' framework from Sound Diplomacy that lists five

countries and six policy levers for enhancing a country's music abroad. The pertinent questions that need to be asked in 2023 are: (i) whether these policy levers are still relevant in a streaming age; and (ii) what else can be done, and whether streaming services should help, given we're now dealing with an entirely new phenomenon: 'glocalisation' (see box).

⁴ Table 5, Distribution of platform revenue, all languages, 2021
Harnessing Change: Financial Model of the Canadian Audio Sector

Sound Diplomacy's Best Practices in Music Export Strategies					
	Canada	Australia	Finland	Netherlands	Sweden
ExportLed Events (e.g. showcase at Great Escape)	✓	✓	✓	✓	✓
Financial Tour Support (ie grants to artists or businesses to tour or export product)	✓	✓	✓	✗	✗
Participation in Export Networks (e.g. European Exporters Exchange)	✓	✓	✓	✓	✓
Import Events / Showcase Events Locally (e.g. Canadian Music Week)	✓	✓	✓	✓	✗
Trade Missions (specific events outside of showcases – e.g. BPI mission to China)	✓	✓	✓	✓	✓
Satellite Offices (e.g. French Bureau Export)	✗	✗	✗	✗	✗

The case for shifting the policy focus from Canadian performance at home to maximising the export potential overseas gets more wind in its sail once you run the numbers. According to The Echo Nest, Canadian artists get four times more streams from the US than they do back home. If we look further afield, Britain and India produce three-quarters of the stream volumes of Canadian artists as Canada does, while Germany and Australia each account for about 50%. **Some rough maths suggests for every one stream at home, Canadians are getting almost ten overseas.** Point being, a wee policy nudge to help the export market could produce more benefits than a heavy lunge into the domestic market.

Introducing Glocalisation

Music markets are ‘glocalising’ – and the English-speaking world better get used to it. Glocalisation is a tongue-twisting hybrid of globalisation and localisation that explains why the top charts in Germany are all German, Italy are all Italian, and Spain are all Spanish language – but all Latin acts. Contrary to what theory would have predicted, the world isn’t flat and local music is thriving across Europe in its mother tongue on local charts of global streaming platforms. What does this mean? The established rules of international music marketing are null and void. The game has changed, forever. That raises uncomfortable questions for the English-speaking world. Britain used to churn out a global star most years, yet we haven’t produced a truly worldwide success since Dua Lipa in 2017. In Canada, it’s worth remembering Mendes, Bieber,

Drake, and The Weeknd all pre-date Dua. Our recent London School of Economics publication has gone viral simply because it raises more questions than answers. How labels, streaming services, and policymakers respond to glocalisation is anyone’s guess. Nevertheless, we can offer three glocalised musings to enlighten the CRTC consultation process. First, France’s unregulated streaming market achieved what the regulated market failed to do: domestic prominence. Second, there’s a risk that glocalisation disincentivises cross-border promotion of music as labels (and streaming companies) might see the odds as stacked against them when compared to making safer domestic bets. Third, for anglophone and francophone Canadian artists alike, the route to European export success is about to get tougher. Navigating these market forces may need help – in the form of a future-proof music export strategy – from the state.

‘FOR EVERY ONE STREAM AT HOME, CANADIANS ARE GETTING ALMOST TEN OVERSEAS.’

All this further emphasises that we’re continuing to navigate uncharted waters. If not for streaming, for instance, it’s unlikely that we’d see two Canadian artists singing in Punjabi with three of the top 10 songs in India. Moving forward will require some creativity to harness such new opportunities.

Scenario Three: Regulate the Market



Scenario Three: Regulate the Market

The final option is the more heavy-handed, prescriptive approach of regulation: treat global streaming platforms as if they were local linear broadcasters, and determine what they should be playing.

Perhaps the motive here could be to increase the Canadian share of artists (or songs) in the top 10,000 from one-in-ten to one-in-five. Typically, such an enforcement mechanism would state that, should platforms not meet these requirements, they must pay a fine and/or be subject to another penalty. This opens a can of worms. First, the government doesn't have the monopolistic grip on global platforms that it has on local players. Second, the enforcement mechanism is always open to gaming. There are radio stations in France, for instance, that would rather pay the fine than commit to the quotas; they consider the fines a cost of doing business – arguing they make more money in advertising revenue (thanks to larger audiences wanting English-language content) as a result.

But there is a more delicate issue for policymakers to unpack here: the algorithm that determines so much of what we now listen to. The CRTC has, to its credit, acknowledged that 'messing with the algorithm' is off the table. This makes sense, given the potential unintended consequences of doing so. That is, if we were to envisage a regulation of the algorithm intending to boost Canadian presence and prominence, it would likely result in limiting their exposure. To illustrate this point, go back in time and think of your local record shop: if they've noticed that you've purchased an album by a promising Canadian act, rather than saying 'you'd also love this amazing British act,' regulating the algorithm could be compared to restricting the store owner to saying 'you might like this other kinda similar fellow Canadian band'. **The risk is that Canadian small fish would be paired only with other Canadian small fish – which is exactly what artists don't want: a small cohort with limited geographic reach.** Rather, they want to be paired with big fish: big artists from across the world with big fan bases and big reach. The key thing here is that the algorithm has an



often misunderstood scarcity constraint: it won't give you 'two bites of the cherry', **so forcing a domestic skew will likely mean songs don't get placed on global playlists.** Policymakers may need to adopt a new word, such as 'Geo-Gating' or 'Geo-Locking', when appraising the incremental costs and benefits of this option. As Nettwerk Music Group points out, domestic gain could result in unintended international pain.

These are just three broad options: do nothing, do a little, or do a lot. You could easily conjure up 300 more specific choices, but the point here is to succinctly tease out the core intentions and foreseeable unintended consequences that will need mitigation strategies. As a reminder, Canada's unregulated market has achieved relatively great things. If properly calibrated, intervention could achieve (even) greater things.

7 Striking a Balance with the *Online Streaming Act*



As I've argued publicly, if not thoughtfully implemented, the *Online Streaming Act* risks being a domestic, linear square peg for a global, interactive round hole.



Hopefully, this report has given Canadian policymakers an objective overview of evidence, policy options, and potential for unintended consequences.

I don't claim to have left no stone unturned, but the stones that have been turned are the most relevant for giving the *Online Streaming Act* the best chance of working for the benefit of all of its stakeholders – be they artists based in Canada or streaming companies headquartered overseas. I hope this gives Canada a foundation for evidence-based policymaking, as opposed to policy-based evidence-making, to get the Act off on the right foot (and not squandering with two left feet).

To make sure we're walking in the right direction, let's quickly take stock on the ground we've just trodden:

1

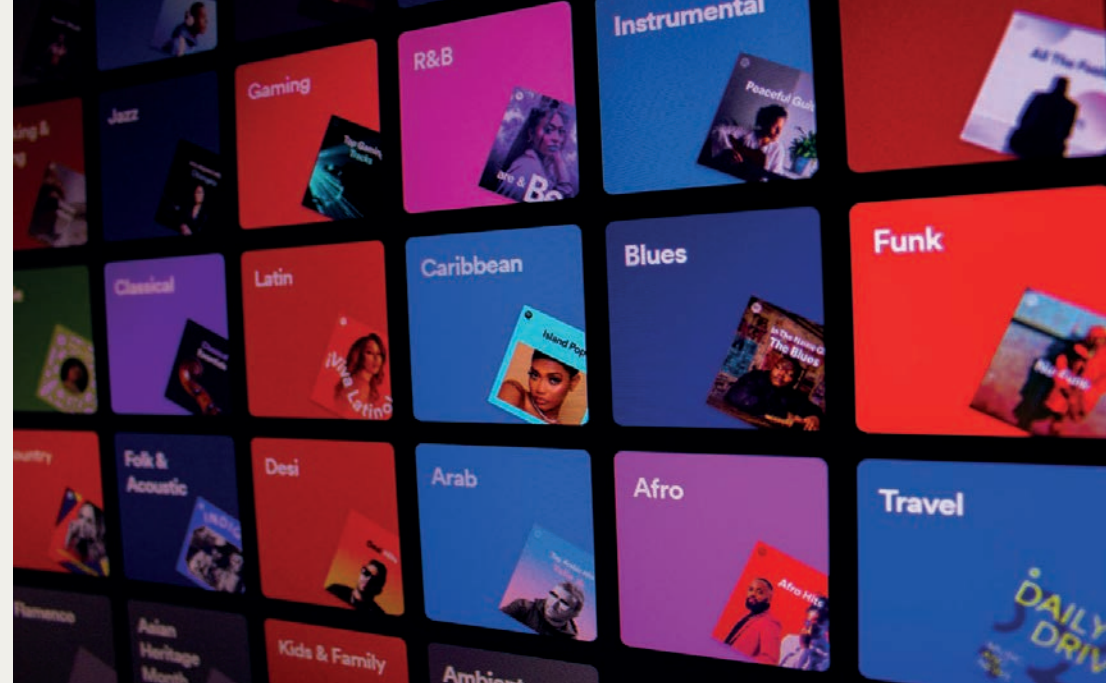
We know that around a tenth of streams in Canada are of Canadian artists, or are songs by Canadian artists, and that this ratio has been stable the last two years. In an expanding globalised marketplace with a relentless supply of new artists, markets and songs, one could argue that this 'flat' is the new up. That said, when we switch from presence to prominence, as demonstrated in the two tornado charts earlier, we have a more reassuring picture. The distribution of those one-in-ten artists is not all down in the tail, nor is it concentrated around a few in the head – it's even. But policy can't be an excuse for complacency. If, in the future, those one-in-ten Canadian artists are only to be found down in the long tail – then you've got a problem that really needs solving.

2

We considered policy options against a status quo where Canada's recorded music industry revenues have impressively doubled since Spotify launched. Results from interventions in the home market may be superseded by looking overseas where Canadian artists are seeing ten times as many streams abroad as they are at home. A blinkered focus on interventions in the domestic algorithm may limit the overseas potential.

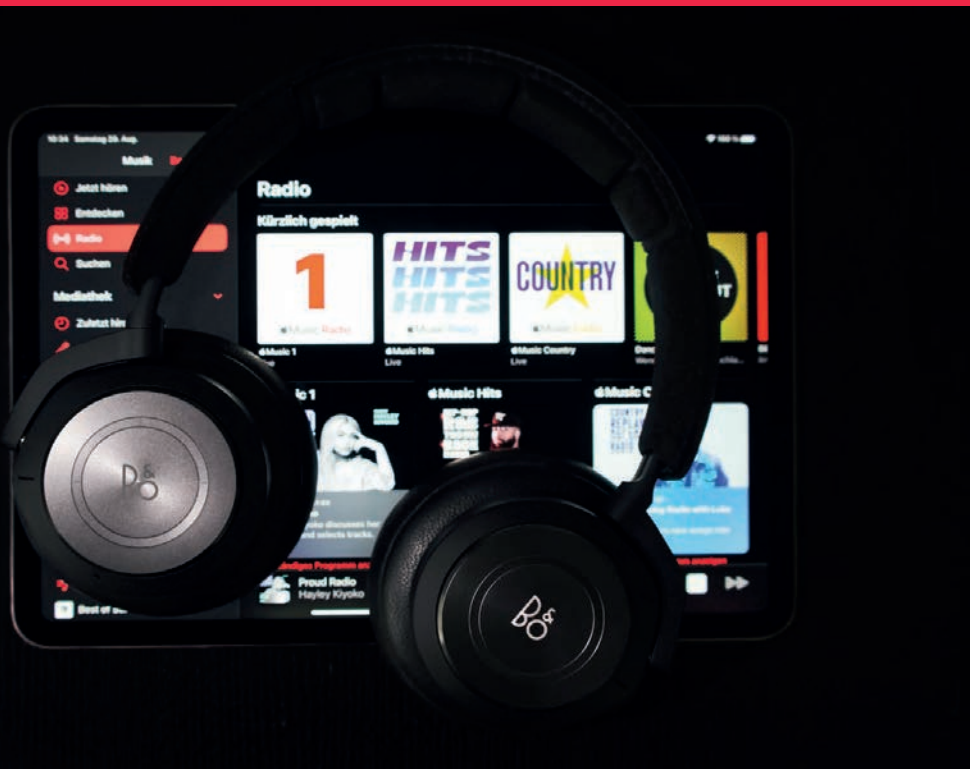
3

Glocalisation – the rise of local music across Europe reaching the top of local charts in their mother tongue – is just one of many curve balls that affect the debate. Glocalisation means the English-and-French speaking Canadian acts aren't going to have it so easy anymore reaching foreign markets. Given its potential, however, this only means the export market merits even further attention from policymakers.



Where Canada goes next with the *Online Streaming Act* is to enter uncharted waters, and many other countries (especially those who share a border with much bigger neighbours, such as my own Scotland) will be watching.

Yet as we go down the rabbit hole of the consultation process, we should always remember that the entities in the headlights of the *Online Streaming Act* are the streaming platforms themselves. This “P” word (i.e. platforms, not the aforementioned presence or prominence) really matters – these are not radio stations, nor high street retailers, but rather two-sided markets that inherently play by a different set of economic rules. You see, what platforms really are is matchmakers. A successful two-sided platform is where more creators beget more consumers, and vice versa. The *Online Streaming Act* needs to figure out a pathway of nudging what happens in this in-between space – and that’s never been done before. There’s no academic text book on the shelf to guide our actions. Get it wrong (to the detriment of one side of the market, e.g. hindering subscriber growth), and that can have knock-on consequences to the other side (e.g. disincentivising artists and songwriters), and vice versa. Get it right, and the whole world will look on with eagerness and envy. □



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About the Author



LEARN MORE

Will Page is the author of the critically acclaimed book *Tarzan Economics*, which has been translated into five languages and published in paperback under the title *Pivot*. As the former Chief Economist of Spotify and PRS for Music, Will pioneered Rockonomics. At PRS he saved BBC 6Music. At Spotify he articulated the global value of music copyright. As a fellow of the London School of Economics, Will recently penned a discussion paper on Glocalisation, which received global acclaim. Showing that the world isn't flat, the *FT* summarised his findings as: Music markets are 'glocalising' – and the English-speaking world better get used to it. A passionate communicator, Will is a regular contributor to the BBC, Financial Times, and The Economist and co-presents the Bubble Trouble podcast. He also serves as a fellow at the Edinburgh Futures Institute, and the Royal Society of the Arts.