

MUSIC INDUSTRY'S TURBULENT RELATION WITH STREAMING:
POLITICAL ECONOMY OF SPOTIFY

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ABSTRACT

MUSIC INDUSTRY'S TURBULENT RELATION WITH STREAMING: POLITICAL ECONOMY OF SPOTIFY

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Amidst the advent of digital technologies and increasing Internet use, there have been fundamental changes in how (popular) music is produced, distributed, licensed, and consumed in the 21st century. This thesis provides an overall picture of the process that resulted in recording industry revenues rising above the year in which they began to decline and makes the most important actor of this process – Spotify – its subject of study within the political economy framework. Even though illegal file-sharing is still not entirely over, Spotify succeeded in making nearly 200 million people pay every month for recorded music. Hence, another purpose of this thesis is to reveal what was behind this ‘success’. Operating in an oligopoly with a few companies, the streaming format is the ground for the market’s very existence. This study argues that Spotify occupies a key position as it is institutionalizing digital music, while owning what the music industry needs the most: the enormous user data and the means (e.g., algorithms,

playlists) of demand manipulation. It speeds up the circulation of capital, provides a significant source of income for major labels, and offers them the tools to minimize their risks. Based on a medley of available online resources and eight in-depth interviews with various actors in the music industry, this study employs a combination of qualitative and quantitative research.

Keywords: Spotify, streaming, digital music, political economy, music industry



ÖZ

MÜZİK ENDÜSTRİSİNİN STREAMING İLE İMTİHANI: SPOTIFY'IN EKONOMİ POLİTİĞİ

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Dijital teknolojilerin gelişmesi ve artan İnternet kullanımının etkisiyle, 21. yüzyılda (popüler) müziğin üretim, dağıtım, lisanslama ve tüketimi önemli değişikliklere sahne oldu. Bu tez, kayıt endüstrisi gelirlerinin milenyumun başındaki parlak günlerine dönmesiyle sonuçlanan sürecin genel bir çerçevesini sunmakta ve bu sürecin en önemli aktörü olan Spotify'yı ekonomi politik bir çerçevede araştırma nesnesi yapmaktadır. Yasadışı dosya paylaşımı tamamen sona ermemiş olsa da Spotify, şimdiye kadar yaklaşık 200 milyon kişiyi kayıtlı müzik için her ay ödeme yapmaya ikna edebildi. Dolayısıyla, bu tezin bir diğer amacı da bu “başarı”nın arkasında ne olduğunu ortaya çıkarmaktır. Yalnızca birkaç şirketin hâkim olduğu oligopolistik bir pazar olan streaming formatı, müzik piyasasının var olabilmesinin sebebi olduğu ölçüde önem kazanmaktadır. Bu çalışma, sermaye dolaşımını hızlandıran, majör şirketler için önemli bir gelir kaynağı sağlayan ve onlara risklerini en aza indirecek araçlar sunan

Spotify'ın dijital müziği kurumsallaştıran kilit bir konumda olduğunu; bu konumu, müzik endüstrisinin ihtiyaç duyduğu devasa kullanıcı verileri ve talep manipülasyonu araçlarını (algoritmalar, çalma listeleri) tekelinde tutmasına borçlu olduğunu öne sürüyor. Muhtelif çevrimiçi kaynaklara ve müzik piyasasındaki çeşitli mesleklerden katılımcılarla yapılan sekiz derinlemesine görüşmeye dayanan bu tez, nicel ve nitel araştırma yöntemlerinden yararlanmaktadır.

Anahtar kelimeler: Spotify, streaming, dijital müzik, ekonomi politik, müzik endüstrisi





For 103 music workers who ended their lives during the pandemic in Turkey

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CHAPTER 1

INTRODUCTION

Amid the early stages of music as a commodity, Ludwig van Beethoven's letter, written to a music publisher to whom he tried to sell his songs, might sound like a prophecy from two centuries ago:

With regard to the banker's draft, as you give me my choice, I beg you will make it payable by Germüller or Schüller. The entire sum for the four works will amount to 70 ducats; I understand no currency but Vienna ducats, so how many dollars in gold they make in your money is no affair of mine, for really I am a very bad man of business and accountant. Now this troublesome business is concluded; – I call it so, heartily wishing that it could be otherwise here below! There ought to be only *one grand dépôt of art* in the world, to which the artist might repair with his works, and on presenting them receive what he required; but as it now is, one must be half a tradesman besides – and how is this to be endured? Good heavens! I may well call it troublesome! [emphasis added] (Nohl, 1867, as cited in Çakmur, 2001: 45).

Irrespective of what exactly he had anticipated in 1801, Beethoven's dream of *dépôt* came true with the Swedish music *streaming* company Spotify, which undoubtedly emerged as the representative of a global and controllable music industry. With over 80 million tracks, Spotify has 456 million monthly active users, including 195 million paying subscribers in 183 countries.¹

¹ <https://newsroom.spotify.com/company-info/>. Retrieved on November 2, 2022.

Though they are not associated in our imagination, most of the music we perceive is produced and distributed within a large industry. Today, what we hear or listen to that fill us with various emotions comes from an even more complex set of industrial relations than before. Thus, it is crucial to shed light on the structure of the music industry because as a medium of communication, music places meanings and images before us (i.e., ideology) and therefore appears as an essential part of how we perceive the world. To this respect, this study primarily investigates *why* – rather than *how* – ideology works.

The music industry has experienced significant transformations within the 21st century. Beginning with Peer-To-Peer (P2P) technology, infinite duplication and sharing of musical products had become available without almost any cost, opening a new window to the potential for decentralizing the traditional distribution system. This process presented a challenge for the established relations of the music industry and its power holders, manifesting in a sharp decline in industry revenues. 'Piracy' had been chosen as the scapegoat, which tended to exclude music distribution from market relations. In the course of time, the music industry's power holders managed to reverse the rise of piracy and started to make huge profits from digitalized phonograms. Since the early 2000s, music became ubiquitous by means of newly introduced portable hardware such as cassette / CD players, MP3 players, and later mobile phones, laptops, Bluetooth speakers. Music is more to be heard than to be listened; it is soundtracking to the individual's other occupations. Access to the music of distant geographies is easier than ever, and so is the affordability: the cost of music production and distribution has lowered.

Since 2017, the music industry's largest revenue has come from digital services, particularly streaming. On the basis of a monthly subscription, these services grant users access to a vast catalog of 'licit' world music for a considerably low price. On the one hand, while streaming generates more and more revenue, it is widely accepted that streaming companies underpay the majority of artists. On the other hand, the financial reports of the most popular one, Spotify, indicate that the company has not made any profit so far. However, the service keeps expanding the number of subscribers each year. Given these circumstances, this thesis asks, "what role does

streaming play in the current market composition of the music industry?” This research question seeks to understand how this sales model shapes the mediation between the producers and consumers of music.

Streaming services have been the savior of the music industry: covering more than half of the global recorded music industry revenues, it is the dominant way of engagement with music. Spotify, controlling one-third of this streaming market, steps forth as the ‘thriving’ representative of this digital sales channel. The company’s primary mission is to provide licensed music to its users and to distribute a share of its revenues as royalties to the license holders in proportion to their stream counts within the service. However, in an oligopolistic streaming market, Spotify and other companies still cannot charge high prices for their services and enjoy monopoly profits. Despite its 195 million subscribers, financial reports of Spotify show that the company has not proven itself to be profitable yet. Then, the question arises, how does Spotify still stand as a strong actor and control one-third of the market even though it is not yet profitable?

Operating in an oligopolistic market with a few companies, the streaming format is the ground for the very existence of the market. This study argues that Spotify occupies a key position as it is institutionalizing digital music, while owning what music industry needs the most: the enormous user data and the means (e.g., algorithms, playlists) for demand manipulation. The company is positioned *over* (rather than *within*) the music market. It speeds up the circulation of capital, provides a considerable source of income for major labels, and offers them a bunch of tools to minimize their risks.

To understand how music is produced, licensed, distributed, and exchanged; this study reviews each of these phases with respect to a particular focus on Spotify. On the one hand, the recording industry is dominated by three labels operating in an oligopolistic market. On the other hand, new oligopolies have emerged in distribution and music streaming. Therefore, the way people are engaged with music is subject to new sets of regulations imposed by, in this case, Spotify. Reciprocally, the production of music had to transform itself in accordance with this new actor that had joined the value chain. Single format became a ‘norm’ in the industry. Songs are produced faster and tend to be shorter. In this context, consumption has its share of this concentrated

circulation. Nevertheless, there are many things that have not changed; the star culture, inadequate incomes for most artists to survive on, the oligopolistic structure of the recording industry, and its monopolistic tendency. This study attempts to reveal the extent and the form of changes and continuities place them with respect to the relations of the current music industry and its complex processes of realization of capital. In that sense, it aims to understand how control in the music industry is affected due to the dynamic forces of ownership, competition, and technological advents.

1.1. Theoretical Framework – Why Political Economy

Whether or not they coined the expression, culture industry was strongly emphasized by Adorno and Horkheimer in their famous *Dialectic of Enlightenment*. Mainly dealing with the technical components and serialization of culture, they were the first to point out the culture as operating in the capitalist relations of production, and the culture industry as something that reduces art to “a relation between supply and demand or to audience ratings” (Miege, 1989: 9). Their fruitful contribution underscored “the predominance of the effect, the tangible performance, the technical detail, over the work, which once carried the idea and was liquidated with it” (Horkheimer & Adorno, 2002: 99). Thus, their work was significant to the extent that it linked the creation of work of art, i.e. symbolic production, to the material conditions that it was produced in. On the other hand, Horkheimer and Adorno pessimistically referred to the mentality of the public as “a pan of the system” (2002: 96). A couple of criticisms can be raised against their narrative. Apart from the depiction of a fixed and uniform ideology, they overlooked the fact that “how much artistic practice itself had been changed and transformed with major technological innovations” and that “this industrialization of art should be analyzed as a process of capital valorization adapting to new fields with specific conditions” (Miege, 1989: 10).

Critical political economy of communication presents a set of analytical tools to understand the putative linkages between culture as an ideological form (to which Marx referred as a part of social consciousness) and the material transformations of the economic conditions of the production. Marx also referred to this superstructural realm amongst others (the legal, political, religious, artistic or philosophic) as “in which men become conscious of this conflict and fight it out” (Marx, 1977). Hence,

class conflict and class struggle are the themes central to the analyses of social and cultural relations in the political economy of culture. From this point of view, the three levels with which the political economy of communications and culture is concerned are outlined by Garnham (1990: 5) as:

Thus what I have called the political economy of communications and culture links the analysis of capitalism, both as an overall social formation and as a specific mode of production, to the normative definition and realization of human liberation at three levels. Firstly the relation between the mode of production of material life in general and the specific set of material practices by means of which symbolic forms are created, circulated and appropriated. Secondly the relation between capitalism as a social system and the set of ideas about the world possessed by human agents within that system. Thirdly the relation under capitalism between human ideas and human actions.

The political economy of culture inevitably poses a relation of determination between these two realms. This is not to say that they (i.e. base and superstructure) are external to each other, but that they are distinguished as analytical tools to acknowledge that “there are, at any one time, certain absolute, often material, limits to the range of human action” and hence we use the term ‘determination’ to reveal how does it “make some courses of action more likely than others if only because it makes some more difficult than others” (1990: 6). In this sense, the theory always bears the danger of reducing the symbols and signs to the realm of economy if the relationship is perceived as one-sided and as a mechanical one. On the other hand, unconditional equalization of determination to reductionism reproduces the reductionist position itself (Çakmur, 1998: 27), because while the interaction between two is acknowledged in a mutual relationship, it is never assumed that these correlated processes are equally important. Thus, to the extent that this thesis postulates “a related hierarchy of analytical priorities” (Garnham, 1990: 7), it aims to scrutinize the organization of production, distribution and exchange of recorded music.

1.2. Research Method

This study employs various instruments of analysis, a combination of quantitative and qualitative research.

One stream of data, which constitutes the largest part, was supplied from countless web sites on various fields such as business news, music magazines, corporate web

sites, and newspaper reports. Official information and data on the financial aspects of firms, to the extent of their transparency, were acquired from their official corporate web sites. In fact, IFPI reports, which are published annually, are very detailed resources on music industry. Though they could provide invaluable insight to this thesis, their exorbitant pricing makes it impossible for us or any other independent researcher to obtain the data, as well as to obscure reality (Arditi, 2021) except for firms going after 'market analyses' and funded academic research (e.g., Global Music Report 2022 costs £15,000 for premium package, £3,000 recorded music industry package and £3,000 for academic / non-profit package). Moreover, it is nearly impossible now to detect the shares of royalties for specific rightsholders and artists with respect to the general music market due to the high degree of complexity in calculating the royalty distribution in streaming services, in particular, Spotify. Yet, SEC Filings and financial reports of Spotify, as well as of major labels, gives to some extent an insight for the general tendencies and concentration in different markets. Hence, it must be stated that the data presents rather a shallow portrait of the real figures, if only a reliable information. Finally, a special emphasis must be put on the website Music Business Worldwide, particularly Tim Ingham, and their great efforts for lifting the lid off the music industry with exemplary journalism.

Qualitative data of this thesis, on the other hand, consists of total 8 semi-structured in-depth interviews. The interviewee profile was selected deliberately in a particular pattern, which supposedly represents a ratio with respect to different professions within the music industry: 4 musicians / songwriters, one sound engineer, one representative of a music publishing company, one representative of the performers collecting society (Müyorbir), and one board member of the the phonogram producers collecting society (MU-YAP).² Musicians were chosen from different age groups, which made it easier to make comparisons between their perception of the market with respect to their relations with the industry. During October 2022, the interviews were carried out via online video call programs and lasted for 45 to 90 minutes. Apart from the common questions on how they think of Spotify / streaming, how does this format

² Onur Akın, Efe Bahadır, Lütfücan Kapucu, Sıtkı, Alp Turaç, Metin Oktay, Merve Eryürük, and Bülent Forta, respectively.

affects music market compared to the past, and how do they deal with the digital transformation in general; more specific questions were posed to each interviewee according to their professions. These interviews help this study reveal the articulations in between different interest groups with respect to the streaming industry. Although all of the interviews were focused on the headings of digitalization – streaming services – Spotify with a desire to understand how these phenomena are at work on a global scale, the selected sample has the experiences of the local. Therefore, even though it was not an initial purpose, the interviews have steered this thesis to touch upon the specificities of the Turkish music industry and its positioning within the global industry from time to time.

It should be noted that the quantitative and qualitative research conducted in this thesis are by no means used as a substitute for each other. Rather, these two instruments of analyses are mostly juxtaposed in order to feed and test each other in a constant manner.

1.3. Study Plan

The next chapter lays out the historical background of the music industry with a particular focus on its cyclical crises and market structures. It divides this history into three periods, labeling the main turning points by doing so. In this respect, Chapter 2 attempts to shed light on, so to say, old habits and preexisting relations of power.

Chapter 3 presents the review of the existing literature on the different aspects of the current music industry. The first section of this chapter resumes the narrative in the previous chapter by addressing the digitalized form of records taking to the stage. It explicates the containment of MP3 format in favor of market relations through specific strategies. The second section provides a general overview of copyright and its function on cultural commodities with respect to a discussion of intellectual property. The third section juxtaposes the different perspectives on the processes of commodification in case of Spotify. It is in this very chapter that the theoretical framework of this thesis on Spotify is set forth. Finally, the fourth section evaluates the concept of ‘attention economy’ and its significance on the operation of Spotify.

Chapter 4 is divided into four sections, in which the different instances of current music industry is discussed. The first section of this chapter deals with how production takes place in today's music industry. It first traces the possibilities of self-employment in producing a record and then identifies the major power holders in the recording industry, including their shares in context of concentration in the streaming market. The second section explores the various channels from which music is distributed to streaming services and questions to what extent we can talk about its democratizing aspect. The third section, interrelated with copyright, examines how the streaming revenue is allocated between rightsholders as royalties. Last but not least, Chapter 4 finishes with evaluating the different aspects of Spotify, including the economic structure, the tools at work to manipulate demand, and the centrality of playlists in the ways in which music is *streamed*.

CHAPTER 2

HISTORICAL DEVELOPMENT OF MUSIC INDUSTRY UNTIL DIGITAL ERA

2.1. Commercialization of Music

In the path of music becoming a commodity, it has a long and complex history within social transformations that enables music to gain an objectified character. As of an alienation process which cannot be dissociated from human's alienation from nature, as well as of an increasing division of labor between mental and manual (physical) labor; there is no such "turning point" for the objectification of music but rather is a process. One of the most important things signifying this process might be marked as the invention of musical notation, which dates back to 13-14th century BCE belonging to Babylonians. However, until approximately 12th century, notations were not mensural (they were not able to describe measured rhythmic durations) but rather simple guidelines that gives an idea of a particular song as a written record from which a melody could be reconstructed, as cooks use a recipe (Burkholder et al., 2014: 8).

Simon Frith (2001: 29) argues that "the development of specialist musicians and musical instrument makers was part of the division of labour that marked the emergence of larger communities and more extended networks of trade and manufacture." As indicated, transformations in the relations of production has impact

on music and musician. While division of labor becomes more complex and societies are divided by classes, music and musician becomes subject to the relations of power. In Mesopotamia, there are the earliest representations of the instruments and musical performance of a 'high culture' (Abraham, 1985: 8). Following this line will lead us to the later court music in medieval era. On the other hand, we can trace the line of wandering minstrels in Africa or shamans in central Asia from primitive times; 'inferior musicians', who devote themselves to popular entertainment, are the lowest in total five castes in the Sahel and the western Sudan (Wallaschek, 2009: 66; Schneider, 1979: 40). For sure, those two lines should not be taken externally since the music utilized by sovereign is always open to influence from popular culture. Thus, the low-class wandering professional entertainers disapproved of by the Church, the jocalatores or jongleurs who were known all over Europe performed everywhere, from court and castle to village inn (Abraham, 1985: 95). Attali refers to this process as domestication, as the courts delegitimized jongleurs through 14th to 16th centuries (2009: 15). However, notations remained non-mensural until the 13th century. Mensural notation, in fact, became a necessity with the development of polyphonic writing (Hughes, 1954: 226). With the advent of polyphonic music in Church, the rhythmic measures of the notations must have been indicated exactly in order to prevent any kind of chaos within the harmony.

This process signifies an important turning point for a level of objectification in Western music, enabling any musician to play the exact tune and measure with the others who have the same notation. In other words, transcribed piece gains an entity apart from its producer. With the rise of bourgeois social relations, musicians break off with their aristocratic masters, which they were employed of by politico-legal boundaries and become 'free' to choose who to serve at their own disposal. Shortly afterwards Gutenberg's invention of printing press, machine-printed music appeared in the late 15th century. Over time, as the cost of printing has lowered, increasing circulation of sheet music paved the way for stimulating the desire for music books. These developments also spurred competition among publishers. By the end of the sixteenth century, an array of different cities such as Lyon, Nuremberg, Rome, and London had joined Venice and Paris as centers of music publishing. According to Burkholder et al., the number of music stores in Europe and the New World grew

rapidly in the early 1800s, increasing in London from 30 in 1794 to 150 in 1824 (2014: 162-3, 592). Hence, according to Leijonhufvud (2018: 91), the second phase of domestication of music can be labeled as the transition of patronage from nobility to bourgeois market relations.

2.2. Recording Industry

Some 20 years after Édouard-Léon Scott de Martinville's trial of first sound recorder, phonoautograph, in 1877, Thomas Edison succeeded to introduce his invention phonogram, which was able to replay a recorded sound; during the same decade Emile Berliner introduced gramophone. From the very beginning, the determinant motive of these inventions has started to show itself, as can be seen in Alexander Graham Bell and his two fellow's efforts to develop something that would show a profit through their newly established Volta Laboratory, which was not a philanthropic enterprise:

“We fully decided . . . to devote our time to something that would pay. . . . Upon looking over the ground Dr. C. A. Bell, Mr. Tainter and I decided that the most promising field of joint work would be to perfect the ‘Phonograph’ or ‘Graphophone’ or whatever we decide to call it.” (Volta Laboratory Notes, cited in Martland, 2013: 5)

The era of recording signifies a third shift in terms of domestication of music (Leijonhufvud, 2018: 92). In comparison with the sheet music, which is the recording of a given musical piece on paper with notations, acoustic recording presents the ‘original’ musical performance, in a way that the score can not. Today, both mediums of recording are used for the protection of copyrights, manifesting themselves as licences, royalties and utilization of ISRC (International Standard Recording Code) in the digital era.

2.2.1. 1890-1900

However, just like the earliest printed notations, the new products were purchasable by wealthy individuals for home use (Gronow, Music Recording and the Recording Industry, 2021). This decade of 1880s has witnessed a battle between Edison and Bell as Martland explains in his detailed analysis of the history of British recording industries (2013). By the end of 1890s, according to Gronow (1983: 54), 151,000 phonographs, branded as “Home” by Edison Phonograph Works, were made in the US.

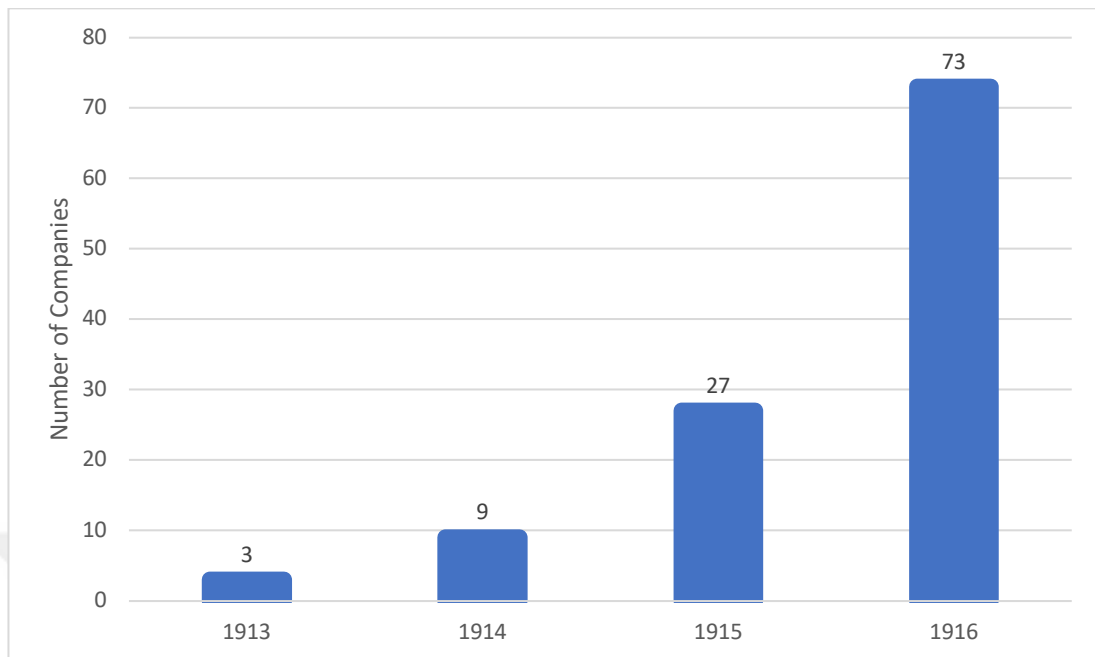
In a very short period of time, other innovations came to light with certain improvements through companies owning patents with a series of purchases and stock exchanges.

This infant age of recording industry (1890-1900) had witnessed an extreme concentration, two major companies produced most of the playback devices and audio products, namely, Edison and Columbia. High industry concentration was stemming from two main reasons. First, these major firms held the patents for producing playback devices. Secondly, the production of copies was too costly for new entrances to the market. In order to produce ten copies of a song, the singer had to sing the song for ten times or ten recorders had to be recording simultaneously, leaving no place for any mistakes (Alexander, 1994b: 115).

2.2.2. 1900-1945

The tendency of internationalization of capital was prevailing for leading companies of recording industry from the very beginning. The two conglomerates of this era, Victor in the US and Gramophone in the UK covered almost whole world with subsidiary companies and agencies. They agreed to divide the world between them, the former covering Americas, China, Japan and Philippines and the latter from the whole Europe to Russia, Egypt, Greece, Turkey, South Africa, India and even Afghanistan (Gronow, 1983: 57). In the US, phonograph production was 345,000 in 1909, 514,000 in 1914 and 2,230,000 in 1919 (Gronow, 1983: 59). In parallel, Table 1 shows high number of entrances into the market between 1913 and 1916.

Table 1 Number of phonographic companies in the U.S. market (1913-1916)



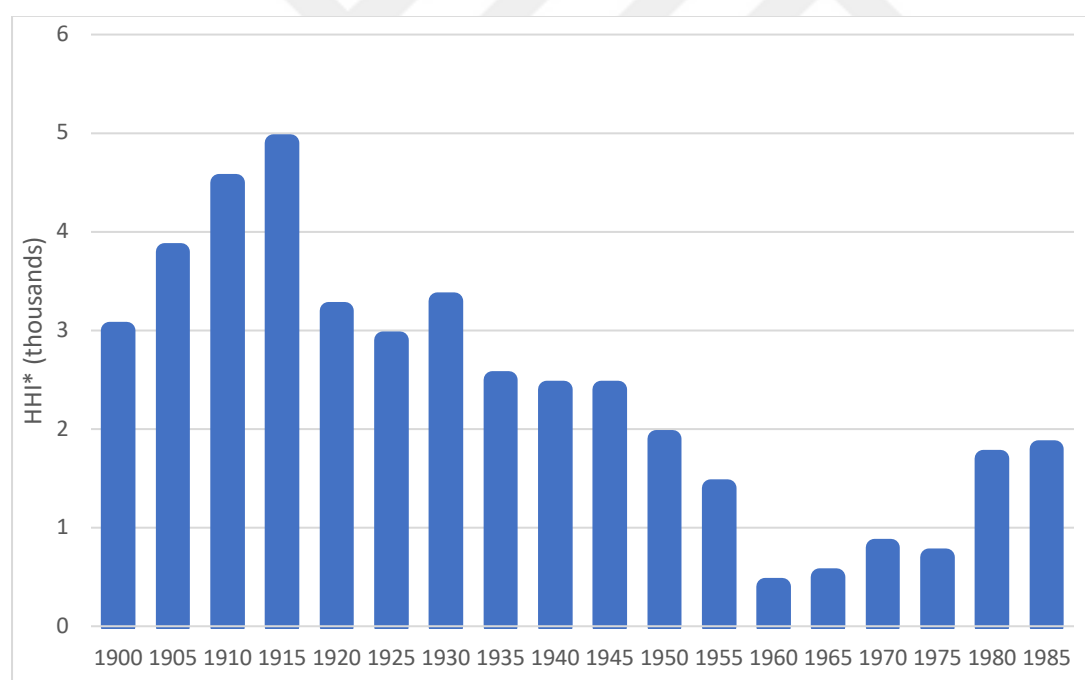
Source: Gelatt (1955: 190-1) in Tschmuck, 2012: 34.

Tin Pan Alley in the US was a monopoly, dominating the mainstream music, as a bunch of publishing houses that holds thousands of songs' copyrights. Their repertoires mostly consisted saccharine waltz melodies, marching music and numbers from music revues and vaudeville theaters (Tschmuck, 2012: 43). As recording industry was achieving great success in terms of profits, publishers felt threatened for their position in the market, since the copyrights for mechanical reproduction was not present until 1909. Recording companies were able to exploit their repertoires for free. The Copyright Act of 1909 was the direct consequence of lobbying activities of composers and publishers. It provided 2 cents for each recording. With the founding of ASCAP (American Society of Composers, Authors and Publishers) in 1914, which was a royalty collecting organization, the Act's economic effects then eventualized (2012, 44). The cooperation between music publishers, phonographic companies and theatre houses largely formed the mainstream music taste for the masses. Besides, records served as a marketing tool for concerts, which is still a prevailing phenomenon today with regards to the influence of geo-data to the artists' choice of concert locations.

Introduction of radio broadcasting in early 1920s had catastrophic consequences for the recording industry. Thusly, sources of profit had shifted from the record sales to performing rights and royalties (Çakmur, 2001: 60; Tschmuck, 2012: 67). International Federation of Phonographic Industries (IFPI), which functions as a central organization of record labels all around the world, was founded in 1933 against violation of copyrights by radio broadcasts.

The next decade of recording industries (1900-1920) had witnessed an increase in the number of firms, due to technical innovations and the expiration of key patents in 1914. Hence, concentration in the industry had fallen from the mid 1910s to mid 1940s with the exception of the interwar period. Yet, it must not be forgotten that concentration rates in terms of HHI index did not fall below 2,500, which labels the market as highly concentrated, until 1945 (Table 2).

Table 2 Concentration in the global music recording industry



Source: Alexander, 1994b: 116.

**The HHI is the sum of the squared market shares of all firms in the industry.*

The recording industry was subject to periodic crises in a gradually expanding frequency, as its industrial capacity to organize production and consumption was increasing over time (Çakmur, 2001: 59). During and after each crisis, music industry succeeded to overcome them by mergers and takeovers, always moving towards an oligopolistic structure (2001, 60). Tschmuck identifies four successive periods between 1920-1945 in the US market: first recession between 1920-1925, second period of expansion between 1926-1929, second recession between 1930-1933 and second period of expansion between 1933-1945 (2012: 49). The German market's limited data show us more or less the same graphic, yet there are no reliable data for the World War II period. Two British companies, the Gramophone and the Columbia Graphophone, experienced the highest return on capital in the fiscal year 1927-1928 by 46% and 62.1%, and the lowest in 1930-1931 by 6% and 8.42%, respectively (Martland, 2013: 279). More importantly, we see those cyclical crises of capitalism, thus music industry, had always brought an increase in market concentration. The catastrophic Great Depression in 1929 caused a collapse in record sales from \$75 million in 1929 to \$5 million in 1933 (Alexander, 1994a: 2). Therefore, the industry was again highly concentrated between 1930-1945. Horizontal integration (mergers and takeovers) explains the increased concentration as the reactions of the industry to overcome crises.

2.2.3. 1945-2000

This era of music industry has stamped the death of the notion of free market competition. The absolute way to survive for capital owners in the industry was through a solid tendency towards monopolization. This phenomenon has marked the history of the industry, especially after 1960s.

Mainly two structural transformations took place until the end of 20th century, in the post-war era and in the early 1980s. While the former was fostered by the post-war world's ideological environment as well as technological developments, the latter was marked by the predominance of the internationalization of capital in the face of domestic markets (a key phenomenon of a newly emerging capital accumulation regime, namely neoliberalism) and the shift from manufacturing (production) to copyright (distribution-publishing) as the main source of profit. On the other hand,

although technological innovations of the second half of the century – such as radio, television, video games, video players (CD-DVD) – had occupied different functions and fields, they were dependent with each other and become parts of the culture industry as a whole.

By the end of the war, four majors were dominating the industry: Decca, RCA-Victor, Capitol and CBS-Columbia. Radio broadcasting and music industry had been in a mutual relationship: while record companies benefited radio with regards to royalties and promotion, radio stations enjoyed advertising revenues. As television became a rising technology for entertainment and leisure, the very position of radio was threatened. Radio industry had responded in two ways. One of them was the invention of relatively smaller mobile radios, so that it became possible to listen to it out of the household. The other was the introduction of “format programming”, which fragmented the audience with different particular tastes (Çakmur, 2001: 108-9-10; Tschmuck, 2012: 110):

This turn-around was based on a profound transformation in radio programming. Although the new idea was simple, it took a decade to perfect it. Instead of defining the audience as a unitary conglomeration, it was redefined as a number of discrete taste groups (Peterson & Berger, 1975: 165; as cited in Tschmuck, 2012: 110).

This fragmentation of audience was further supported by the inducements of Keynesian economic model of post-war era. Demand management was particularly important for a demand sided capital circuit. The very ideological consequence of this economic model, combined with the post-war economic boom, was the promotion of consumerism. In that sense, genres and sub-cultures that appeal to different segments of the public became important in order to include a wider consumer base. However, music industry gave a delayed response to the rise of Rock ‘n’ Roll. The wave of rock ‘n’ roll, scorned by major labels in its early stages, resulted in many independent companies entering the market with the help of the newly developed magnetic tape, which reduced production costs significantly. In fact, major firms’ total 75% market share in 1948 fell to 25% by 1962 (Alexander, 1994a: 2). The presence of many independent distributors was also a big factor in this relatively low concentration rates. In the following years, majors began purchasing successful independent distributors

as part of a vertical integration strategy as a non-stop continuing trend until the early 1980s (1994a: 7).

Until 1980s, the trend of various types of mergers has continued. Beginning from the mid 1960s, horizontal integrations (EMI-Capitol), acquisitions (Polygram – MGM, Mercury and MCA – Decca U.S.), vertical integrations (CBS-Columbia and ABC's acquisition of successful distribution intermediaries) and large conglomerates' entry into the music market had ascended like an avalanche (Tschmuck, 2012: 147-8). Concurrently, for the US, record sales went up from \$600 millions to \$4.1 billions between 1960 and 1979 (Gronow and Saunio, 1998: 137, as cited in Tschmuck, 2012).

In addition, the proliferation of the technology of tape recording and mediums such as cassette and CD had lowered the cost of production and manufacturing dramatically. It can be argued that those cheap mediums, especially the cassette had a revolutionary impact on the dissemination of recorded sound (Laing, 2013: 40). They paved the way for the circulation of recorded music to reach much broader audience notably in countries with low average incomes. Therefore, capital accumulation had become more internationalized.

As a consequence of above-mentioned reasons, music industry became extremely concentrated during 1980s in terms of both production and distribution, reaching the HHI index of nearly 2,000 in mid 1980s (see Table 2). In 1987, six major firms, namely Time/Warner, Sony/CBS, Thorn/EMI, Philips-Polygram/PMG, Bertelsmann/BMG and Matsushita/MCA, constituted the %100 share in terms of distribution (Alexander, 1994b: 120). These types of acquisitions were the response of majors to the stagnation in the beginning of the decade, as a result of the oil crisis. Thus, the working principle of conglomerates underwent structural changes. However, this is not to say that the recording industry was in a downfall. The star system that had been long established from 1950s onwards was saving the industry. This system was stemming from the very nature of the audio production: each additional sales after recouping the costs of production (Çakmur, 2001: 68). Leyshon (2001: 63) also points out to the same phenomenon:

[...] But those that do can sell in such large numbers to more than make up for the losses incurred by the majority of releases, particularly because the marginal costs of reproduction are low. It is this characteristic of the industry that has encouraged a long-term tendency towards capital concentration.

The company structure of majors became more and more elastic to include ‘rebellious’ and ‘marginal’ genres and cultures such as heavy metal and punk-rock. Moreover, they pulled out from costly jobs such as A&R (artists and repertoire) branches, handing the search for new talents over to independent labels for risk reduction. This was a lesson learned from 1950s and 1960s that changed the major’s relationship with smaller labels (Wikström, 2009: 67-8). As Leyshon (2001: 64) asserts:

The smaller company provides its larger partner with preferential access to artists that it discovers through its own A&R department, and in return gains a greater degree of financial stability and access to the large record company's greater efficiency and effectiveness within networks of reproduction and distribution.

Additionally, as different branches in culture industries emerged, copyright business became crucial than ever. Video games industry and film industry relied on music industry, and vice versa, for cross-promotion. This was a prevailing trend especially with the introduction of music channels. After 2000s, licensing was going to become the key element of capital accumulation. However, especially in the late 1990s, music industry witnessed something that disabled the exploitation of copyright: massification of piracy.

CHAPTER 3

DIGITALIZATION DEBATES WITHIN THE 21ST CENTURY

3.1. Piracy Narrative and Market Containment of 'Free Music'

In fact, before piracy, the recording industry had managed to adapt to the different formats that came out until the 1990s. This is not to say that piracy only existed after 1990s. On the contrary, illegal copying of licensed recordings dates back to 1930s (Cummings, 2013: 7). People collected, copied and shared all different formats of recordings. In 1970, labels blamed piracy to explain the fall in sales (Marshall, 2013: 56). However, each new format made it easier to do so. After LP and vinyl, copying was a very common feature of tape decks and cassette players. However, making massive copies of cassettes required more or less a capital, therefore, copying cassettes were mostly a hobby for personal use and tended to be local (Layshon, 2001). Moreover, each additional reproduction resulted in a lower quality. Therefore, bootlegging of cassettes remained exceptional and stayed at a level that did not attract the attention of the recording industry. But CD format was more suitable for bootlegging, especially after the proliferation of computers. Burning a single CD only took a few minutes and did not require such skill. With 1990s, pirate CD stalls started to appear in city centers and more apparently in rural areas. It should be noted that bootlegging was a more common practice in global south countries.

All the record formats that were mentioned in Chapter 2 made way for overcoming the crises in music industry. When a new format emerges, the old formats become obsolete. This goes side by side with a deliberate interference of capital, polishing the new format with its powerful media tools. In fact, selling albums in new formats was a big revenue stream for major labels.³ Presumably, a Beatles lover has the album *Abbey Road* in all LP, cassette, and CD formats. Arditi (2015) calls this ‘album replacement cycle’. On the other hand, each format brings a relative sound quality accompanied by developing recording technologies. However, this was not the case for MP3s.

MP3 reduced the size of an average song on a CD to 1/12. The discovery of MP3 has a long history, dating to a number of findings on the human ear’s ability — or rather its limitations — based on Eberhard Zwicker’s discipline called psychoacoustics. He revealed that human ear can hear only to a certain extent. His student, Karlheinz Brandenburg, was going to make this compression with digital encodings in a way that the average human ear could not distinguish the compressed copy from the original. The development of the MP3 format, an international standard, was possible thanks to the huge research & development resources allocated by large multinational companies such as AT&T (Witt, 2020: 28). From the ‘storage’ side, MP3 took up a very little space compared to CDs and cassettes. On the other hand, MP3 provides a much lower quality in terms of bitrate (96 to 320 Kbps) than the CD (1,411 Kbps).

MP3 is not a tangible format. Proliferation of the internet and increased bandwidth in the late 1990s paved the way for massification of piracy, where MP3 files were easily reproduced and circulated on the internet. Piracy “heralded a move from mass production to mass reproduction” (Cummings, 2013: 212). Piracy was always about reproduction. However, MP3 massified the reproduction with a minimum quality loss in the fastest way. More importantly, there was no meaning for record labels to spend hundreds of thousands of dollars for record production and marketing anymore.

Unauthorized reproduction expanded in the early twenty first century on a scale that equaled or surpassed even the potential of radio to mass produce sound.

³ Arditi (2015) calls this ‘album replacement cycle’.

Whether in the form of MP3s attached to emails, torrents on file-sharing networks, or uploads to YouTube, this ceaseless churning of sound reveals two key points: music is more abundant than ever before, and the demand for it remains huge, despite the flagging fortunes of the record industry. (Cummings, 2013: 212)

Napster, the originator of Spotify model, used a peer-to-peer (P2P) file sharing technology, where users connect to the same network, upload their own archive and download from anyone who is connected. The same model was also used by Torrent web sites for all types of materials that could be stored in a computer: films, photographs, games, books, music videos...

The reaction of the capital was devastating. All of a sudden, exclusive licenses were overridden by access to a vast number of songs. While recording revenues were gradually decreasing from beginning of early 2000s, piracy narrative started to be discussed widely in the mainstream media. IFPI issued 'Download Piracy Report' in 2000. Leading figures of music industry reprobated piracy and labeled it as 'theft', presenting it as the mere reason of decline in industry revenues.

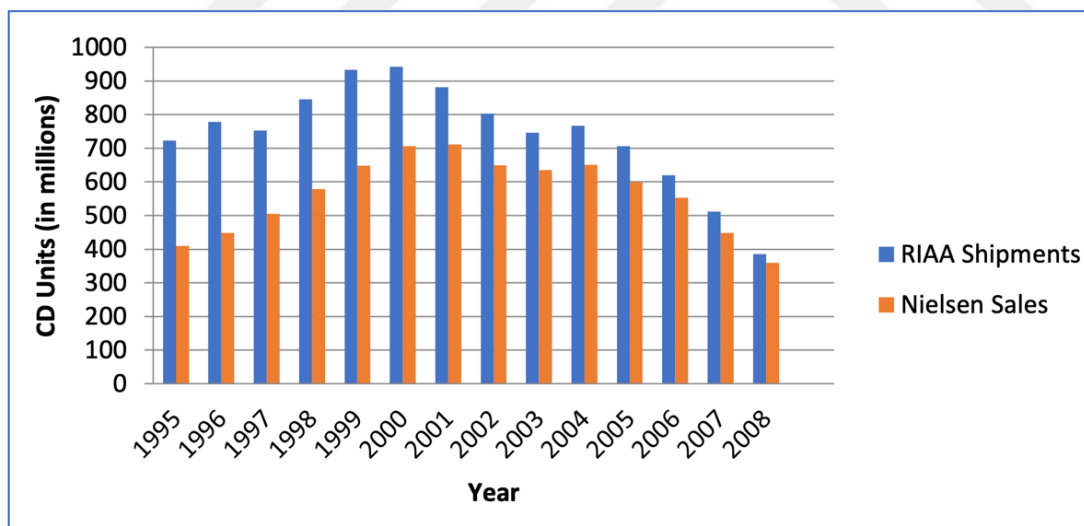
Figure 1 An advertisement from Universal Music's anti-piracy campaign



Source: Masnick, 2015.

There are several objections to ‘piracy narrative’ from various literature, focused mainly on two sets of critics. First, while the trend of a decline in record sales is not dismissed, the statistical figures were deliberately manipulated and/or exaggerated in order to support the narrative to better advantage. Second, especially from 1990s onwards, recording industry had many other revenue sources apart from record sales that should not be underestimated. In his comprehensive analysis of IFPI reports between 2000-2018, Arditi (2021) focuses on unclear figures for profits, excluded revenues of various sources such as performance rights and synchronization licenses, as well as “radio advertising revenues, recorded music retail sales, the live music sector, musical instrument sales, portable digital sales (hardware that plays digital music), audio home systems, songwriter musical copyright, [...] music related video games sales.” Moreover, he argues that there is a substantial gap between shipments and record sales (Figure 2), which in turn was used as a tool to contribute to the narrative by considering ‘shipments’ rather than sales, in order to exaggerate the fall in revenues.

Figure 2 CD sales versus shipments in the United States (1995-2008)



Source: Arditi, 2021.

Following the same line, Williamson and Cloonan (2013) argue that the growth of live music economy was at its highest in early 2000s, reaching \$5.6 billion in 2010 (17). In the period between 1993-2003, the average price of a concert ticket in North

America rose by 82 per cent (Krueger, 2005 as cited in Williamson & Cloonan, 2013: 17). They also argue that the futile fight against piracy and expenditures made to trade organizations deepened the crisis. For example, it is said that EMI spent \$250 million for anti-piracy campaign (Gallo, 2008 as cited in Williamson & Cloonan, 2013: 15). Marshall (2013) asserts that there are “a number of reasons to adopt a critical stance to the data” (54). On the one hand, statistics of many small and independent companies that are not member companies of IFPI, and the revenue streams coming from record sales in concerts or digital services (such as TuneCore) are unknown. On the other hand, which is even more important, he offers to make a broader comparison (1985-2010) vis-à-vis IFPI’s narrower comparison (2000-2010); “rather than considering the current situation as a deviation from the highest point”, he suggests, “it is perhaps advisable to consider the industry’s best years as something of an anomaly” (Marshall, 2013: 55). Therefore, he argues that declining industry revenue and piracy are not “necessarily causally linked” (59). In their empirical research, Oberholzer-Gee and Strumpf (2007) found that even though piracy contributed to the decline, it is not the main cause.

On MP3 technology, there were three main positions surrounding public debates as well as academic literature. The first position can be defined as ‘technologic determinism’, though not homogeneous, celebrating the emergence of MP3 format as the liquidator of traditional hierarchies of recording industry. Barlow (1996) heralds internet technologies as an emancipating cyberspace where there is no “privilege or prejudice accorded by race, economic power, military force, or station of birth”. While Negroponte (1996) stands on a utopian futurism, Lessig (2008) appraises digital technologies that will create a ‘sharing economy’ and argues that it helps audience to go active rather than passive receptors. This perspective also draw attention to the potential of newly emerging internet technologies as an annihilator of intermediaries (Sundararajan, 2016). In early 2000s, pro-piracy demonstrations were held in Stockholm. The second position, as was manifested above, is the conservative position which was mainly comprised of spokespeople who represented corporate interests of capital groups as the sole exploiter of copyrights. A third position can be observed in Leyshon’s (2001) notable contribution in the earliest stages of the transformation at issue. He was critical against pro-piracy discourse that it, “as an alternative to the

current configuration of the music industry may well be antiorganisational and antihierarchical, but it is certainly not antimarket, conforming as it does to a kind of ‘capitalist libertarianism’” (2001: 74). In addition, Leyshon argues that the recording industry will either way adapt to the emerging technologies and he reminds the cyclical crises of recording industry from a historical perspective, pointing out to a possible *reintermediation* (which majors had already begun to seek) together with *disintermediation*:

Although the proliferation of new companies dedicated to exploiting the potential of software formats and Internet distribution systems will increase levels of competition, it is possible to anticipate a familiar process of capital centralisation and concentration in the music industry over the medium to long term. (2001: 73)

While large companies were suing Napster (such as A&M Record Inc.) and other file sharing companies, they were at the same time negotiating with the Napster and/or searching new ways of a system where they can get a share of the pie (Richtel & Kirkpatrick, 2000; Forbes, 1999). Napster became a historical advertisement for streaming services as a legalized version of file-sharing, which sooner to be marketized.

3.2. Copyright Industry

To understand logic of copyright, the following historical event might give us a clue. During the first application of copyright to recordings in Copyright Act 1911, recording companies agreed that “the purchaser of a gramophone record acquired with his purchase any right of public performance in that record” (Frith, 1988: 57). After two decades, huge declines in record sales and the wide use of radio made record companies reconsider this statute. In 1934, Gramophone Company sued a restaurant for unlicensed public use and won the case, after which Phonographic Performance Limited (PPL) was established by manufacturers to “administer their new rights” (1988: 58). This anecdote bears implications in itself the relationship between art, technology, economy, politics and state. As Frith (1988: 73) puts it:

As its history makes clear, copyright law (at least in Britain and the USA) has never, in any case, been about absolute rights, but has always involved pragmatic decisions about who should benefit from musical work and how (and

copyright holders themselves have been equally willing to adapt their claims to market conditions). Copyright is a political and economic not a moral matter.

The copyright enclosure (as Arditi [2020] puts it) was the necessary consequence of the emerging capitalist social relations. The Statute of Anne (1709) was first to establish “the legal justification that ideas could be considered a type of property” (Arditi, 2020: 69). Hence, creators of the works can be incentivized for intellectual and artistic creativity by royalty revenues and compensate their living. However, the inherent contradiction of copyright (of a cultural product) is rooted in the conflict between its putative support in creativity to serve the public good while establishing a property regime. Arditi points out to this issue, asserting that “copyright aids musicians in the commodification of their music, but copyrights actualize their value only when musicians sign away those rights to record labels.” (2020: 76).

On the other hand, cultural commodities “have the characteristics of what economists call a ‘public good’, meaning that the product cannot be used up by any one consumer” (Bettig, 1996: 2). This is one of the reasons why the notion ‘fair use’, which is a moot point today for music with streaming services, had been subject to heated debates with digitalization of cultural products especially after 2000s.

Copyright owners (just like property owners) struggle to acquire full market compensation by all means for their copyrighted work. Hence, the problem of *exclusivity* arises. For exploiting the copyrighted work in the widest spectrum, intellectual property owners have developed various strategies and precautions in order to exclude nonpayers: from legal actions (i.e., lawsuits) to encryption of digital files (i.e., Digital Rights Management).

After copying and distributing digitalized cultural productions became possible at low cost, copyright owners began seeking new ways to implement changes for securing their copyrights and exclusivity. Gillespie argues that the logic of these changes was “a fundamental shift in strategy, from regulating the use of technology through law to regulating the design of the technology so as to constrain use” (2007: 6). The encryption techniques were the main tool, which digitalization also brought about, of implementing exclusivity and preventing access for nonpayers. Digital rights management (DRM) techniques were one of the first tools that allow only authorized

users to access content. DRM was put into act with 1996 The World Intellectual Property Organization Copyright Treaty (WIPO) for United Nations and 1998 Digital Millennium Copyright Act (DMCA) for US particularly. This fundamental change had direct consequences on distribution and consumption of culture as well as how we make use of them:

Current encryption techniques allow content owners to decide who gets access to their work according to much more precise, subtle, and modifiable criteria. Today, digital content can include information indicating how, when, and where that content can be used, rules that will be honored automatically by the devices we use to consume it. With these innovations, film and music distributors are going far beyond what the software industry had once imagined, to govern not only whether we copy their work, but also how we buy, share, experience, and interact with it. (Gillespie, 2007: 7)

Another point of departure to brainstorm about who copyright serves is to look to the distribution of royalties among artists. As we will see in Chapter 4, composition royalties are accumulating into the hands of few companies who are subsidiaries of major labels. Oligopolistic structure of publishing market also empowers artists to the extent that it increases the bargaining power of publishing companies. If we accept the normative presumption that copyright exists to incentivize artists, then there is no reason to produce art for the vast majority of artists except a few superstars who dominate performing royalty incomes. Arditi makes an analogy between the workers of music industry and other industries:

[...] there is not enough room for everyone who hopes to earn a living from making music. If everyone could produce, record, distribute, promote, and sell music, music would be overproduced driving the value of each recording down in a capitalist economy. Therefore, most people who produce copyrighted material will not be able to meet their needs through this system. Just like land enclosure, copyright enclosure creates a reserve army of labor because those who control the copyrights limit who they record, promote, and distribute. When landowners forced feudal serfs from the land, they flocked to the towns and cities in England in search of work. However, there weren't enough jobs for the emigrating masses to fill; this drove down the cost of labor. Musicians want to play music to earn a living despite the lack of opportunities for them to work, and this creates a reserve army of labor. If one musician is not willing or able to take a gig, another musician can easily take their place. This has the general effect of driving down wages across the music industry. (2020: 72-3)

In recent years, the share of catalog music⁴ has risen in the face of new music (Gioia, 2022). One could assume that the reason is that people think old music is better than the new ones. While this simplistic answer could be true, a couple of underlying structural reasons exist. Firstly, major labels' primary focus is increasingly to acquire catalogs as much as possible to be able to exploit them. Last decade has witnessed huge acquisitions of catalogs such as EMI Music Publishing (by Sony/ATV for \$2.2 billion), EMI Music (by Universal for \$1.9 billion), Imagem Music Group (by Concord for \$500 million) and so on (Music Business Worldwide, 2018). These acquisitions include the transfer of the copyrights of millions of songs. Secondly, the model of distribution, streaming services, is a determinant factor in that sense. In the traditional music market, a standard album sale mostly started with a boost (fostered by huge investments on promotion) and declined gradually. A few years later, it was even hard to find the album in retail stores. In streaming services, where each song has its place forever, long-tail is in favor of older albums, which audiences otherwise could hardly find. This reality steers labels into a battle of marketing, selling, and buying older music.

The most recent copyright regulation is the 2018 Music Modernization Act in the US. The second title, CLASSICS Act granted the sound recordings fixed before 1972 copyright until 2067. However, the Act “does little to incentivize the original pre-1972 creators, i.e., the performers and related musicians who generated the recordings”; instead, “the current-time recognition of quasi-copyright in the pre-1972 recordings is a reward for noncreative disseminators who have current ownership of the recordings” (Vetter, 2019: 2555). It can be concluded that the legal system complies with the shape of new medium (streaming) and any possible ways of expanding its spectrum:

The maneuvers visible in these cases are not only about reaffirming existing arrangements familiar to copyright, but also about extending them, strengthening them, expanding them, reimagining them. Historically, copyright has privileged not the authors of cultural work but its distributors; the modern media industries are dominated by a select few corporations that have consolidated control over the culture market by asserting their intellectual

⁴ Songs over that are 18 months old.

property rights as a way to govern where work comes from and where it goes and to benefit financially from its circulation. (Gillespie, 2007: 11)

3.3. Spotify Debate – What is Commodified?

It can be observed that the academic literature on streaming services, particularly Spotify, flowered in the last decade. It is notable that Spotify was discussed by considerable number of scholars from range of disciplines, apart from media studies; such as finance, political economy, cultural studies, law, business, software engineering and so on. This diversity proves that how different aspects of the digital music industry are now more intrinsic to each other than ever.

Most of the literature on Spotify deal with its various working practices such as the unjust *payment system* (Price, 2020; David, 2016; Kribs, 2017; Marshall, 2015; Colbjørnsen et al., 2022), *algorithms & playlists* and their function as the reinforcer of segmentation by means of datafication of users and tracks (Prey 2016; Collins & O'Grady, 2016; Fleischer 2021; Eriksson 2020; Aguiar & Waldfogel, 2021; Siles et al., 2020), from *ownership* of music to *access* (Cummings, 2013; Fleischer, 2021; Vonderau, 2014, 2019; Arditi, 2014), exploitation of the sensation of '*free music*' (David, 2016; Cummings, 2013), and the '*winner-takes-all*' system (Hesmondhalgh, 2020; Ordanini & Nunes, 2015). Abovementioned scholars are more or less on the same line with each other with regards to different practices mostly revolving around the changing consumption patterns.

Most of the researchers, who write on the economic aspects of Spotify, mention Anderson's famous 'long-tail' theory from a critical perspective to his predictions about the disintermediating and democratizing potentials of large-scale distribution. Many scholars' observation on the current structure of the digital music economy is rather a consolidation of long-established power structures (Marshall, 2013; Kaitajärvi-Tiekso, 2016; Vonderau, 2014; Hodgson; 2021).

However, there are several significant contributions to the question of 'what is commodified' in streaming services as well as other markets of digital music – a discussion which is central to this thesis (Morris, 2015; Kasap & Yalçıntaş, 2020; Negus, 2018; Vonderau, 2014, 2019; Fleischer, 2017).

Morris defines digital music files as ‘digital music commodity’. He makes a distinction between physical and digital formats, though he defines music as commodity in both formats:

A brand-new record released by an indie band capitalizing on the resurgence of vinyl versus a discarded mix tape in a garage sale bin versus a song streamed freely (with ads) on Spotify are all different manifestations of music as commodity. (Morris, 2015: 37)

For him, what characterizes digital music commodity is that it is ‘transectorial’, ‘mobile’ and ‘fluid’. Because of this very nature, the digital music commodity “hovers among multiple states. It waffles between good and service, owned and rented, legitimate and illegitimate, and material and immaterial” (2015: 32).

Kasap and Yalçıntaş (2020), on the other hand, stress on the commodification of personal data and use the term *prosumer*, borrowed from Christian Fuchs, to account for the working principle of Spotify:

This is what we call Commodification 2.0. It is a process in which corporations are able to operate with high profit rates although the prices of marketed commodities are zero or significantly low. However, corporations working under conditions of Commodification 2.0 are still able to make profits as they appropriate a surplus that the corporations extract from the data that the individuals supply. During Commodification 2.0, the knowledge presumed by online users is appropriated by the corporation without paying the individuals who produce the knowledge. (2020: 6)

Even though they do not mention, they center on the notion of *audience commodity* (Smythe, 1977) to explain what is commodified is mainly the users of Spotify, who generate data for the service. From this perspective, while users consume the music and other utilities of the service, they simultaneously produce data and knowledge, which in return generate surplus value for the company through sales to advertisers. Indeed, the growth of Spotify was initially highly dependent on presenting itself as a free music provider, for which it relied on advertising revenues. Leijonhufvud asserts that “this arrangement was set to attract users from pirate sites and let the users emigrate to a legal alternative” (2018: 165).

Negus (2018) frames a ‘post-record industry’ in which recorded music turns into a ‘content’ rather than a ‘product’. While he contends that recordings are commodified,

they are no longer central to the music industry as a whole and lose “worth as industrial product, as a saleable tangible commodity and as a cultural symbol” (13). He prefers positioning recordings in a broader context, ‘digital economy’, within which recording “acquires new exchange values as content and as data commodity, and new use values for consumers in the ubiquitous sonic stream (through subscriptions, apps, playlists for leisure activities and so on)” (2018: 13). While he contends that recordings are commodified, like Kasap & Yalçıntaş, his main emphasis is on the “data derived from the production, circulation and use of recordings” (2018: 15).

In addition to commodification analyses of Morris (2015), Kasap and Yalçıntaş (2020) and Negus (2018); Fleischer (2017) and Vonderau (2014, 2019) have different answers on what is commodified in streaming services, particularly Spotify.

Fleischer (2017) strictly opposes Morris’s definition of commodity because no distinction is made between the different formats of ‘digital music commodity’ such as downloading, free downloading, streaming and free (advertised) streaming. He argues that while the ‘digital music’ is commodified in download sales and ‘users’ are commodified in free streaming (via advertising); for streaming subscriptions, it is the ‘subscription’ itself that is commodified. There is no reason to claim the tracks as sole commodities in paid subscriptions because neither there is limit for listeners regarding time duration or the number of streams in a given time (usually a month), nor there are any individual prices for individual songs. As a base for his arguments, he asserts that “the Marxian definition of a commodity supposes that it has a price. On the other hand, it is not limited to tangible objects, but the commodity can as well be a service” (2017: 150). He further argues that Spotify should be considered as a commodity producer (subscriptions), rather than the mere distributor of commodities. He elaborates on the use-value of subscriptions as “music as part of a branded experience – is not new, but it may be argued that it is now becoming dominant” (2017: 157). He argues that a fourth type of commodity should be added to what Timothy Taylor affirms as music commodities (published score, live performance and recorded sound), that is, ‘music as part of a branded experience’. To support his arguments, he points to two pillars of commodity production in Spotify: labor power (engineers, curators, staff etc.) and

means of production (hardware, bandwidth, music licenses etc.) that are exploited to produce a ‘branded experience’ and ‘uniqueness’.

Vonderau follows a parallel line with Fleischer and remarks the “endless flow of commodified experiences” and identifies a “shift from commodity ownership to commodified experience” (2014: 2-10). In his later work, even though he asserts that neither the ‘audience commodity’ of Dallas Smythe nor the ‘digital music commodity’ of Morris “adequately capture the dynamics of Spotify’s growth politics over the past decade”, he avoids giving an answer to what is commodified but rather argues that Spotify is “a media company operating at the intersection of advertising, technology, music, and—most importantly—finance” (2019: 5). Here, Vonderau focuses more on the financial aspect of Spotify. Since the company has not made any profits yet, he claims that Spotify relies heavily on venture capital. Thus, to boost the hopes for potential future profit, the creation of an “aura of ‘Nordic cool’ and public benefit around its use of music” is crucial for the flow of venture capital to Spotify (2019: 6). The common focus of Vonderau and Fleischer seems to be the meaning that Spotify attributes to music (i.e. ‘branded experience’, ‘commodified experience’, ‘Nordic cool’).

While all the contributions more or less agree that music is commodified, they have different perspectives on how Spotify produces surplus value. The debate at issue is very much like the one in late 1970s, which is not surprising at all because different modes of surplus value extraction that emerge with new technologies arouse an interest to be understood.⁵ Firstly, it should be noted that different economic processes which are folded into each other makes the system complicated and hard to analyze. This situation itself proves that “the cultural production processes carried out by the media do not correspond to a single commodity form, but to different commodification processes” and that “the media becomes almost the dominant determinant of capital processes not only in itself but also in other fields” (Çakmur, 1998: 120). That’s why

⁵ The discussion had started with Smythe (1977) and continued with various contributions and critics. Smythe argued that the *audience* is sold to advertisers as commodities, introducing the notion ‘audience commodity’. While Meehan (1984) puts forward that *ratings* are commodified, Jhally and Livant (1986) argued that rather *watching-time* is commodified.

the audiences, songs or subscriptions can be considered as different aspects of the same complicated economic process. Secondly, as Çakmur remarks, permanent reproduction of symbolic needs signifies the mediation between use-values and consumers (122). Rather than being shaped by social needs outside of the market, use-values are reidentified within the realm of exchange. The capitalist formation of media is incumbent on creating new artificial and symbolic needs, through which use-value of substantially same products (e.g., music) must be redefined over and over again. In that sense, contributions of Vonderau (2014, 2019) and Fleischer (2017) are prominent to the extent that they reveal the mediation between the use-value of Spotify and its consumption. However, although this relationship is the dominant determinant in cultural products' commodification processes, it is not the only one (Çakmur, 1998: 125). The actualization of what Fleischer calls the 'branded experience' is dependent on the material processes (i.e., being a monopoly as a prerequisite for that very experience); then the question of *why* – rather than *how* – it works should be directed to the definition of 'branded experience'. Therefore, a comprehensive analysis of how material processes work in the case of Spotify is made in Chapter 4.

Last but not least, one should be cautious about the relationship between technology and social change. One view perceives technology as a neutral facilitator of the other. It should be noted that technology is human creation and therefore not free of existing social relations. As Gillespie (2007: 82-3) put it:

Technologies also have different consequences in different settings; changes a tool can seem to cause by itself are more often a product of the social dynamics in which it is being incorporated. And the influence of a technology can never be separated from the social and political factors that surround its use, such that pointing to consequences as evidence of the technology's inherent character is a tremendously difficult task.

3.3. Attention economy

It would be fair to assume that every person who is somehow familiar with the internet, at least once, has undertaken a long journey through the not-necessarily-related videos of YouTube via its recommendation system, lost track of time and spent hours without even realizing it. We do not necessarily choose what we want to consume on the internet, social media, or streaming services; most of the time, we choose what is

presented to us and what is available at that very moment. Couple of reasons that accelerates this circulation are the fascination by the ‘diversity’ of contents and no price is charged for consuming them. As early as 1971, Simon Herbert was one of the first to mention attention as a scarce resource:

[...] in an information-rich world, the wealth of information means a dearth of something else: a scarcity of whatever it is that information consumes. What information consumes is rather obvious: it consumes the attention of its recipients. Hence a wealth of information creates a poverty of attention and a need to allocate that attention efficiently among the overabundance of information sources that might consume it. (1971: 40-1)

The race for drawing consumers’ attention is not new, though. The first newspaper advertisement dates back to 1704 and first leasing of a billboard 1867 (Nelson-Field, 2020: 86). If we think of how goods are displayed in the shelves of supermarkets, the same mechanism is employed. However, ‘free’ provision of most of the digital goods brings attention economics into prominence. It can be said that for cultural goods, the most important determinant of consumption has shifted from availability to visibility in digital platforms. The news on the internet, the video on YouTube, or the song on Spotify realizes its value (rather by advertisement revenue or royalty) the moment users click on it.⁶ After the click, it is not important whether the content is consumed or not.

Benjamin once spoke of the potentiality of distraction – that reproducibility brought about – to politicize the masses in contrast to contemplation: “...the distracted masses absorb the work of art into themselves. Their waves lap around it; they encompass it with their tide” (2008: 40). What Benjamin could not predict was that consumption would become increasingly individualized. Back in the day, we would go to the music store and buy an album anonymously. Today, one must disclose his/her identity in order to get a discount card, a football ticket, or a Spotify account (with a credit card). The information that all these firms attain are operated for predicting consumer behavior, thus, reduce risks in further investments. In 2021, Spotify spent €912 million for research and development (which is mostly about development of algorithms and

⁶ This works differently for Spotify, since a song must not be skipped for the first 30 seconds in order to be counted as a ‘stream’.

recommendations systems) (Spotify, 2021).⁷ There are more than 80 million songs uploaded to Spotify.⁸ 28 songs are uploaded to the service every minute, making roughly 40,000 per day (Kowalski & Jung, 2021: 12). However, nearly 80% of the 8 million artists have a monthly audience smaller than 50 people and 80% of music tracks have been played fewer than 5,000 times.⁹ These rough statistics reveal that only a minority of the content in Spotify have chance to be discovered. In the digital era, “the barrier to entry approximates to the barrier to getting on people’s radar” (Sun, 2019: 198).

There are two main dimensions on Spotify with regards to allocation of attention: content and service. To understand the alterations in music specific to streaming services, particularly Spotify, is something very hard to analyze or examine. Moreover, this phenomenon should be conceived not only with respect to the medium but to the specific socio-cultural formation. Nonetheless, Spotify as a playmaker bears some triggers to induce artists, who want to be visible amongst others, to particular musical choices. 30-second rule is one of them. Gauvin’s (2018) quantitative research interrogates five parameters to evaluate whether or not a song conforms to attention economy principles:

- (1) Number of words in title
- (2) Main tempo
- (3) Time before the voice enters
- (4) Time before the title is mentioned
- (5) Self-focused lyrical content (299)

⁷ In 2014, Spotify made a \$100 million investment on its software infrastructure by acquiring Echo Nest. See <https://techcrunch.com/2014/03/07/spotify-echo-nest-100m/>. Retrieved on September 27, 2022.

⁸ See <https://newsroom.spotify.com/company-info/>. Retrieved on September 27, 2022.

⁹ See <https://www.musicbusinessworldwide.com/over-75-of-artists-on-spotify-have-fewer-than-50-monthly-listeners/>. Retrieved on September 27, 2022.

Gauvin's study aims to examine the compositional changes, if any, in 303 US top-10 singles between 1986-2015. The study reveals that song the number of words in song titles has decreased, tempo has become faster, time elapsed before the voice enters has shortened, and time before the title is mentioned has shortened.

There are two features that Spotify provides for artists to grab attention: 'Storyline' and 'Canvas'. Storyline is a new version of 'Behind the Lyrics', which presents the story behind the song. Behind the Lyrics was synchronized with the song, keeping the attention of the user until the end of the song. Storyline works like Instagram Stories, however less space is allocated for wording on Storyline than for Behind the Lyrics. To date, Storyline only appears on superstar artists' songs like Rihanna or Metallica. Other feature, Canvas, is a 3-8 seconds of video loop displayed simultaneously with the song. Unlike Storyline, Canvas is available for all artists' use and defined as the "album artwork for the streaming age".¹⁰ Spotify also provides some statistics if Canvas is used effectively:

Get noticed. Hook people, then get them listening. When listeners see a Canvas, they are more likely to keep streaming (+5% on average vs. control group), share the track (+145%), add to their playlists (+20%), save the track (+1.4%), and visit your profile page (+9%).

Recommendation mechanism, which will be discussed in sub-section 4.4.3., depends on certain algorithms. Therefore, it is also important that "artists keep the attention of listeners, not only because they only get paid when listeners listen for a certain amount of time, but also in order to have advantages in terms of the data that is generated" (Wellink, 2021: 31). On the one hand, the recommendation system is effective in choosing between content (market power for content owners); on the other hand, by extending the time users spend on the service, it not only provides more revenue from advertising but also encourages them to subscribe the next month.

Spotify also employs the principles of attention economy regardless of songs. The shuffle mode can be considered as the main tool that makes listening ubiquitous. Though shuffle mode is nothing new, the convergence between different outputs (via

¹⁰ See <https://canvas.spotify.com/en-us>. Retrieved on September 28, 2022.

bluetooth speakers, earphones, car media systems etc.) and mobile phones extends listening time quite considerably. We listen to music while doing something else; eating, studying, driving, walking, cleaning – most of the time users do not know the creator of the song (especially in ‘mood’ playlists such as *Coffee Time*, *Night Rain*, or *Calming Classical*).¹¹ We even forget that the music is on.

Ultimately, “money flows to attention, and much less well does attention flow to money” (Goldhaber as cited in Skains, 2019: 13). The precondition of what Goldhaber emphasizes is the mystification of relations of production in a highly fragmented circulation of capital.



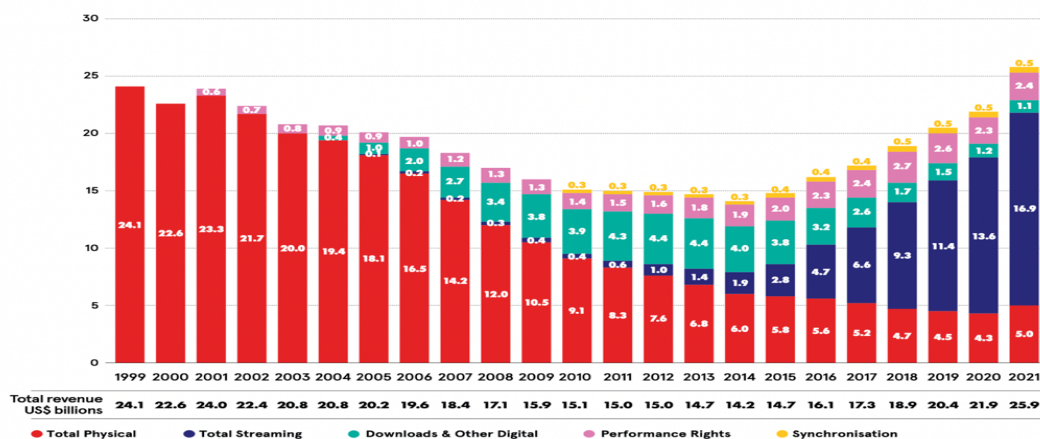
¹¹ This kind of listening practice also resembles what Erik Satie called ‘furniture music’.

CHAPTER 4

MUSIC INDUSTRY TODAY: THE CASE OF SPOTIFY

The only reliable (and attainable, due to economic reasons) source for global music market data are annual IFPI reports. The graph of IFPI above shows the last twenty-two years of global recorded music industry revenues with different components.¹²

Figure 3 Global recorded music industry revenues 1999 – 2021 (US\$ Billions)

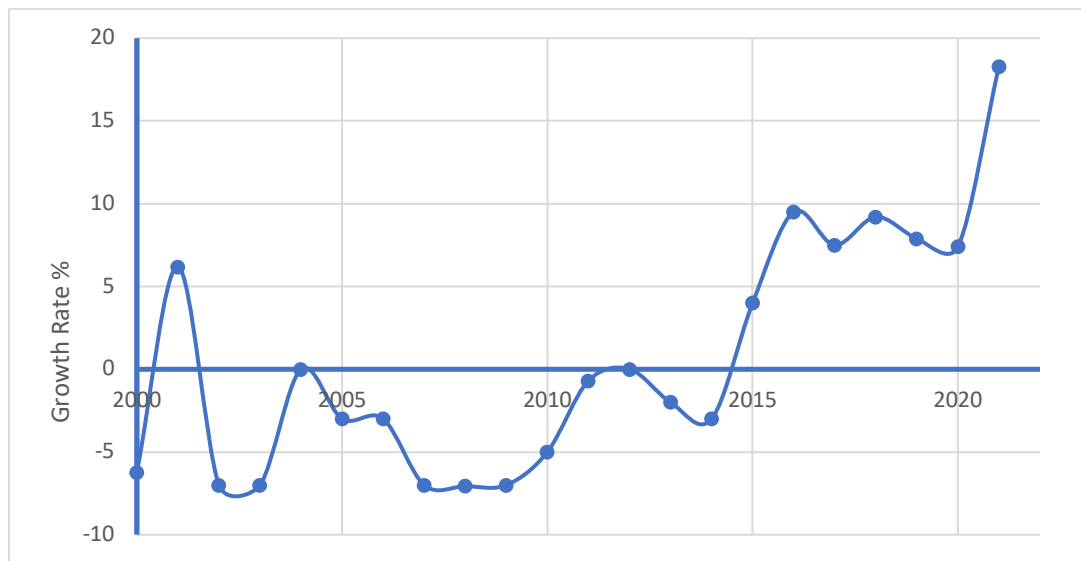


Source: IFPI, 2022

¹² Though, one needs to be careful about the accuracy of this data. See Ardit, 2021.

The glaring phenomenon at first sight is the recovery of the industry by streaming, which has an average annual growth rate of 39.9% after 2005. The 21st century of the music industry witnesses a comeback. In 2021, the revenues surpassed the numbers at the turn of the century for the first time.¹³ Another striking observation on the year 2021 is that physical sales stopped declining for the first time in 20 years. This is due to a rise in and vinyl/LP sales.¹⁴

Table 3 Changes in the growth rate of global recorded music industry between 2000-2021



Source: IFPI, 2022

Table 3 indicates the changes in the growth rate of industry. It can be said that the inclination of the growth rates is mostly upwards from 2007 onwards. However, the industry has never shrunk after 2014, owing to streaming, even if physical sales and digital downloads have been declining. Overall, the last twenty years of music market is unstable. Although shrinkage of the market has slowed down between 2003 and 2006, even the high growing rates in digital downloads could not compensate the

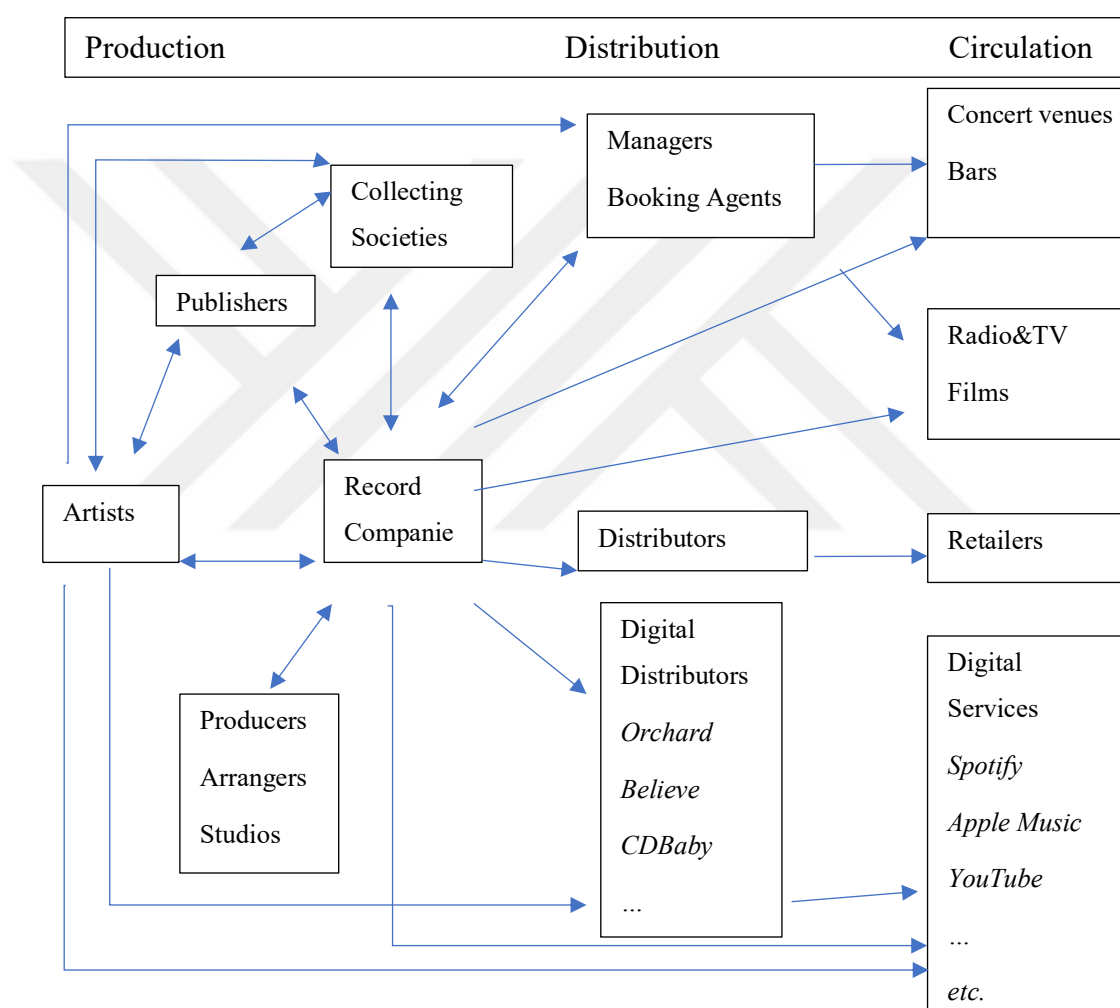
¹³ See Sheikh, Nishimura, Nemoto, & Dann-Fenwick, 2016.

¹⁴ <https://www.techspot.com/images2/news/bigimage/2022/03/2022-03-14-image-2.png>. Also see Sun, 2019: 205.

downtrend after 2006. What we know for certain is that the total revenues are growing increasingly from 2016 onwards.

We are witnessing the last structural transformation in the history of music industry. As was explained in the previous chapter, this transformation manifests itself different phases of the circuit of capital. We are going to examine each of these phases.

Table 4 The structure of music industry



Source: Reproduced from Lena (2017: 143)

4.1. Production

There are two main processes in the production of music for the music industry: creative process and recording process. The former requires a comprehensive analysis within the state of cultural hegemony and its relationship with counter hegemonies,

political ideologies, as well as of the articulation between the modes of production, circulation and consumption. Within the scope of this study, we will concentrate on the dominant practices of the recording industry and its current state in the streaming era.

The labor of the musicians is often concealed under the discourse of a range of academic literature as an intensified trend, especially towards the end of the 20th century within the so-called phenomenon of information society, by positioning of their work as creative, thus ‘autonomous’ (Leadbeater & Oakley, 1999; Shorthose & Strange, 2004; Lee, 2021). In addition, there is a general conception in the society that art and artistic production transcends material relations. This understanding stems from the very nature of cultural products: they are the outcomes of symbolic production. Actually, musicians generate surplus value for the owner of the master rights by their direct contribution to the recording process. The output of the process of production in the music industry are phonorecords (i.e. songs), which are subject to exchange in the market and produced by wage labor as commodities. As Bourdieu (1993) asserts:

The challenge which economies based on disavowal of the 'economic' present to all forms of economism lies precisely in the fact that they function, and can function, in practice – and not merely in the agents' representations – only by virtue of a constant, collective repression of narrowly 'economic' interest and of the real nature of the practices revealed by 'economic' analysis. (74)

The fundamental labor power in the music production is recording artists and studio or session musicians. What supposedly separates the studio musician from the recording artist is the degree of creativity; however, this separation is “often negligible, if it exists at all” (Arditi, 2015: 78). The main difference between them is that the recording artists are in a contractual relationship with the label, whereas the studio musicians are almost always on piecework. Furthermore, the recording artists are not always composers; they are featured musicians who receives a certain percentage of royalty (depending on the deal between them and the label) from master rights (and publishing rights if they own the music composition).

The internet provided the means that enable musicians to convey their work to the market without being obliged to traditional distributors, in addition to lowering costs

of production. Throughout the history of the recording industry, technological developments always decreased reproduction costs. Currently, reproduction cost in the digital market is zero (or nearly zero). The mere cost for music production remains as the production of the recording. However, for record labels, the greatest cost is marketing and promotion expenditures, which should be included in production costs since it is an indispensable aspect for realizing value. Thus, traditional record contracts are still a prevalent means for artists. In this section, different facets of production process in the recording industry will be evaluated.

4.1.1 Home Production

In order for artists to convey their music to people, they must be able to record their compositions at the first stage. The 21st century technology has lowered the costs of recording significantly. This led to a significant increase in DIY (do-it-yourself) production, meaning to complete the whole production and distribution process without the help of ‘professionals’. The lowered costs of entry enabled artists, who either do not want to sign contracts with labels or do not have the opportunity to do so, to record their songs at home, distribute to online platforms and promote them on social media (Sun, 2019: 185). As of today (11 October 2022), a Mackie “Recording Bundle” containing an audio interface, two monitors, a diaphragm condenser microphone, a vocal microphone, one headphones and necessary cables is available at the online retailer Sweetwater.com for \$499.99. The software needed for processing the tracks, digital audio workstations (DAW), are mostly given as a complementary product (as a cross promotional strategy) along with audio interfaces or can be downloaded illegally on various pirate web sites. This price is extremely low as it provides the tools to create a “decent” recording, if compared to price of renting a studio for \$85 to \$500+ per day.¹⁵ Even so, it should be stated that the average prices for recording a song had decreased dramatically for professional studios. As a well-known audio engineer, Alp Turaç, remarks:

...For example, when I started, I was working in one of the best studios in Turkey, in Ereklı-Tunç. It was \$80 an hour. So if it was rented for ten hours,

¹⁵ See <https://www.gemtracks.com/guides/view.php?title=how-much-does-it-cost-to-record-an-album&id=47>

they were charging \$800 a day. For example, Babajim studios are one of the best studios in Istanbul right now. I ran it. I know that place. If you rent it daily, I guess it's like \$400. (interview with Alp Turaç, September 2022)

However, becoming a ‘hit’ or the possibility of acquiring an adequate revenue from streams depends on the very quality of recording if we consider the top tier industry standards. Moreover, even if a song is recorded at a home studio, larger productions require additional costs like producers, arrangers, instrumentalists, mix-mastering engineers etc. As Efe Bahadır states:

That old system of "let me knock on a label's door" probably no longer exists ... because you can make music at home too. All very well. The quality of what you can do at home has increased considerably in recent years; but nothing can match the quality of money well spent, recorded in good studios, with good equipment. Listen to the music of London today, all the music playing there still comes out of very good studios, in the final analysis. And that requires money. So where will we find the money to make an album? [*Referring to record companies*] That's the standard operation of this system. (interview with Efe Bahadır, September 2022)

Therefore, ‘knocking on a label’s door’ is still a prevailing phenomenon in the music industry due to several reasons. First, as Bahadır suggests above, coverage of recording costs by a label is a significant advantage for an album or single not only for ensuring sound quality but also having access to professional studio musicians, arrangers, producers, sound engineers. Second, a record label, depending on its size and the agreement that have been made, can budget high amounts of digital advertisements for marketing and promotion. However, an independent artist has to create an audience on social media with a limited budget. Thirdly, in order for a CD album to be put up for physical sales in retailers and to be broadcasted in radio and TV channels, it is a legal requirement to release it from a production company (Lena, 2018: 264).

Although musicians are now ‘free’ from the chains of labels and distribution companies, they somehow need to promote themselves among thousands of competitors, to become visible. Kribs (2017) puts forward the concept of artists-as-intermediaries for DIY artists, who “become responsible for not only writing their own music, but producing, distributing, promoting and circulating it as well”:

Disintermediation shows us that the elimination of the middleman through digital distribution does not in fact liberate the musician from industry shackles

but rather forces artists to occupy the role of intermediary should they aspire to be commercially successful. While it is true that the artist-as-intermediary has more open access to distribution platforms, she/he do not have access to funds or promotional resources. The artist-as-intermediary does all her/his own creative and promotional work, establishing a monetizable fanbase in the hopes that label executives (or, rather, their interns) scanning the web for the hottest trend will sign her/him to a recording contract. Consequently, the ease of access to distribution and increasing disintermediation create a false impression of openness within the music industry when the gatekeeping functions of the traditional industry obstinately persist. (8)

In that respect, most artists use crowdfunding as a way of making a living. Those who are more known are at best able to fund her or his later work by this means. The most well-known among many crowdfunding platforms is Patreon. Several levels of monthly pricing can be offered as a price discrimination strategy to get the maximum donations. Currently, the company cuts 5%, 8% and 12% of the subscriber's earnings for different user options (Lite, Premium, Pro), within which users can get detailed analytics and better promotions on different platforms. As of 2020, it was stated that more than 150,000 artists (not only musicians) were using Patreon (Stassen, Over 70,000 New Creators Have Signed Up to Patreon Since Mid-March, Including A 150% Increase in the Number of Musicians, 2020).

4.1.2. Getting Signed

Another way to take place in DSPs is to produce songs via record contracts. There are several basic types of record deals. *Traditional record deals* are the ones that have been existing for a long time. In this type of deals, the record label grants artists an advance and covers the recording costs. The label owns the master copyrights and the percentage that the artist gets from the royalties is generally somewhere between 15-20%. Before the artist starts to earn royalties, the expenses such as advance, recording costs, promotion costs, music video costs etc. will be recouped from royalties. *360 Deals* are traditional record deals plus touring and merchandising services. In return for the label's booking and merchandising services, the label takes a percentage from the relevant revenues (360 deals will be discussed in the following). *Distribution deals*

are currently in great demand especially by independent artists. In this case, the artist provides ready recordings to a distribution company that can carry the songs to retailers and/or DSPs (distribution deals will be evaluated in more detail in section 2). *Production deals* vary. In case that artists make a deal with independent labels (production companies), they get a higher royalty percentage as compared to traditional deals due to the less marketing & promotion opportunities of the independent companies. These companies are mostly composed of individuals with some resources and powerful networks. They finance the cost of recordings in order to shop them to a major label. Bülent Forta

As a matter of fact, this is the ‘big fish eats little fish’ theory. When you climb up the ladder independently, the majors buy you right away. It's the same in Turkey. You see, there is a band coming out. And then that group signs a contract with either Sony or Doğan for the second album. (interview with Bülent Forta, November 2022)

Nevertheless, three biggest labels dominate and get the lion’s share in the recording industry. Singer/songwriter Sıtkı shares his experience of getting signed with an independent label:

They could not allocate a budget for such an advertisement. So, it wasn't a big company either. Small record companies can't give what the big record companies can. But even so, they don't take less than the majors do. [...] I think it's all a matter of personal ties. In other words, I think these things have something to do with how well you relate to those people, how close you are, how much they love you, how much time and energy they are willing to devote to you. [...] We paid for it [*advertisement*] as a band. In fact, I gave the money from my own pocket. (interview with Sıtkı, 2022)

After Universal’s acquisition of EMI Recorded-Music in 2012, there are currently three major companies in the recording industry. Sony Music Group is comprised of Sony Music Entertainment in the global market except Japan, Sony Music Entertainment [Japan] in Japanese market and Sony Music Publishing. It is the subsidiary music segment of Japanese multinational conglomerate Sony Group Corporation. Warner Music Group is a multinational conglomerate headquartered in the US. Universal Music Group is a Dutch-American multinational music corporation. According to Music & Copyright, which gets the data from Omdia Research, three companies’ total market shares for physical and digital revenues were equal to 70.4%

in 2021 (Music & Copyright, 2022a). However, it is important to be cautious of these statistics since the data are mostly derived on the basis of the distributor. If the record is distributed through a company owned by a major, it is counted on behalf of that major (Anderton, Dubber, & James, 2013: 26).¹⁶

Major labels are multinational conglomerates and they are “composed of various divisions, departments and wholly or partly owned subsidiaries and record labels that often act in semi-autonomous fashion” (Anderton et al., 2013). For instance, Sony has 15 different subsidiaries including Columbia Record and RCA Records; Warner has 21 record labels, distribution and publishing subsidiaries; Universal owns 77 labels & brands. To explain this ramification more clearly, the following information might help: one of Warner’s 21 sub-labels, Spinnin’ Record owns 86 smaller labels, operating in different genres.¹⁷ This is the pure example of horizontal integration, together with the ownership of non-music sectors (also known as lateral integration) such as media, marketing and merchandising that enables cross-promotion (Anderton et al., 2013). The majors are also vertically integrated; they all possess recording studios, labels, publishing companies, distribution companies and pressing plants for physical products.

The ideology of *getting signed* to a record label is still a dominant notion among musicians (Arditi, 2020). Arditi explores some of material and immaterial reasons why musicians sign record contracts: strong networks with DSPs that can push an artist’s album by promoting it on front pages, convenience of booking gigs as a signed artist, obtaining space-time-support for playing full time music and last but not least, marketing power to receive mass promotion (2020: 238). Lütfücan Kapucu, an independent producer and arranger describes the ideology of getting signed as such:

Is there need for a company? There are many people who find publishers online and broadcast them on Spotify. But here, too, most artists have a concern: labeling anxiety. For example, even if the company does not do a huge

¹⁶ For instance, according to MIDiA Research Independent Label Model 09/21, majors share are calculated as 66.1% based on distribution, while they were 56.9% based on ownership. This shows the power of majors in the distribution market (*see* Mulligan, 2021).

¹⁷ <https://spinninrecords.com/releases/>

promotion and marketing, you know it goes ‘Ada Music’ on the album, it's as if people are "oh, the work from Ada is good"; such a label, such an image concern. That's why there are still musicians on the market who strive to "let my single or album come out from Ada". (interview with Lütücan Kapucu, September 2022)

Especially towards the end of the 20th century, music industry has shifted its source of revenue from recording to other areas, such as licencing and synchronization. After millenium, while industry revenues were in a constant decline, major labels “realise[d] that they will not be able to rely solely on recorded music for their survival but, rather, will have to be involved in a wide range of music activities” (Marshall, 2013). To be exploited, these activities such as touring and merchandising were increasingly included in the contracts in addition to recording and publishing deals.¹⁸ These type of agreements are called ‘360 deals’ in the business. Efe Bahadır remarks the main revenue stream of artists as live performances:

When this recording business was shattered, of course, a side income was sought. A lot of record companies started to make money from management. What does it mean to make money as a manager? Your record company also does the booking, to play here and there. They also get a percentage from them. So what happened? The gigs became the source of income for musicians and artists. There is no other source of income. S/he will play, full stop. So you used to get a share from the album when it sold well. Now the album is not selling either. The musician's only source of income is the stage. How will s/he earn the money? (interview with Efe Bahadır, September 2022)

It is very hard to obtain the data for the total global revenues of recorded music market. The only source to have an insight is the IFPI global reports, of which is issued annually. As can be seen in the image taken from IFPI’s 2022 Global Music Report, the revenues they calculate consist of physical, streaming, downloads and other digital, performance rights and synchronization revenues. In order to calculate the market

¹⁸ For example, in Sony’s SEC Filings, the category “Recorded Music – Others” under its Music segment is defined as follows: “Recorded Music — Others includes the distribution of recorded music by physical media and digital download as well as revenue derived from artists’ live performances”. It should be remarked that the revenue of this segment was almost equal to Streaming revenues for the fiscal year 2019 and more than two-thirds of Streaming revenues for the fiscal year 2020 (Sony, SEC Filings). Another major, Warner, receives more revenue stream from the category of “artist services and expanded rights” than physical sales for the last three years: “We believe that entering into expanded-rights deals and enhancing our artist services capabilities in areas such as merchandising, VIP ticketing, fan clubs, concert promotion and management has permitted us to *diversify* [emphasis added] revenue streams and *capitalize* [emphasis added] on other revenue opportunities” (Warner Music Corp, SEC Filings).

shares of labels with respect to this graph, we need to have the sum of the relevant components in the IFPI graph for each label. However, all three labels publish different components under the names of same segments. For example, Warner publishes a perfectly disaggregated data, enabling us to calculate all the components separately; however, Sony does not disaggregate the revenues derived from artists' live performances, which they take under the category "Recorded Music – Others". Since live performance revenues are not included in IFPI's relevant graph, it would cause critical errors to calculate market shares of major labels accordingly. In addition, there is no data that we can reach for the number of firms that operate in the market each year. Therefore, there is a lack of information on whether there are barriers to entry.

Table 5 Streaming revenues by label

Units (\$ millions)	2018	2019	2020	2021
Sony Music Group	2,014	2,400	2,866	4,039
Warner Music Group	1,733	2,129	2,403	2,972
Universal Music Group	3,066	3,724	4,378	5,302
Total Streaming Revenues of Major Labels	6,813	8,253	9,647	12,313
Total global Streaming Revenues	9,300	11,400	13,600	16,900

Source: Major labels' fiscal reports and IFPI.

The calculations for Table 5 is made only for streaming revenues. The data are derived from labels' fiscal reports and SEC filings. All three labels shared their streaming revenues beginning from the year 2018. For this reason, total four years were taken into account from 2018 to 2021. In addition, all three labels adopt different intervals for their fiscal year: Universal, Sony and Warner start and end the fiscal year on

December 31, March 31 and September 30, respectively. Therefore, all the data are derived from quarterly results and reorganized suitably for start-end December 31. One other possible error for the calculation is the different currencies that labels operate with. Warner uses the currency of US dollar for their operations, Sony Japanese yen and Universal euro. All of these currencies were converted to the dollars with respect to yearly average exchange rates, which was derived from OECD calculations.¹⁹ However, since the exchange rates are subject to many fluctuations during the year, it should be kept in mind that the results may contain some degree of error. Lastly, for the total global streaming revenues, the “total streaming” segment of IFPI graph was taken into account.

Table 6 Changes in concentration ratios in global streaming revenues between 2018-2021

	2018	2019	2020	2021
CR1*	32.97%	32.66%	32.19%	31.37%
CR2	54.62%	53.72%	53.26%	55.27%
CR3	73.26%	72.39%	70.93%	72.86%
HHI*	>1902.82	>1858.72	>1792.36	>1864.69

Source: Compiled from firms' fiscal reports and IFPI, 2022.

* CR (Concentration Ratio) figure is calculated as the sum of market shares held by largest specified number of firms ($CR_n = C_1 + C_2 + \dots + C_n$).

* HHI figure is the sum of the squared market shares of each firm in the market. For instance, if there is only one firm in the market with a 100% share, HHI would be 10,000; whereas one thousand firms with an equal share would make a figure close to 0.

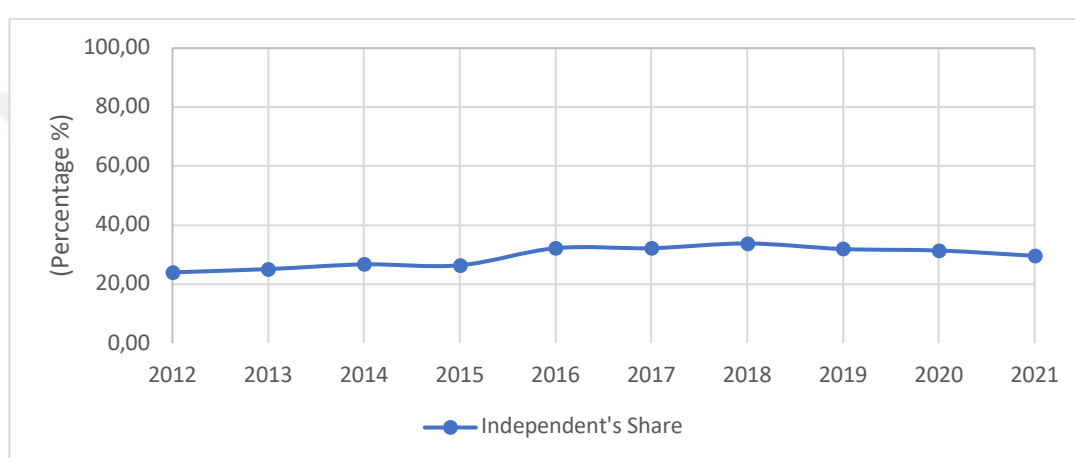
The streaming market is an oligopoly, with CR3 average of four years as 72.36%. Even CR3 slightly decreases in the first three years, it increases again in 2021. Herfindahl-Hirschman indexes (HHI) are not exact figures (due to the lack of information on all

¹⁹ <https://data.oecd.org/conversion/exchange-rates.htm>

of the operating firms) but show the minimum numbers derived only from majors' shares. Even in this situation, the market is (highly) concentrated.²⁰

Independent labels hold an average of 25-30% of the market. Historically, it is a strategy of the majors to permit independents some room for operation in the market, because “indies act independently in trying the new, and if commercial success follows then majors begin to invest on the respective genre or artist without any further risk” (Çakmur, 2001: 69).

Table 7 Independent labels' digital and physical market share between 2012-2021



Source: Music & Copyright, 2022c.

Table 7 shows the digital and physical market share of independent labels in the last nine years. An upward trend can be observed until 2018, however, there is a constant decline right after 2018. On the other side, Table 6 presented that majors' streaming share was decreasing in 2019 and 2020. Therefore, it can be deduced that independents' increasing streaming share could not compensate their downfall in physical sales.

²⁰ An HHI value between 1,000-1,800 is considered moderately concentrated, while an HHI value above 1,800 is considered highly concentrated.

4.2. Distribution

Distribution is the intermediary action that carries the role of transporting recorded materials to retailers and/or (dominantly) DSPs. In the last twenty years, share of physical sales plummeted to around 20% among other formats from the days it was the sole procedure (IFPI, 2022). Digital distribution, on the other hand, is currently the leading distribution format not only with regards to market share, but also in the sense that the recordings distributed in physical formats also do have to be distributed digitally in order to reach a global audience. There are no transportation or warehouse costs for digital distribution. Once a song is produced and transferred to digital media, it can be reproduced infinitely without a cost. Reproduction used to be a capital-intensive area, however, as Wikström (2013) remarked, workforce of the record industry has seen a 25% reduction since 2000.

Distribution was a highly concentrated market in favor of the major companies' historically established distribution systems. This is called 'vertical integration', which is useful for eliminating unprecedented risks for the realization of value. By the mid 1980, the distribution process was "completely in the hands of multinationals, which enabled them to control not only the production of, but also the consumption of music in several domestic markets" (Çakmur, 2001: 84). Thus, the first initiatives for legal alternatives of piracy were a challenge to majors' distribution system, though "major labels successfully repositioned themselves and regained market control" (Sun, 2019: 176).

When record labels shifted their source of revenue from other areas to licensing and copyright, as mentioned before, nobody knew licensing would become *that* essential as of today it is the core source of profit in the streaming industry. When Spotify first came into play, the main challenge was to acquire the majors' gigantic music catalog, without which drawing customers would be impossible. Spotify found the solution in giving out some of its equities (roughly 18%) to all majors and Merlin (an independent music licensing company) in exchange for getting their music catalog (Ingham, 2018a). Back in 2008, this 18% stake worth only €8,804.40.

Within the scope of this study, physical distribution will be excluded. Today, there are online digital distribution services with various offerings, taking upon two main roles: distributing songs to DSPs and royalty allocation. First, most of the DSPs, including Spotify, do not allow for direct music upload. In fact, Spotify initiated a direct music upload system on September 20, 2018 (Spotify, 2018). In terms of payments, Spotify would “offer artists 50 percent of Spotify’s net revenue and 100 percent of royalties for the songs they upload” (Deahl, 2018). However, after almost a year on July 1, 2019, they announced ending the direct upload program. The main reason must have been the objections from major labels. Especially if the superstars had used this system in order to take all the money from streaming instead of sharing with their label, it would have been a catastrophe for major labels. Therefore, intermediary distributors are essential part of streaming services and Spotify. Second, distributors are pipelines for royalty allocation, the value of streams depending on the specific DSP. Since most of the distributors get the uploaded songs to almost all of the DSPs, they manage to collect these separate royalties and transfer to the rightsholder. The additional third role of distribution services is to provide trade marketing strategies for their customers. This includes placement in various largely followed playlists and appearance on the forefronts of DSPs’ interfaces. Global distribution revenues are estimated to be \$911 million in 2020 and \$971 million in 2021 (MarketWatch, 2022; Allied Market Research, 2022).

As of 2017, on the U.S. market, “a whopping 85% of digital revenues goes either through Universal, Sony or Warner (or distribution companies under their umbrella)” (SoundchartsBlog, 2022). Three major labels do not require a separate distribution service for their artists – they distribute music through direct licensing deals with DSPs. Moreover, majors own enormous distribution companies which hold key positions. The following distributors have deals with hundreds of different labels and independent label groups, including majors’ subsidiary labels. ADA Music, owned by Warner, distributes more than 150 independent labels’ music, including the catalogs of most of the labels owned by BMG Rights Management, to DSPs. AWAL, licensing and distributing many promising artists, was recently bought by Sony for \$430m, about which the UK’s Competition and Markets Authority raised concerns (Competition and Markets Authority, 2021). Sony also fully acquired in 2015 The Orchard, which is the

distributor of dozens of bigger independent labels and label groups. Universal owns Virgin Music, which has more than 140 partnering labels/artists, and Ingrooves, which signed distribution deals with star figures such as Pitbull and BTS.

All of these companies distribute music from invited artists, meaning that a random artist cannot pay and utilize these services, since they do not want to take risks with a no-name artist. For instance, Sony subsidiary AWAL runs a triple-tiered program for artists, namely AWAL Core, AWAL+ and AWAL Recordings. While the first tier provides basic distribution and analytics tools for the artists that are accepted (which is less than 10% of them who apply), second tier artists (of which AWAL thinks as ‘on the verge’²¹) are given additional finances and services. The top tier service provides larger resources and advances (Ingham, 2022). Apart from majors and ‘independent’ distributors of major companies, there are open platforms which anybody can benefit from, such as CD Baby. Service fee for those open intermediaries basically revolve around three different types. The distributor charges a fixed annual subscription fee for unlimited release, a flat per song/album fee or a percentage based (mostly 15%) commission out of royalties.

Spotify has ‘preferred and recommended’ distributors on its ‘Spotify for Artists’ page.²² Under preferred and recommended label distributors, Sony subsidiary The Orchard-AWAL and Universal subsidiary Ingrooves take their part. Under the section of preferred and recommended artist distributors, three subsidiaries of the same company Downtown Music Holdings (namely CD Baby, Songtrust and FUGA) and DistroKid (of which Spotify has 4% stake) are in the frame (Stassen, 2021b). Moreover, DistroKid is probably the largest aggregator: distributing more than 2 millions of artists’ songs to the service, “30-40% of all new music in the world”, with a catalog holding nearly 20 million tracks (Stassen, 2021a). Mark Mulligan (2021) of MIDiA Research reports that while majors’ revenue share on ownership basis is 56.9%, the share goes up to 66.1% if calculated on distribution basis. He states that “if they were not so active distributors of independents, they would simply be ceding all

²¹ <https://www.awal.com/how-it-works>. Retrieved on November 1, 2022.

²² <https://artists.spotify.com/providers>. Retrieved on October 28, 2022.

of the revenue, instead of, as they are, capturing some it and being able to report the market share as their own” (2021). For example, Bülent Forta remarked that the biggest two distributors in Turkey are The Orchard and Believe, which cut an average commission between 15-25%, depending on the labels’ bargaining power (interview with Bülent Forta, November 2022). While The Orchard is the subsidiary distributor of Sony, Believe is not owned by any major companies. However, Believe acquired 60% of Turkey’s probably the biggest music company, Doğan Music²³, in April 2020. Bülent Forta stated that the full acquisition will be completed in one and a half year (interview with Bülent Forta, November 2022).

Metin Oktay of Median Music Publishing company explains the relationship between distributors and DSPs as follows:

[...] But there is a point here as well. There are distributors. Therefore, no matter how much you work individually, you still need someone. Because it's not just about uploading and leaving that content in that music library, like Spotify or Apple music. That is, to bring it to people. Yes, sometimes a singer can gain an audience in a very organic way. But you have to have a connection with the editor who got you on those lists. Or the distributor should know those algorithms well and your work should be more accessible with those algorithms. (interview with Metin Oktay, October 2022)

Bülent Forta makes a salient comparison between top ranking or major-owned distributors and other open platforms:

These intermediaries, such as CD Baby, are used by amateur artists, but they are not *professional* media which can respond to the repertoires of Avrupa Music, Kalan Music, Pasaj Music, Ada Music etc. It's a machine. You're just uploading. But this is not the case for Believe or the Orchard. There are a lot of *mechanisms* here. [emphasis added] (interview with Bülent Forta, November 2022)

This landscape shows how the relations of power holders in the streaming industry are interwoven and how the glamor of ‘equal opportunities’ in digital music distribution

²³ These statistics might give an idea about Doğan Music Company’s position in Turkish music market: over 10,000 album releases, digital and physical distributor of over 200 music companies, licensing over 100,000 songs and 13,000 video clips since 2000. Among the company’s artists, there are Turkey’s most popular singers, such as Sezen Aksu, Alevna Tilki, Edis, Sertab Erener, Ajda Pekkan, Demet Akalın, Kenan Doğulu, Mor ve Ötesi, Murat Boz, Mustafa Ceceli, Mustafa Sandal and many others. (<https://www.capital.com.tr/haberler/tum-haberler/believe-dogan-music-companyye-ortak-oldu>. Retrieved on October 9, 2022.)

turned out to be a mere sham. Mere evaluation of ‘barriers to market entry’, as an important parameter in market competition (or concentration), loses its importance in this structure of distribution since there is no significant capital needed to enter the market; the term needs to be redefined in terms of affinity to key players. Thus, the means to get a widespread coverage that will provide a ‘click’ on the song is a matter of affinity to Spotify’s editorial team. Major labels and distributors are the only actors capable of doing that. Other possible ways of trade marketing will be discussed later in section 4.

4.3. Publishing

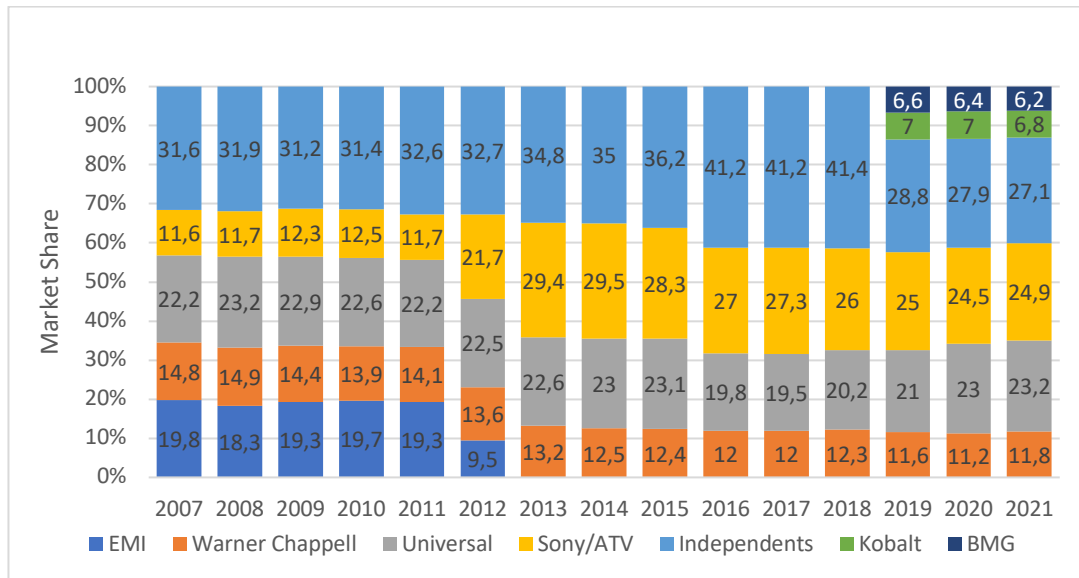
Publishers are responsible for the management of artists composition rights: collecting royalties, as well as leveraging the composition (lyrics and melody) commercially. As is known, copyright of a song consists of two, master copyright and composition copyright. Under composition rights, there are six exclusive rights that could be licensed to other parties such as right of reproduction, right of public performance, right of derivatives, public display, digital transmission, and distribution. Even though there are six types of rights, the royalties earned from composition are split between two of them: public performance and reproduction. The right of reproduction, also known as mechanical rights. Before digital medium was on the boil, each time a composition is reproduced (rather cassette, CD or vinyl) was subject to the right to reproduce. Even though streaming does not grant user the life-long ownership of the tangible audio, it is subject to mechanical royalty since it is reproduced each time it is played. These two royalties, licensing of reproduction rights and public performance rights, are called as ‘All In’ royalty together in Spotify. In the US, All-In royalties are determined by the Copyright Royalty Board. Until 2017, it was set as 10.5% of Spotify’s gross revenue in the relevant month. The board has decided to increase this rate to 15.1%, with a 44% rise, until 2022. This percentage is what “some publishers and collecting societies had already negotiated in other parts of the world where there is no compulsory license and so each licensing entity negotiates its own deal”, such as Turkey’s MESAM and MSG (Cooke, 2022). These two collecting societies have set this rate as 12% until 2015 and then 15% until today, including year 2023. The rate is defined as “15% of the net income after deducting VAT, Special Communications

Tax, Treasury Share on the advertising, sponsorship and/or subscription income generated by the service provider through the MESAM & MSG repertoire”.²⁴

In order to collect these royalties, artists must become a member of collecting societies, namely CMOs and PROs. While the former is responsible for collecting both performance and mechanical royalties, the latter only collects performance royalties. In fact, not every country has this kind of division between these organizations. In Turkey, MESAM and MSG are two organizations who collect royalties from licensed composition rights.

Globally, music publishing market is not radically different from the recording market. Table 8 displays the global market shares of biggest music publishers between 2007-2021. It should be noted that the total global revenues of music publishing jumped to \$6.9bn in last year 2021 from \$5.9bn in 2020, with a growth rate of 17.6% (Music & Copyright, 2022b). This figure becomes more striking if we consider that it is more than one third of total recording industry revenues.

Table 8 Global revenue market share of the biggest music publishers between 2007-2021

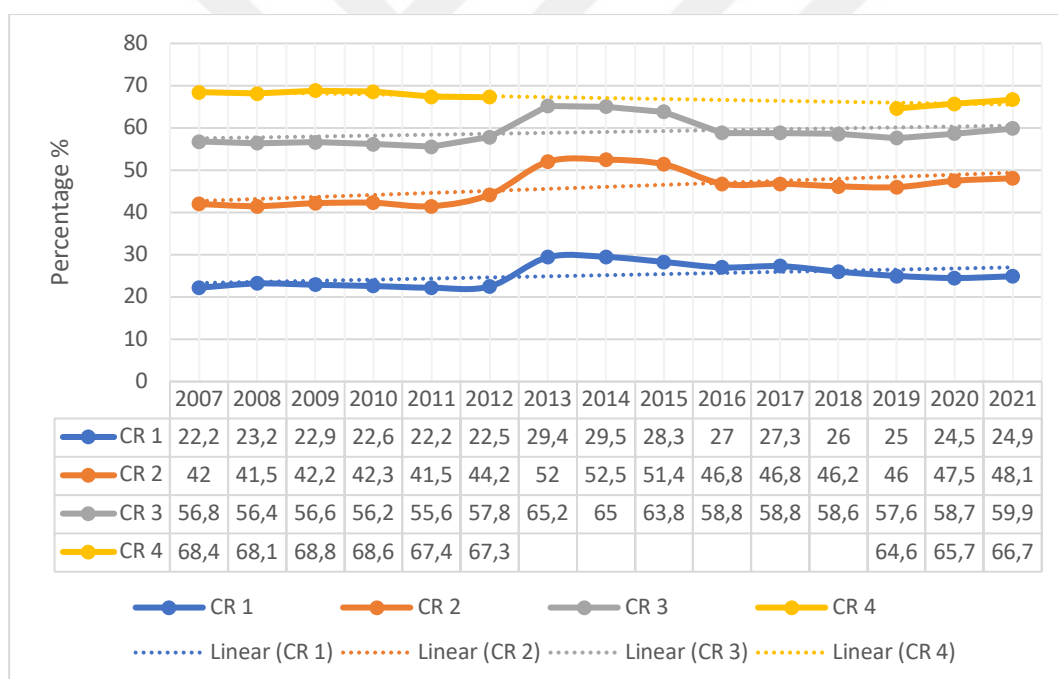


Source: Music & Copyright, 2022b

²⁴ <https://www.mesam.org.tr/tarifeler>. Retrieved on November 1, 2022.

The effect of Sony's acquisition of EMI and its catalog in 2012 can be observed in the striking percentage changes in 2012 and 2013. In 2019, Kobalt Music Group and BMG Publishing went on the stage with percentages of 6-7%. The main reason behind this instant appearance, apart from being strong and long-established companies, was Kobalt's acquisition²⁵ of Songs Music Publishing for an estimated \$150m in December 2017 (Kobalt also had purchased AWAL in December 2011) and BMG's acquisition²⁶ of BBR Music for more than \$100m in January 2017, which separated them from independents. In general, it is observed that the most stable firm was Universal in this time period. Sony's acquisition of EMI resulted nearly in a triplication of its revenues in 2013. Since then, even though Sony's publishing branch experienced a decline of 4.5% in its market share, it still holds the biggest slice of the cake.

Table 9 Changes in concentration ratios in global publishing market between 2007-2021



Source: Music & Copyright, 2022

²⁵ Paul McCartney, Kelly Clarkson and Dave Grohl were among the artists to which the Songs catalog was home. (<https://variety.com/2017/biz/news/songs-music-publishing-sells-to-kobalt-for-150-million-sources-say-1202633941/>. Retrieved on November 1, 2022.)

²⁶ BBR is the home of the most popular country music artists in the US. The acquisition included both label and publishing branches of BBR. (<https://www.handelsblatt.com/unternehmen/it-medien/musikrechte-bertelsmann-goes-country/19327396.html>. Retrieved on November 1, 2022.)

Publishing market is indisputably a concentrated market. The trendlines show that the general tendencies of concentration ratios are to rise regarding these 14 years. We do not have the information about CR4 figures for the years in-between 2013-2018, since there are only 3 firms except independents. Even though CR1 is in a constant decrease from 2014 onwards, we cannot claim this for CR2 and CR4 ratios. The noticeable bump in the graph between 2012-2016 is caused by Sony's acquisition of EMI. Nevertheless, since 2019, all the ratios except CR1 tend to increase. Towse asserts that "the industry experienced a dramatic trend to concentration during the twenty-first century, with music publishing becoming part of large international oligopolistic corporations in which it occupies only a relatively small part of their total business" (2020a: 377).

4.4. Exchange - Spotify

Swedish company Spotify was founded in 2006 by Daniel Ek and Martin Lorentzon. By September 2022, the service has 456 million monthly active users (MAU) with 195 million paid subscribers across 183 markets²⁷; there are more than 80 million tracks, including 4.7 million podcasts available for the users.²⁸ Spotify offers mainly two different subscription types: *Spotify Free* and *Spotify Premium*. Spotify Free is an advertised option that disables users to choose a specific track to listen and to skip tracks more than 6 times per hour. Free users also limited to shuffle play for whole albums or playlists.²⁹ In addition, users of free-tier subscription are regularly exposed to various advertisements. On the other hand, paid subscriptions are of three or four different payment types: Individual (for 1 account), Duo (2 accounts), Family (6 accounts) and Student (not available in every country). The price of the individual subscription ranges from \$1.13 to \$13.14 depending on the country, Turkey the lowest

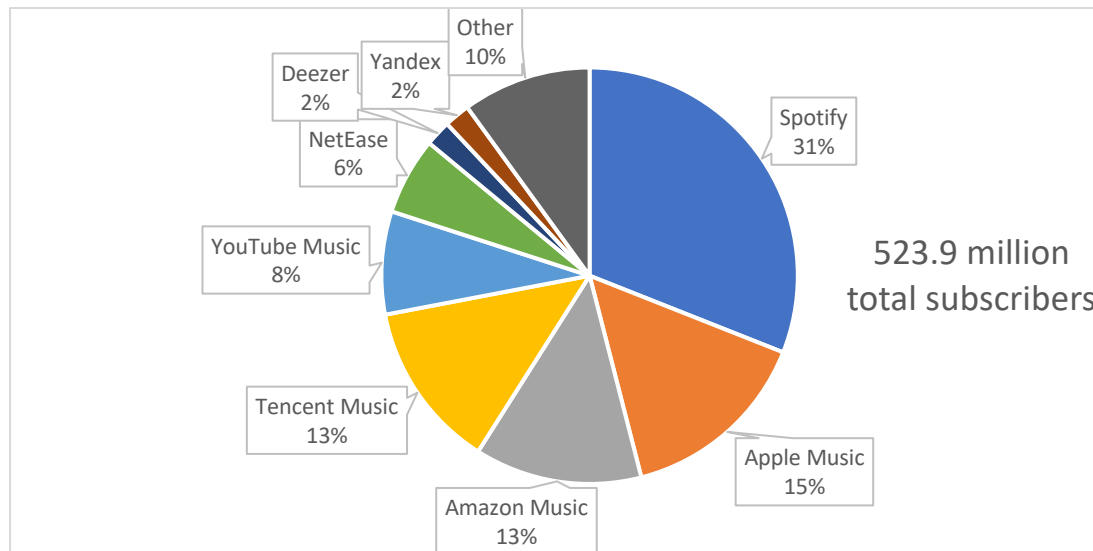
²⁷ It should be noted that this figure was 78 back in 2020.

²⁸ <https://newsroom.spotify.com/company-info/>. Retrieved on November 2, 2022.

²⁹ The exceptions are certain Spotify playlists such as those algorithmically made for users like 'Discover Weekly' and editorial-selected playlists. The free-tier users are allowed to choose specific songs from those playlists. This feature becomes more important if it is considered along with the logic of algorithms which will be discussed in the 4th sub-section. (<https://support.spotify.com/ie/article/shuffle-play/>. Retrieved on November 1, 2022.)

and Denmark the highest.³⁰ Roughly for every country, Duo subscription is 1.3 times and Family subscription is 1.6 times the price of Individual subscription. Students pay half of the Individual price, if available.

Table 10 Global streaming music subscription market, Q2 2021



Source: Reproduced from (Mulligan, 2022)

Spotify is the leading steaming service in the streaming market with a share of 31% with regards to paid subscribers, as of the second quarter of 2021. However, it should be noted that its percentage share was down from 33% and 34% in the second quarters of 2020 and 2019, respectively. With a CR2 of 46%, CR4 of 72% and HHI above 1,632, streaming market can be considered as a concentrated market.

4.4.1. Economic structure of Spotify

This sub-section presents the working principles of the business model of Spotify.

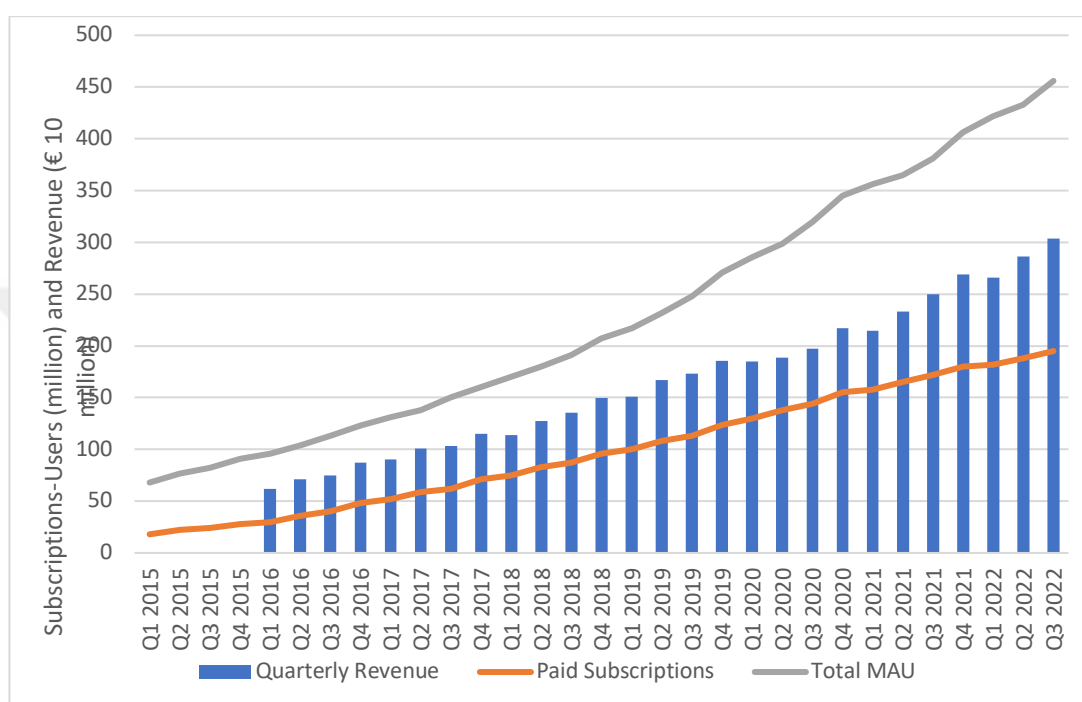
5.4.1.1 Revenue and other Incomes

There are two main revenue streams of Spotify, paid subscriptions and advertisement revenues acquired from the free subscriptions. The revenue coming from the

³⁰ See <https://subscriptionland.com/services/spotify>. Retrieved on October 28, 2022. The list is regularly updated.

advertisers constitute roughly 10-12% of the consolidated revenue (for the 3rd quarter of 2022 this was 12.7%). Therefore, the most important revenue items for Spotify are the subscriptions.

Table 11 Spotify quarterly revenue, subscriptions and monthly active users between 2015-2022



Source: Compiled from quarterly financial results.

Table 11 shows the quarterly figures of numbers of subscriptions and users, as well as revenues. The gap between paid users and free-tier users widens over time, which is to be expected since people are more easily convinced to use the free-tier option. Even though the percentage of subscribers among the total users have risen significantly, from 26.5% in Q1 2015 to 42.88% in Q3 2022, it shows tendency to decrease. The payment plans are important in terms of price discrimination, helping the service to lower churn rate, ensuring a high retention within Family and Student plans (Colbjørnsen, Hui, & Solstad, 2022: 150). As we will see, this strategy is highly profitable within the first calculation for royalty payments where Spotify pays a share of its monthly revenue, no matter how many users are subscribed. However, there is a limit to increase the number of users especially for the Family plan, since the second

type calculation is made by multiplying the number of subscribers with a negotiated fixed rate. It should be noted that the higher result of these calculations is taken into account.

Spotify needs two separate licenses, which are sound recording (master copyright) and composition (the lyrics and melody). In order to keep the songs available on the service, Spotify needs these two licenses, for which, in return, royalties must be paid.

Another source of income for Spotify is finance incomes. These incomes “consists of fair value adjustment gains on certain financial instruments, interest income earned on our cash and cash equivalents and short-term investments, and foreign currency gains” (Spotify, 2021: 50). The lowest finance income with €94 million was in 2019 (1% as a percentage of revenue) and the highest finance income with €455 million in 2018 (9% as a percentage of revenue).

4.4.1.2. Cost of Revenue (Royalty Payments) and other Expenses

Sound Recording Royalties

Artists have to license their recorded music whether to a record company or a distributor (which was discussed in section 2) in order to get the record on Spotify. In most cases, record labels except majors also have to use a distributor (such as the Orchard or Believe) to get their music on Spotify. In that case, the record label makes a deal depending on its market power (Bülent Forta stated that the commission they cut varies between 15-25%). Then, for sound recording royalties, Spotify must make sound recording license agreements with every distributor separately to determine a ‘Big Pot’ (Price, 2020). This ‘big pot’ is the greater of (1) a percentage of Spotify’s monthly revenue or (2) number of subscribers multiplied by a flat amount. The percentage or the flat amount per subscriber is determined by the deal between Spotify and the distributor/major label.³¹ This second type of calculation is a safeguard for

³¹ It is not hard to imagine that this percentage (generally between 50-55%) is higher especially for major labels and distributors owned by them, than open distributors such as CDBaby. In fact, Spotify is struggling to lower the percentage in general, in order to maximize its profits. For example, it is stated that the licensing deal in 2018 reduced labels’ share of pro-rated net revenue from Spotify down from 55% to 52%. (<https://www.musicbusinessworldwide.com/barry-mccarthy-spotify-isnt-expecting-the-labels-to-hand-us-an-additional-pile-of-gross-margin/>. Retrieved on October 6, 2022.)

rightsholders in case Spotify lowers its subscription price, as mentioned above. Moreover, it should be noted that for each subscriber type (free, Premium etc.), there are different agreements for determining the ‘big pot’ (for advertised free subscription it is typically lower rates for rightsholders). Then, for each rightsholder, the royalties are paid by *pro-rata* share, that is, the number of streams of a specific rightsholder divided by the total streams made in that month.

Sound Recording Royalty Payment for a Specific Month

$$= \text{Monthly Revenue} \times \text{Agreed Percentage} (\sim 52\%) \times \frac{\# \text{ of Rightsholder's Streams}}{\# \text{ of Total Streams}}$$

Or

$$= \# \text{ of Subscribers} \times \text{Flat Rate} \times \frac{\# \text{ of Rightsholder's Streams}}{\# \text{ of Total Streams}}$$

It is critical to note that these calculations are made on the basis of market areas. Let’s say, for example, XYZ Music in Turkey will collect its sound recording royalties for the month January. Most of the streams of XYZ Music’s songs on Spotify will likely be from Turkey. For those streams made by the users in Turkey; the revenue earned from the subscribers in Turkey and the number of total streams in Turkey will be taken into account. Likewise, for the streams of XYZ Music’s songs in the US market, the US market’s monthly revenue and the total streams made in the US will be counted.

Spotify declared that the service paid out over \$4 billion to major record labels and over \$1 billion to publishers in 2021.³² Given that Spotify made €7,077 billion (around \$8,300 billion) royalty payments to the rightsholders in 2021, it means 56-70% of the recording revenues streamed to majors (the calculation is made with minimum and maximum fractions because of the obscurity of the given data). Recall that the majors’ share in all streaming services was 72.86% in 2021 (Table 6), whether the fraction of

³² It goes: “Over the past year, almost all of our music partners have reported record profit and growth for their artists. The three major music labels jointly brought in over \$25 billion in revenue last year, with \$12.5 billion coming from streaming recorded revenue alone. Spotify payments represent around a third of that streaming total. Major label profits in 2021 exceeded \$4 billion — meaning more money to reinvest to grow the industry.” See <https://loudandclear.byspotify.com>. Retrieved on November 16, 2022.

\$4m is closer to \$5m or majors' share of royalties in Spotify is less than market average.

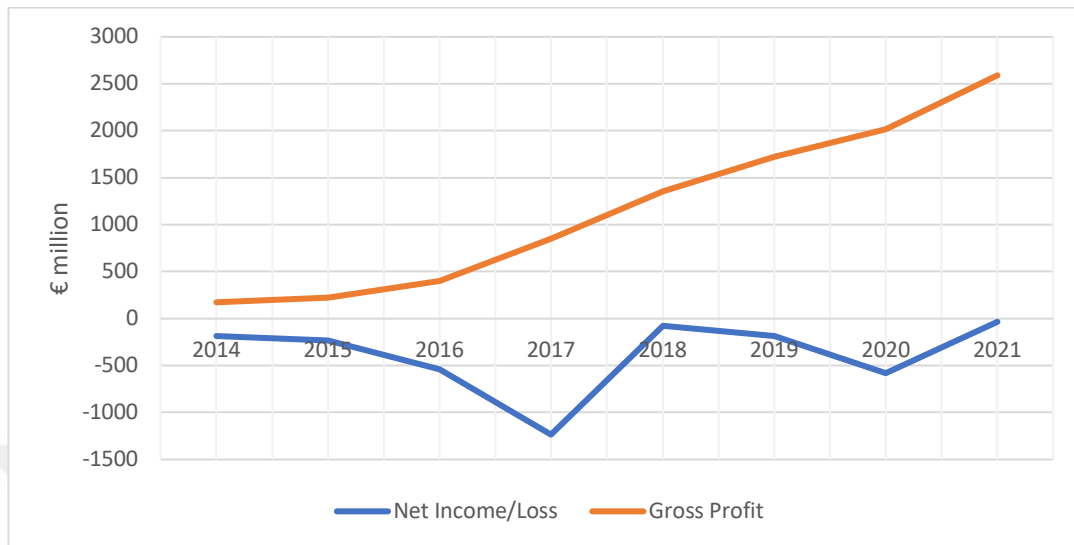
Composition Royalties

For Spotify there are two main composition royalties to be paid: public performance and reproduction (mechanical). Spotify can get the right of public performance from rather publishers or collecting societies (i.e. Ascap-BMI in the US). On the other hand, mechanical royalties must be paid whether to publishers or reproduction rights collection agencies. Though this is the situation (and much complex for the US laws, Turkey's collecting societies (MESAM-MSG) are responsible of collecting both rights (these two rights are called 'All-In' together). As was stated in section 5.3, 'All-In' rate applied to total monthly revenue is currently 15.1% in the US and 15% in Turkey (applied by MESAM-MSG). Again, the calculation is made differently for each country. Although music distribution has become international, the financial aspects are still highly dependent on local actors.

In addition to payments to the rightsholders, cost of revenue "also includes credit card and payment processing fees for subscription revenue, customer service, certain employee compensation and benefits, cloud computing, streaming, facility, and equipment costs" (Spotify 2021: 45). Therefore, the gap between the percentage of the cost of revenue to the revenue (for 2021, it is 73%) and the sum of abovementioned royalty percentages (55% for sound recording and 15% composition, a total of around 70%) most probably originated from these additional costs of revenue. Other expenses of the firm are research & development, sales & marketing and general & administrative costs. These three items of expenses have always been higher than gross profit (revenue minus cost of revenue) from 2014 onwards, except for the year 2021.

5.4.1.3. Profitability

Table 12 Net income/loss and gross profit of Spotify between 2014-2021



Source: Compiled from Spotify Financial Reports 2014-2021

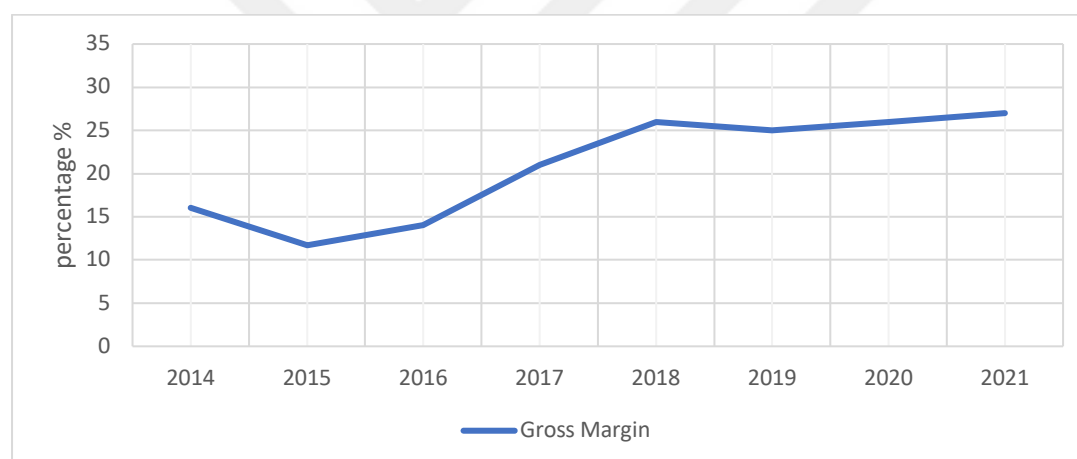
Ultimately, the essential way for Spotify to increase its revenues solely lies on the maintenance of growth in (mainly) premium and free subscribers. However, profitability requires other actions: lowering costs and increasing the gross margin. Table 14 shows that the firm was not able to make profit on any yearly result until now (except a few quarterly results).

In every licensing agreement term, Spotify tries to reduce the royalty percentage given to majors as well as independent labels/distributors, because this is the only way to increase gross margin (revenue – cost of revenue). The service's trump is the possession of millions of users' personal data, giving them the ultimate power of shaping the demand curve (Ingham, 2018b; Prey et al., 2022). On the other hand, composition royalties are determined by whether official authorities or collecting societies (i.e. 15%). For instance, in 2019, "the likes of Spotify, Google, Amazon and Pandora opposed the ruling" of the US Copyright Board, increasing the percentage of revenue paid to songwriters from 10.5% to 15.1% (Stassen, 2021c). As was mentioned, royalty payments (cost of revenue) for sound recordings and composition add up to somewhere between 65-69%, with other costs, makes even higher. Therefore,

widening the gross margin is a challenge and key to profitability for Spotify. Efforts have been made, such as the introduction of ‘Discovery Mode’.³³

However, music is not the only material that Spotify offers to its users. Podcasts, which can be called ‘on-demand radio’, are the rising source of income. Spotify does not pay royalties to podcasters³⁴; instead, it monetizes them with its advertising network called the Spotify Audience Network (SPAN), which utilizes the audience data to provide advertisers the right podcasts to advertise on.³⁵ “Dethroning the long-term leader in Apple Podcasts”, they are the key revenue item for Spotify to raise gross margin (Schafer, 2022). Table 13 shows that even though gross margin constantly increases, there is a trend of deceleration presumably due to the physical limits of concession on the part of majors.

Table 13 Gross margin of Spotify between 2014-2021



Source: Compiled from Spotify Financial Reports 2014-2021.

³³ Discovery Mode has been announced by Spotify in June 2021 as a marketing tool for artists, where artists choose a specific song to put on Discovery Mode to boost it inside the algorithm. In return, Spotify will pay a *lower* royalty to the songs it boosts. Discovery Mode became controversial in public and came under criticisms such that “a large volume of boosts under the Discovery Mode program could end up cancelling each other out” or “otherwise resulting in a race to the bottom where the only practical way to get recommended is to accept a reduced royalty.” See the open letter from members of Congress to Daniel Ek: https://judiciary.house.gov/uploadedfiles/hjc_letter_to_daniel_ek.pdf. Retrieved on November 5, 2022.

³⁴ See <https://help.songtrust.com/knowledge/can-you-collect-royalties-from-podcasts>. Retrieved on November 5, 2022.

³⁵ See <https://ads.spotify.com/en-US/spotify-audience-network/>. Retrieved on November 5, 2022.

For the other costs (i.e. research & development, sales & marketing and general & administrative), it is not logical to decrease them, since the firm substantially relies on: (1) research & development (creating tools for extracting a more detailed personal data) to strengthen its negotiation power in sound recording licensing deals and to enhance recommendation mechanism, as well as to improve its ‘user-friendly’ interface; (2) marketing power to attract venture capital, to sustain what is commonly known as *hype* or *buzz* (Fleischer, 2021: 15). The cost of sales and marketing comprises over the one-tenth of total revenues between 2014 and 2021 with a couple of exceptions. In 2019 and 2020, Spotify spent a quarter of its total revenues on sales and marketing. On the other hand, Spotify hesitates less for personnel lay-offs: in November 2022, 150 people from its ‘talent team’ are going to be fired with 3 weeks of severance pay (Ahmed, 2022).

4.4.3. Personal data usage and algorithmic logic: demand manipulation

While users are on Spotify, almost everything they do is monitored for extracting data – from the moment they enter to they leave. The service’s research and development unit, for which Spotify spent €912 million in 2021, works for ‘datafication of music’ (Prey, 2016). The extracted ocean of data is used for (1) providing rightsholders and artists key information about their statistics, (2) making profit by selling them to advertisers who seek targeted audience, (3) retention of premium users and converting free-tier users to premium users by predicting their musical taste precisely.

For labels, the streaming data is invaluable. Bülent Forta expresses how data operation has induced structural changes in record companies:

In the pre-digital era of record companies, it goes “recording company is a recording company”. But after digitalization, “record company is not a record company”. It’s a technology company on one side, an artist capturing company on another side, and an advertising and social media company on the other. Now when you consider all this, the most important departments of all the well-run labels are the data reading departments. They read the data; how many clicks were there on YouTube? Then they advertise. When s/he does this, what kind of an upward trend is s/he in Spotify? What boosts the song? What declines the song? What can be done? [...] Can give advertisement; can put it on a series and see how it goes; can examine the relationship between streams and touring program. The band went to Eskişehir; they analyze the rise in Eskişehir. Then they say “let’s go to Van” or another city. In conclusion, this

is a job of planning; and planning is data reading. You sit down and analyze this digital data whole day and contribute at a level that an artist cannot do him/herself. [...] There are some secrets besides that, but it's not like cheating which I will not explain here. [...] (interview with Bülent Forta, November 2022.)

Beginning from the most basic feature, how many times was a song listened to, to a vast range of data is provided by Spotify to labels and artists. Such as: *who* exactly likes, follows and listens to; how many listeners are coming from artist profile / listeners' own playlists and library / Spotify editorial playlists / Spotify algorithmic playlists; where are listeners located; streams per listener and so on.³⁶ Spotify also keeps tracking at what second a song is skipped or listened to the end, by whom (i.e. age, sex, location) and various combinations of each one. This data is invaluable because, for example, labels/artists can make the best decisions for concert locations and maximize their profit, keeping uncertainty and risk as low as possible. Or the information of exactly which part of the song is liked or skipped, might shape artists' future compositions. Paul Lamere's research (2014) shows that the likelihood that a song will be skipped in the first 5 seconds is 24.14%, in the first 10 seconds 28.97%, in the first 30 seconds 35.05%, before the song finishes 48.6%. Given that a stream counts if one listens to the song more than 30 seconds, only 65% of the users who start to listen to the song will fetch. This eventually leads composers shorten their songs or put the chorus part in the beginning to attract a quick attention. Onur Akın asserts that:

[...] Also, we started to consume music very fast. For example, take a look at our songs from years ago. We used to make such long intros, we were proud of them. That showed musicality. People really had the patience to listen to music. With great patience, those intros prepare the listener for the song. Good arrangers write good intros. For example, Osman İşmen's intros are famous. [...] The listener wants to 'enter the song quickly' now. I mean, they want to listen to the singer right away and finish the song in two minutes. People lost the habit and patience of sitting and listening to music. (interview with Onur Akın, October 2022.)

Moreover, the artificial intelligence that Spotify engineers developed can model users' affinities, 'audio profile' (from favorite artists to the tempo [BPM], 'energy', 'danceability', 'loudness', 'valence', 'length', 'acoustic', 'popularity' of the songs

³⁶ See <https://artists.spotify.com/help/audience-stats>. Retrieved on October 25, 2022.

they listen to)³⁷ and similarities between contents.³⁸ Thus, the artificial intelligence know what a person's 'music taste' and 'psychographic characteristics' are. These include "personality, values, opinions, attitudes, interests and lifestyles" and used for analyzing what advertisements are people likely to respond to (Prey, 2016: 34). In return, advertisers will be likely to pay more for a better targeted audience for their products. Even though the advertising revenue of Spotify is only one tenth of the whole revenue, this percentage has grown significantly from 9% in 2020 to 12% in 2021. Apart from the advertisements from outside the music industry, there are currently two tools to advertise music within the service, namely *Ad Studio* and *Marquee*. While the latter enables promotion (not just of music but all types of different products) within free-tier users, the latter provides promotion of albums and singles within both free and premium users. Marquee campaigns start at \$100 when booked via Spotify for Artists and \$250 if booked via labels and representatives, and lasts for 10 days or when the budget is spent.³⁹ If the user clicks on the recommendation ad, Spotify charges \$0.50.⁴⁰ The tool can be used for the audiences in Argentina, Australia, Austria, Brazil, Canada, Chile, Colombia, France, Germany, Ireland, Liechtenstein, Mexico, Monaco, New Zealand, Peru, Switzerland, the United Kingdom, and the United States.⁴¹

The Spotify engineering team name the recommendation algorithm 'Bandits for Recommendations as Treatments (BaRT)'. BaRT collects all the abovementioned data and continuously 'learn' what users like and what they may like.⁴² Thus, each unique

³⁷ See <http://sortyourmusic.playlistmachinery.com>. Retrieved on October 25, 2022.

³⁸ Spotify's first attempt to learn the music taste of listeners was the acquisition of 'music intelligence platform' Echo Nest for €50M in 2014.

³⁹ See <https://artists.spotify.com/blog/getting-started-with-marquee>. Retrieved on October 25, 2022.

⁴⁰ See <https://passivepromotion.com/what-artists-should-know-about-spotify-marquee/>. Retrieved on October 25, 2022.

⁴¹ See <https://artists.spotify.com/help/article/marquee-targeting?category=promos-and-playlists>. Retrieved on October 25, 2022.

⁴² See <https://airtable.com/shrsAN2oTf68kM6O9/tblG2604tSoMOcwWX/viwoQmFjcPVR6VOSE/recgA0oVzGrAXg32p?backgroundColor=teal&viewControls=on>. Retrieved on October 25, 2022.

user has a unique personalized home page, depending on which device are they on, what time of the day is it or even *what is going on in the world* (Stål, 2018). BaRT is also used for creating algorithmic playlists, personalized for each user, depending on what they have previously listened. Efe Bahadır indicates that:

[...] Yes, I use [algorithmic playlists] and I find a lot of things for myself. But I am very ‘greedy’. What I mean by ‘greedy’, I listen to a lot of things for maybe I will find something nice. Huh, have we gotten super lazy thanks to Spotify? Of course we have. But I still like it. (interview with Efe Bahadır, October 2022.)

The more successful the recommendations are, the better conversion rate (transition from free usage to premium) and permanency of premium users are. The recommendations ensure a great power to Spotify to manipulate demand within the users of the service. Playlists, on the other hand, “take part in organizing how such data can be handled and retrieved” (Eriksson, 2020: 418). Spotify’s chief financial officer Barry McCharty asserts that they “are able to shape the demand curve because of the insights that we’ve developed about [users’] particular music tastes” and they are “able to drive engagement and discovery in ways that haven’t previously been available to artists or to labels.” (Ingham, 2018b). However, demand manipulation does not only occur inside the music industry but also for *other* industries via advertising through the music industry. Once again, music proves its centrality within media industries.

4.4.4. New Payola system: playlist curation

Mix tapes or CDs had always been a kind presents for friends in the past as a medium of socialization through music. Usually, they consist compilation of songs from different artists/albums within the same genre. Mix tapes/CDs, now digital playlists, are “located at the heart of the financial growth of the streaming industry for music” (Eriksson, 2020: 415). Streaming industry was succesfull to commodify the practices of the past, among other things. “Datafication and commodification are closely related with the ways in which platforms steer user interaction through the selection or curation of most relevant topics, terms, actors, objects, offers, services, etc” (van Dijck et al., 2018: 40). Moreover, playlists had not just superseded mix tapes/CDs but also the concept of *album*, becoming “more culturally and commercially important than the

idea of the album as artistic statement and commodity” (Negus, 2018: 5). Eriksson defines playlists as ‘container technologies’, referring to the traditional way of packaging and transporting, as well as facilitating “statistical oversight over the movement of goods” (Eriksson, 2020: 417). Moreover, playlists do not actually store the songs that they contain; they only provide a pipeline to the source of music. In that way, they are free of cost. Becoming preponderantly the main source of streaming, approximately 31% of all listening on Spotify were made across playlists (Spotify, 2018c).

Initial promotion of playlists and its predominance today arise from the presumption that people want music “to be presented to them” (Sun, 2019: 271). In other words, demand should be conducted with the preciseness that the new technologies brought about:

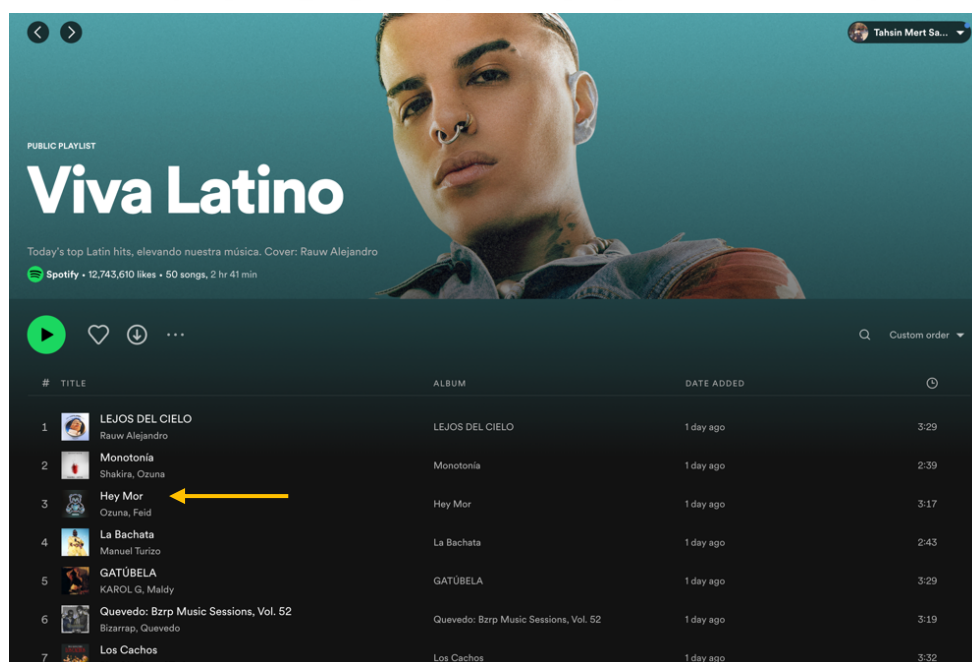
They do this not only by granting access to music, but also by sorting and sifting a universe of musical variation into packages or playlists that will appeal not only to known musical tastes and choices, but also, through the use of algorithms and detailed analyses of music at the most fragmentary level, creating new and unexpected connections between different recordings to keep users listening and paying their fees. (Leyshon et al., 2016: 249)

Therefore, hundreds of kinds of playlists exist: from ‘mood’ based (Chill, Romantic, Happy) to genre-decade based (2000s Rock), action based (Sleep, Party, Workout, Focus, At Home, Summer) and artist mixes. Playlists also provide convenience while the listener is busy with other things: cooking, reading, driving, cycling and so on. It is evident that streaming services have extended consumption time within the limited day time. While it is true that Spotify does not generate more profit depending on the consumption time, the service is *actually* dependent on the consumption time in the sense that it develops the habit for staying subscribed for another month.

There are mainly four types of playlists on Spotify: (1) playlists curated by Spotify’s editorial teams (‘RapCaviar’), (2) playlists curated algorithmically (whether personalized such as ‘Discover Weekly’ or based on ranking such as ‘Global Top 50’), (3) playlists curated by major labels with ‘cover’ names such as Topsyfy (Warner), Filtr US (Sony) and Digster (Universal) and finally, (4) playlists created by users.

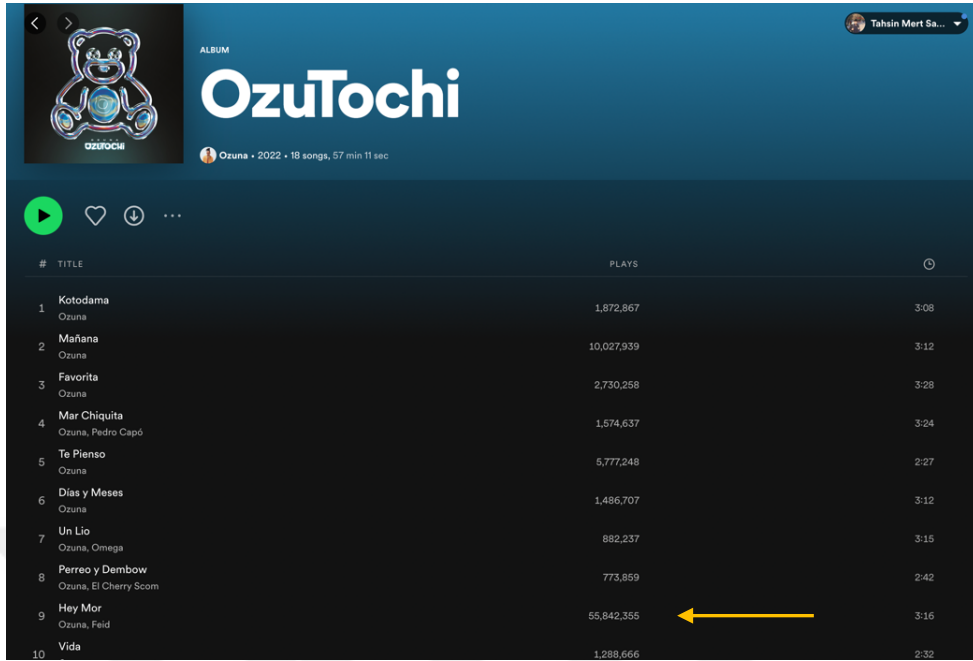
There is a astronomic degree of concentration by playlist owner: as of 2017, out of the 25 most-followed playlists on Spotify, 24 are created by Spotify itself (Aguiar & Waldfogel, 2021: 656). More to the point, all 25 belongs to the Spotify but only one of them (the *Global Top 50*) is algorithmic, the others are created by editorial teams (656). As of November 2022, *Today's Top Hits* (32,240,769), *Viva Latino* (12,743,463), *Rock Classics* (10,978,561), *All Out 2000s* (10,391,852) are Spotify's most-followed playlists among 1,520 of them. Playlists "are the driving force behind music discovery and demand creation" on the service and the editorial playlists accounted for roughly 30% of its streams (Spotify, 2018c: 4 in Eriksson, 2020: 416). Being on a playlist with millions of followers boosts stream counts to a large extent. For example, the song *Monotonía*, by Ozuna featuring Feid, is on the second place in Spotify's *Viva Latino* playlist (Figure 4). The song has 55,842,355 streams. However, when we look at the album it is on (Figure 5), *OzuTochi*, it is way ahead than the other songs on the album. 'Hit' mechanism is at work in the streaming era, this time boosted by playlists instead of (or together with) music videos or mainstream TV/radio broadcast.

Figure 4 The playlist Viva Latino



Source: Image from the author's screenshot on October 15th, 2022.

Figure 5 The album *OzuTochi* by Ozuna



#	TITLE	PLAYS	⌚
1	Kotodama Ozuna	1,872,867	3:08
2	Mañana Ozuna	10,027,939	3:12
3	Favorita Ozuna	2,730,258	3:28
4	Mar Chiquita Ozuna, Pedro Capó	1,574,637	3:24
5	Te Pienso Ozuna	5,777,248	2:27
6	Días y Meses Ozuna	1,486,707	3:12
7	Un Lío Ozuna, Omega	882,237	3:15
8	Perreo y Dembow Ozuna, El Cherry Scom	773,859	2:42
9	Hey Mor Ozuna, Feid	55,842,355	3:16
10	Vida Ozuna	1,288,666	2:32

Source: Image from the author's screenshot on October 15th, 2022.

Here, the question that 'how Spotify's editorial team decide on which songs to be put on the playlists' arises. Bülent Forta explains the relationship between labels and Spotify's editorial staff:

Both majors and we have [communication with Spotify]. So, we sit down and have a meeting. Even if there is a distributor in between us, important record companies come face to face with that team of Spotify. Let's say Doğan Group. Now Turkey's largest group. They talk to the Spotify team, "this will come out, this will come out, these are the features of this song..." etc. They demand to be on the playlists. In fact, getting on the playlist means being noticed at one blow. But don't think of it as *cheating*. Spotify really allocates space to the majors out there. But you, as a record company, must put it in tooth and nail. Of course, an algorithm works in the background. There is, quote unquote, a hidden quota of Spotify according to your market share. They see that Doğan Music has a 20% market share. So, they say 'let me allocate them a 10% share in playlists'. But they do not allow you to decide. Because it gradually molds itself, just like artificial intelligence. Win-win situation... A song that come out from Ada or Doğan, it is tested three times by the editors. If good numbers come out also for Spotify, it becomes the common ideology of the two editors after a while. Then they feel that they can rely on Ada, for example. Well, it's like that everywhere. [emphasis added] (interview with Bülent Forta, November 2022.)

As Forta indicates, though there are no money transactions (i.e., *cheating*) between parties, the market share of the label is one of key determinants of its way to playlists. As of 2018, “80 percent of the songs on *RapCaviar* come from Sony Records, Universal Music Group, and Warner Music Group, with 70 percent of the songs on *A-List: Hip-Hop* coming from the same three labels” (Nelson Jr., 2018). However, on the other side of the coin, the majors’ growing share of streams are not in favor of Spotify, since royalty rates are higher for majors than any other rightsholder. Therefore, Spotify needs to push ‘independent’ artists and labels to a certain extent – but not as much to displease majors or bore users. In 2016, rumors, that Spotify pays unnamed artists to produce music⁴³ especially for its ‘mood’ playlists (*such as Calm Vibes, Piano in the Background, Maksimum Konsantrasyon*), have surfaced (Ingham, 2016). Today, there are applications that provides non-musicians to produce brand new music. Selection of tempo, and major/minor key ‘at the click of a button’ is more than enough: just leave the rest to the artificial intelligence.⁴⁴

Major labels have their own playlist curators, namely Topsify (Warner), Filtr US (Sony) and Digster (Universal). These playlists have a total of 2,336,000 followers (as of November 2022) and curate playlists that have millions of followers. No doubt, the playlists that they create mostly consists of the songs of the affiliate company. On the other hand, major labels utilize Spotify playlists, perhaps not more than they do on traditional mediums, having over 50% of major songs in Spotify owned playlists (Prey et al., 2022: 84).

The playlists might be sorted hierarchically by creators: Spotify, majors and ordinary users (Aguiar & Waldfogel, 2021: 660). The ‘playlisting market’ also feeds into Spotify users: trading via curatorship. Even though they do not have numbers of followers as much as Spotify or Digster playlists do, some profiles (‘influencers’) on Spotify ‘accept offers’ from whom it may concern (see Figure 6). There are number

⁴³ See the list of some of Spotify’s fake artists <https://www.musicbusinessworldwide.com/spotify-denies-its-playlisting-fake-artists-so-why-are-all-these-fake-artists-on-its-playlists/>. (Retrieved on November 3, 2022.) These ‘artists’ are intensively put in most-followed playlists, even more than majors’ artists to some extent, and have billions of streams.

⁴⁴ <https://soundful.com>. Retrieved on October 27, 2022.

of other ways to promote music for new artists to get automated followers and/or their ‘first boost’ from third-party companies (Aba, 2019).

Figure 6 Spotify playlist *New Release*



Source: Image from the author’s screenshot on October 15th, 2022.

Might the playlisting mechanism on Spotify be the new payola⁴⁵ in 21st century? Even though a payment must be rendered to consider an act as payola, the term connotes a legitimacy that accredit all other abovementioned methods to ‘make a hit’. Yet, Spotify’s new ‘Discovery Mode’, which is currently in ‘early’ testing since 2020, well may be considered as an example of payola. In Discovery Mode, rightsholders can promote their music (via targeted ads within the service) in exchange for a commission charged by Spotify for each time the promoted song is streamed.⁴⁶ Thus, rightsholders do not give money; instead, they *give up* some part of their revenue, i.e. accepting lower royalty rates.

4.5. Concluding Remarks for Chapter 4

Spotify is the biggest streaming company in a highly concentrated music industry in terms of production, distribution and publishing markets, with one third of subscription share among DSPs. 100,000 tracks are being uploaded to the service on average per

⁴⁵ “Payola is described as the illegal practice of undisclosed payments or other inducement by record companies for the broadcast of sound recordings on the radio in which the songs are presented as being part of regular airplay and not sponsored airtime” (Pitt, 2015: 229).

⁴⁶ See <https://artists.spotify.com/discovery-mode>. Retrieved on October 27, 2022.

day, total over 80 million.⁴⁷ The rapid growth of Spotify, from the day that it entered to market, was possible through the acquisition of majors' music catalogues. Spotify found the solution in giving out some of its equities to all majors and Merlin in exchange for getting their music catalog. Sony, Warner, Universal, EMI and Merlin acquired equity shares of 6%, 4%, 5%, 2% and 1% (respectively) for – so to say – *free*: a total sum of €8,804.40 (18%) in 2008 (Ingham, 2018a).⁴⁸ When Spotify went public on the New York Stock exchange in April 2018, Sony sold half of its stake, for \$768 million in 2018. In the same year, Warner and Merlin sold their 100% stake for \$504 million and \$135 million, respectively. Universal still keeps its stakes in Spotify. Ingham's (2021) article published on Rolling Stone estimates that majors' and Merlin's stocks would worth between \$7.1 billion and \$8.3 billion as of February 2021. The year 2021 also signifies the highest market cap that Spotify has, \$69.36 billion in February (Dredge, 2022). Revenues hit €9,668 billion in 2021. With roughly 35% of the streaming market share, Spotify sits on top of an oligopolistic market. That its nearest rival, Apple Music, has a natural limit operating in Apple devices only having 50% market share⁴⁹, makes Spotify (available in both Apple iOS and Android operating systems) indisputably the most powerful firm in the market that has capacity to shape the production, distribution and consumption of music in favor of corporate interests in a non-competitive market.

On the part of production in music industry, it can be claimed that lowering costs have democratized the music production on one side. Development of DAW software and its availability for everyone who has a computer has cheapened recording with low-cost hardware such as microphones and headphones. On the flip side, industry recording standard has raised enormously – as a symptom of market imperatives of capitalist competition. Imagining how would an average listener react to a badly compressed MP3 or a YouTube video with 240p resolution today can give an idea

⁴⁷ See <https://www.musicbusinessworldwide.com/its-happened-100000-tracks-are-now-being-uploaded/>. Retrieved on October 27, 2022.

⁴⁸ These proportions of equity shares show an interesting parallelism with the revenue proportions in Table Z.

⁴⁹ See <https://medium.datadriveninvestor.com/the-spotify-profit-problem-and-three-ways-theyll-solve-it-f71c57d8a8da>. Retrieved on October 27, 2022.

about this transformation. Thus, lowering costs and increasing productivity in music (together with de-skilling) did not necessarily decrease the level of exploitation of artists. Instead, artists now must promote themselves and become an entrepreneur, put more labor on production or hire independent engineers/recording technicians as shown above. Record labels still hold the power in recording technologies or funding the artist for recording expenses, as well as marketing/promotion. However, they charge a higher commission when it comes to royalty payments. A record contract of Sony Music that we acquired from an anonymous artist indicates that 85% of all the royalty payments go to the label only after the label reaches the breakeven point, that is, the level of royalties at which the costs of production equal the revenues for a product.

On the other side of the coin, low rates of royalty payments that artists get are topic of discussion on media for many years. Out of 8 million artists with music on Spotify, 1.73 million have more than 50 monthly listeners: only 0.2% of artists earn more than \$50,000 a year.⁵⁰ Top 10 artists' (or their rightsholders') 2021 earnings make up to \$787 million⁵¹ – 11% of all the royalties Spotify had paid in 2021. Singer/songwriter Sıtkı tells that:

Our biggest revenue from music as digital revenue is from Spotify revenues through Sony music. There is that income, and then there is the collected royalties. There are copyrights collected by the publishing company for you from domestic and international markets. A much, much smaller portion. I mean, you cannot live in Turkey for 6 months with all your digital income from music. These are very small proportions. Which is true not only for me, but also for other artists who get more streams. (interview with Sıtkı, October 2022)

There are various dimensions that effect the royalty payment process from Spotify to rightsholders. Spotify uses pro-rata system to distribute revenues. Once the ratio of the rightsholder's streams to the total streams in a specific country is determined, this number is multiplied by the agreed proportion of the revenue earned within that

⁵⁰ See <https://www.musicbusinessworldwide.com/over-75-of-artists-on-spotify-have-fewer-than-50-monthly-listeners/>. Retrieved on October 3, 2022.

⁵¹ <https://routenote.com/blog/highest-earning-spotify-artists/>. Retrieved on October 21, 2022.

country. If the total royalties earned is divided by the total streams, then we get the per stream rates. That's why per stream rates differ by country, by the agreement between rightsholder and Spotify and by the royalty split agreement between artist and his/her rights holder. Being signed to a major label is a double bind in terms of streaming. Because while the artist can enjoy visibility and promotion on the playlists of the service, s/he has to face higher commission cuts from his/her label. This percentage cut is generally between 15-25%. On the other hand, cheap distributors charge less but the artists have hard time being noticed.

Having a deal with Sony, I think it made us on the Spotify playlists... I guess it was a playlist called something like 'Turkish Rock'. Sony music had placed us on one or two such Spotify lists. This gave the band a presence and visibility on Spotify. I mean, prior to our agreement with Sony Music, we did not have such a presence in Spotify. This visibility was something that could happen thanks to the deal we made. (interview with Sitki, October 2022)

Another reason that streaming royalties are low is the massive increase in released songs to Spotify. As the number of uploaded songs increases (average 100,000 tracks per day), the share of others decreases proportionally. That's why majors' streaming rates on Spotify are also dropping. This not only reduces their revenue, but also weakens their bargaining power against Spotify in license agreements. In order to reduce the impacts of massive uploads, for example, Sony bought the Orchard (distribution company for independent labels) and AWAL (distribution for independent artists). According to Rob Stinger, the Chairman of Sony, "it's just stuff that's taking up some of the market share because of scale" and therefore "at the scale end, we realize we have to cast our nets deeper and deeper and somehow get that music in our *ecosystem*" [emphasis added] (Music Business Worldwide, 2022).

One aspect of streaming services is its power of price determination. A few firms dominating the market, producers are voiceless in terms of prices. Before, record labels were setting the prices of the products and retailers had no control on pricing. This was called minimum-advertised price (MAP), which was abolished later because of investigations by the Federal Trade Commission for price-fixing (Pitt, 2015: 199).

What I am criticizing is a structure that kills the capability of the music industry's sales price determination. In the past, I was cheapening what I wanted to make cheap. I was lowering it to five liras or increasing it to 10 liras

depending on the cost of the CD or production. Or if it was a pop singer, it would cost more etc. Now all of these are alienated concepts for the music industry. (interview with Bülent Forta, November 2022)

For \$10 (on average), the user gets the whole catalog of the history of music. As Efe Bahadır asserts:

Everyone says it's better than piracy or being free. Music is cheaper than tomatoes right now: music that I will listen to for a month is cheaper than a kilo of tomatoes in Istanbul, Turkey. This turned everything into a fast-moving good, a garbage. (interview with Efe Bahadır, October 2022.)

In order to alter the perception of 'free music' that was settled in early 2000s, streaming services charge low amounts of money that spread over lifetime. Spotify and other streaming services target an unending consumption, offering "a subscription-based model that not only requires a subscription for access but also requires perpetual subscription" (Arditi, 2017 :14). In 1999, the average annual spending on music per capita (those who bought music) was \$64 according to IFPI (Pakman, 2014). Another data in 2014 tells that the average consumer spends \$40 per year on recorded music.⁵² Today, streaming industry impels people to spend average \$120 per year. However, Spotify has not yet seen positive figures in net income.

This pricing strategy arises from the dynamics of monopolization. Spotify sets "prices on the different sides of the market according to users' willingness to pay: with market power, it can price discriminate, including supplying some services for free, taking advantage of consumers' differing valuations and responsiveness to price" (Towse, 2020b: 1466). Sunk costs of Spotify, which are comprised of licensing fees (almost nearly 70% of total revenues) and marketing costs (average 15% of total revenues), are too high. (These potential sunk costs, for any firm that is planning to enter the market, pose high entry barriers in streaming market.) Besides these high fixed costs (including research and development costs and server capacity to supply music), the fundamental problem for Spotify is that the cost of revenue is linked to its total revenue. That is to say, variable costs increase proportionally with each additional subscription because a certain percentage has to be paid to rightsholders in terms of

⁵² See <https://spinlab.net/news/opinion-think-tank-please-adjust-your-bet/>. Retrieved on October 3, 2022.

royalties. Hence, Spotify is dependent on utilizing economies of scale because of the need to spread its high fixed costs by selling large quantity of subscriptions, thus lowering the average costs. Moreover, Spotify faces serious competition from the other firms, namely Apple Music and Amazon Music, which take the advantage of “cross-subsidise from their other activities” (2020b: 1474).



CHAPTER 5

CONCLUSION

This thesis provided an overall picture of the process that resulted in recording industry revenues rising above the year in which they began to decline and made the most important actor of this process its subject of study. Even though illegal file-sharing is not completely over, Spotify succeeded in making nearly 200 million people pay every month for recorded music. Hence, the purpose of this thesis was to reveal what was behind this ‘success’. For this reason, the historical background was evaluated in order to establish a relationship with the structures and practices inherited from the past. Hence, three main findings can be summarized as follows.

First, streaming emerged as a market containment strategy of capital. Streaming format’s biggest representative, Spotify, should be perceived as the result (rather than cause) of this strategy. During the ideological campaign of music corporates in early 2000s, ‘piracy’ was held responsible for the decreasing physical sales. This systematic and exaggerated narrative was propagated by the capitalists of the music market, even though there was no clear evidence of a correlation between file-sharing and the decrease in record sales. As a matter of fact, intense circulation of music products had helped artists to expand their public recognition and prompted revenue streams in other areas such as live performances. Nonetheless, piracy narrative could not reverse the sensation of ‘free’ with regards to music records. Instead, this sensation was exploited

by capital itself as a market containment strategy. Even before millennium, corporates were seeking profitable and sustainable models for digital music distribution. This is even more evident considering the failed attempts to negotiate with their sworn enemy, Napster, and to convert it to a paid service after closing it. For this reason, it can be claimed that rather than simply being a unique invention *per se*, Spotify is the product of the specific material conditions in which capital, technology, and cultural politics are articulated.

Second, Spotify *reintermediates* the supply and demand of digital recorded music, having certain effects on people's relation with the cultural products. What is unique about Spotify is the particular mode of consumption that it imposes. There are two ways to use Spotify. Users can have access to the 'history of phonography' whether by paying a monthly subscription fee, or for free – this time submitting to regular advertisements in-between songs without being capable of choosing specific tracks. In the latter, Spotify generates advertising revenues every time a user is exposed to an advertisement. The user does not *own* the songs but rather has *access* to them only within the realm of the application as long as s/he keeps paying (or being exposed to advertisements) each month. Moreover, there is no limit to the quantity of songs streamed or time duration spent in the service in a given time (usually a month). What is purchased is neither individual songs (many of them will be unheard) nor albums, it is the whole world music catalog accessible in a limited time. Thus, when we ask what is commodified on Spotify (or what does Spotify commodify), the answer is more complex than on previous mediums. Spotify should not be considered as a mere distributor of commodities. While songs as cultural products are commodified with respect to the relationship between producers and Spotify, subscriptions are commodified with respect to the relationship between Spotify and its users. The use-value of this 'subscription commodity' is, as Fleischer (2017) puts it, a 'branded experience' as a unique mode of consumption, which provides users 'accurate' personalized recommendations, countless playlists for countless 'states of emotions', and 'user-friendly' interface. On the supply side, Spotify must acquire licensing rights from rightsholders to provide music to its users. Then, rightsholders supply music to Spotify through numerous digital distributors. In return, rightsholders get paid according to a complex set of royalty calculations through the same distributors. Here,

there are two main levels of royalty transfer. First, from Spotify to the distributor; second, from the distributor to the rightsholder. Therefore, digital distributors emerge as an additional intermediary between rightsholders and consumers. In case the rightsholder is not the creator itself (e.g., a label), a third level is added to the value chain (from rightsholder to the artist). Only exception is the state of major labels since they can directly upload to Spotify due to special agreements between them. Each distributor has different royalty agreements with Spotify. The terms of agreements vary with regards to the bargaining power of each distributor. For example, it is known that major labels have more profitable agreements than the others.

Third, music production companies are still indispensable entities for the market as well as for the artists to attain public recognition. Particularly, majors maintain their domination over about three-fourths of streaming royalties. Major labels get the lion's share not only of streaming revenues but also of other revenues that are crucial in the organization of the market, such as digital distribution and publishing. In other words, they secure their position by dominating all of the key organizations (production, distribution, publishing, and sales [streaming services]) in the music industry. Basically, there are mainly two ways to make a record, either by signing a record contract with a label or by home production. The latter became easier than ever by the democratization of music production. Cost of the means of music production (instruments, microphones, DAWs) has lowered significantly. Via numerous distribution services offering low royalty fees, independent artists can upload their songs to Spotify. On the other hand, signed artists transfer the copyright of their songs to the label, and then the label uses a contractual distributor to release these songs on Spotify. This study reveals that there are huge inequalities between (in hierarchical order) major labels, independent labels, and DIY artists from various aspects. Even though they receive higher royalties per stream, DIY artists lack promotion power that the labels have. Therefore, they have to promote themselves like an entrepreneur and thus become artist-as-intermediary. On the other hand, signed artists enjoy a better promotion on their releases, though the royalty agreements between them and their label set out low royalty rates. Depending on the power of the label, between 50-85% of the royalties are seized by labels only after the breakeven point, while DIY artists can get more than 90% of the royalties allocated by streaming services. Moreover,

signed artists have chance to record their songs with incomparably better equipment under favor of label resources, which provides them an additional advantage. Therefore, major labels are still the most powerful actor in the music market. They enjoy enormous revenues as playmakers of the streaming market since they hold the lion's share in music catalogs. For this very reason, their bargaining power in licensing agreements is unproportionally advantageous with respect to other rightsholders. Moreover, they also dominate the most followed playlists, which is crucial in obtaining high royalties. Their critical position in the market makes Spotify's editorial staff easily accessible to them. From 2017 onwards, major labels control over 70% of the streaming market revenues. The picture is not so different in distribution and publishing. 85% of digital revenues, due to numerous acquisitions, goes either through major companies or distribution companies under their umbrella. In publishing industry, majors' publishing companies control 60% of the market. In other words, each pillar in the music industry's organization of circulation of capital is more or less concentrated.

This thesis also involves an evaluation of Spotify's certain features such as algorithms, personal data usage and playlists. The data generated from millions of users are employed for various purposes, most importantly demand manipulation that operates on three main levels. On the one hand, the data provided to record labels serve as a priceless source for these companies who are willing to reduce risks in their further investments, such as target-specific advertisements or touring programs. On the other hand, the data is used for making more precise recommendations to increase engagement with the service. Even though users do not pay more when they spend more time on Spotify in a given month, they are more likely to keep paying as long as they are satisfied with their usage experience. Lastly, user generated data is also invaluable for advertisers who seek detailed information on potential customer profile, so that they can advertise efficiently. This time, demand manipulation occurs outside of the music industry.

Taking into account all of these findings, this study concludes that operating in an oligopolistic market with a few companies, the streaming format is the ground for the very existence of the market. Spotify occupies a key position as it is institutionalizing

digital music, while owning what music industry needs the most: the enormous user data and the means (e.g., algorithms, playlists) for demand manipulation. The company is positioned *over* (rather than *within*) the music market. It speeds up the circulation of capital, provides a considerable source of income for major labels, and offers them a bunch of tools to minimize their risks. This context explains why Spotify still holds its position as the most popular streaming service, despite the fact that company reports claim that no profit was made so far.⁵³ The data of nearly half a billion users, the capacity to reinstitutionalize the music market by incorporating digital music into market relations, and its financial agility that accelerates the circulation of capital make Spotify the key driver within this industrial organization. However, Spotify should not be perceived as omnipotent. On the flipside of the mutualist relationship between the labels and Spotify, there is an ongoing struggle between both sides as they demand a bigger share from the revenues. Though it is not likely to happen, majors can always play the withdrawal card in bargaining, since without them there is no Spotify. This is why, for example, Spotify had decided to cancel launching its direct upload program, which would have led to direct contact with artists and potential for vertical integration.

Last but not least: what happens to music? The concept of democratization in the music industry is mostly discussed with respect to affordability for listeners and equality of opportunity to the market entrance for artists. However, there is a difference between the democratization of the means of music production and the democratization in the context of musical diversity. The former does not necessarily lead to the latter. While it is true that lower production costs and networks of close-to-real-time distribution have enabled more people to produce music and release them on streaming services, the problem of visibility in this abundance becomes an important barrier for artists to reach larger masses. Nonetheless, As was discussed in section 3.3., mechanisms of

⁵³ This information should not be taken for granted for two reasons. Firstly, the company's official reports do not indicate the expenditures of acquisitions in their profit and loss account statements. Both the company's acquisitions (e.g., Megaphone for \$235m, The Ringer for \$196m, Gimlet for \$194m, and many other ones that are undisclosed) and Daniel Ek's ownerships in various companies are the investments made possible by Spotify's capital accumulation. Therefore, these assets must be taken into account when analyzing Spotify's commercial success. Secondly, hot money flows and the fast circulation of capital might offset low profitability.

attention economy favor the ones that have financial power. Alternative and financially weak productions are absorbed by the market under the favor of low costs, yet they are far from getting their shares from the wealth. Underpayment and income inequality in Spotify is a heated debate for a long time. Spotify applies *pro rata* policy that gathers every payment in a single basket and allocate them according to the ratio of the number of streams to the total streams. Another alternative posed is *user-centric* policy, in which the revenue from each single user is allocated only to whom they listen to. Meyn et al. (2022) argue that “user-centric remuneration results in a reallocation of revenue shifting it from mainstream to niche genres”. However, there should be more empirical research to pass judgment on this issue. In the oligopolistic structure of the streaming market, Spotify has a huge power over the decision of revenue share and price-setting. Within the mechanism of the service, only 0.2% (13,400) of artists on Spotify earn over \$50,000 annually. On the flip side, working conditions of artists did not get any better. Artists are increasingly becoming ‘self-employed entrepreneurs’ in order to make themselves visible in the abundance of music, which holds that accessibility is not meaningful in an attention economy unless there is justice between the more accessible ones and the less accessible ones. This ‘self-employment’ emphasis is significant, especially if it is linked to the “remarkable similarity between the displacement of studio production from large label studios to small project (typically home) studios and the overall shift from large corporate-owned manufacturing plants to sub-contracted production in the global economy” (Arditi, 2018: 26). As a result, the market has expanded its capacity to incorporate smaller producers. Hence, labor in the music market has cheapened due to the technological developments that have led the rate of profit to fall. This phenomenon is compatible with the interviewees’ statements that their nominal income has remained the same in terms of foreign currency, while their real income decreased due to the inflation. On the other hand, underpayment on Spotify should be discussed in two different levels. In the first case involving a record label, artists’ works are directly commodified by labels and labels negotiate their proportion out of total revenues with Spotify. In the second case, this time artists are in a direct relationship with Spotify. Musicians must struggle on both levels with their own unions and solidarity networks.

Under these working conditions, music production has become faster and more fragmented. The CEO of Spotify, Daniel Ek outspokenly stated about the artists, who do not do well in streaming services, that they are “predominantly people who want to release music the way it used to be released” and that the future landscape is “where you can’t record music once every three to four years and think that’s going to be enough” (Blum, 2020). DAWs became easier to use, thus leading to automated production. A handful of empirical studies prove that the songs are getting short, dominantly released in the single format, and its lyrical content become more self-focused. The limitations that Spotify (and the other streaming services) imposes on the production thus leads to fast consumption compatibly with the fast capital circulation. Notwithstanding, Spotify model also bears potentials for a just system, in which cultural products can meet with their audience without any manipulative intervention by the third parties. This potential, of which Beethoven dreamt as a *grand dépôt*, can only be realized by a publicly funded entity that is free from the imperatives of private profit.

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APPENDICES

A. APPROVAL OF THE METU HUMAN SUBJECTS ETHICS COMMITTEE

UYGULANALI ETİK ARASTIRMA MERKEZİ APPLIED ETHICS RESEARCH CENTER DUMLUPINAR BULVARI 06800 ÇANKAYA, ANKARA/TURKEY T: +90 312 210 22 91 F: +90 312 210 79 99 ueam@metu.edu.tr www.ueam.metu.edu.tr	 ORTA DOĞU TEKNİK ÜNİVERSİTESİ MIDDLE EAST TECHNICAL UNIVERSITY
Konu: Değerlendirme Sonucu	13 EYLÜL 2022
Gönderen: ODTÜ İnsan Araştırmaları Etik Kurulu (İAEK)	
İlgi: İnsan Araştırmaları Etik Kurulu Başvurusu	
Sayın Barış ÇAKMUR Danışmanlığımı yürüttüğünüz Tahsin Mert SAYGIN'ın "Music Industry's Turbulent Relation with Streaming: Political Economy of Spotify" başlıklı araştırması İnsan Araştırmaları Etik Kurulu tarafından uygun görülerek gerekli onay 0496-ODTÜİAEK-2022 protokol numarası ile onaylanmıştır. Bilgilerinize saygılarımla suna Prof. Dr. Mine MISIRLISOY Başkan Doç. Dr. İsmail AKÇOMAK Üye Dr. Öğretim Üyesi Müge GÜNDÜZ Üye Dr. Öğretim Üyesi Şerife SEVİNÇ Üye Dr. Öğretim Üyesi Murat Perit ÇAKIR Üye Dr. Öğretim Üyesi Süreyya ÖZCAN KABASAKAL Üye Dr. Öğretim Üyesi A. Emre TURGUT Üye	

B. SAMPLE INTERVIEW / ÖRNEK GÖRÜŞME

Kaç senedir müzikle iştigal ediyorsun ve sektörde tam olarak ne iş yapıyorsun?

İsmim Lütfü Can Kapucu. Yaklaşık on yıldır profesyonel olarak müzikle uğraşıyorum. Öncelikli olarak müzisyen olarak başladım. Klasik gitar, birtakım Türk müziği enstrümanları icra ederek başladım. Daha sonra da işin biraz mutfak kısmı, stüdyo kayıtları ve aranjman, düzenleme... Müzik endüstrisi içindeki kayıt süreçleriyle ilgili hemen hemen her işi artık yapıyorum. Mix, Master, kayıt; aynı zamanda icra.

Kaç senedir yapıyorsun bu işleri?

Kayıtla ilgili kısmını yaklaşık... Pandemiden öncesinde başladım. Ama profesyonel olarak yapıyor oluşum iki yıl hemen hemen.

Müzisyen olarak veya icracı olarak müzik sektöründe olmakla işin yapım kısmında olmak arasındaki farklar genel hatlarıyla nedir?

Kesiştiği birçok nokta da var. Fark olarak... Bu kişisel bir şey ama ben işin yapım sürecinde olmayı daha avantajlı buluyorum.

Maddi açıdan mı?

Hem maddi tarafı var hem de biraz daha işin müzik tarafındaymışsınız gibi hissediyorum. Daha doğrusu hissediyordum, bu da zamanla değişen bir şey. İlk başta öyle hissediyordum. Yine işin sahne kısmından, yani müzisyenlik, icracılık tarafından tarafından daha çok müzikle ilgileniyormuşsunuz gibi hissettiğim noktaları var. Öyle de bir avantajı var.

İcracılık derken?

Yani sahne almak olarak düşünüyorum bunu ya da bir stüdyo kaydını çalmak.

O taraf mı daha iyi hissettiriyor? Yoksa kayıt mı? Bir kayda almak onu, yeni baştan yaratmak gibi.

Evet, o daha çok cezbediyor son zamanlarda. Hem böyle sıfırdan bir yaratıcı süreç var. Hele böyle bir kendin düzenlemesini yaptığın ve kendin icrasını da yaptığın bir işse... Tamamen senin elinin altından çıkmış ve senin yaratıcılığına kalmış. Süreç içerisinde ilerliyorsun. Bu sahnede de olabilir ama işin bu tarafında daha çok bu yaratıcılık.

Peki, kayıt müzisyeni olarak çalışırken daha çok bir prodüktörle mi çalışıyordun? Yani farklı sanatçıların farklı talepleri olabilir tabii de, genel olarak prodüktör mü başında oluyordu yoksa o müzisyenin o besteyi yapanın kendisi mi? Dağılımı nasıl oluyordu?

Eğer iş daha böyle bilinen birinin daha popüler figürün işiyse genelde bir prodüktör oluyor. O prodüktör geliyor, işte sana nasıl çalman gerektiğini, ne yapman gerektiğini anlatıyor. Ama daha küçük işlerde genelde o eserin sahibi senin muhatabın oluyor. Yani öyle işler de var muhakkak ama çoğunlukla bu işler daha belirsiz bir şekilde ilerliyor. Ne bileyim işte notanız var, ne çalacağınız belli değil. Genelde gidiyorsunuz stüdyoya, prodüktör sana böyle çok muğlak bir şey söylüyor. “Ben şu şekilde çalmanı istiyorum,” falan diyor; sen de ona göre bir şey çalmaya çalışıyorsun. Hiçbir zaman böyle teknik ya da bilimsel ilerlemiyor işler. Çok büyük isimlerin prodüktörlük işi de de olsa öyle ilerliyor. Yani biraz işin içinde hızlandırma gayesi var. Her şeyi daha basite indirgeyip daha hızlı nasıl halledebiliriz derdinde herkes. Profesyonel işte de amatör işte de böyle.

Peki, prodüktörün müdahaleleri hakkında ne düşünüyorsun? Yaratıcılığına ket vuracak noktada mı oluyorlar? Yoksa belli bir çerçeve içerisinde sana izin mi veriyor? Nasıl bir müdahale oluyor bu?

O da çok değişken aslında. Bazen prodüktörle sizin düşündüğünüzün arasında çok büyük uçurum oluyor. O noktada kısıtlandığınızı hissediyorsunuz tabii ki. Ama çok yardımcı olan ve ne istediğini ya da nasıl bir şey tabir ettiğini sana anlatabilen prodüktörler de oluyor. Onlarla çalışmak tabii keyifli oluyor. Orada hatta böyle kafanın açıldığını, sana bir şeyler kattığını hissediyorsun. Ben de kısmen, zaman zaman prodüktörlük yaptığım oluyor, bazı işlerle ilgili. Birisinden revize bir şey

istemekte zorlanan bir insanım ben. “Şuna bak, böyle değil de böyle olsa” falan demekte zorlanırım —ki daha çok işlerimi yazarak istiyorum. Sonrasında değiştirmekte zorlanacağım için ya böyle bir midi dosyası hazırlıyorum ya da bir notasyon yazıyorum ama yine prodüktör olduğum işlerde böyle bir şeyi karşı tarafı kırmadan ve ona da bir şeyler katabilecek şekilde anlatmaya çalışıyorum.

Peki, 10 sene oldu demiştin. 2012 senesinde nasıl başladın?

2012 senesinde üniversitenin korosunda çalışıyordum. Konserlere gidiyorduk; Ankara içinde, dışında. Ankara'daki bazı mekanlarda çalışıyordum. Müzik kayıt endüstrisiyle hiçbir bağım yoktu. Sadece o yıllarda birkaç stüdyo kaydını çalmak dışında genelde böyle mekanlarda müzisyenlik yapıyordum.

2012’den 2022’ye, müzik endüstrisinin tarihini düşünürsek —ki çok uzun bir zaman değil bu on sene elbette ama yine de uzun bir süre sayılır—, bu on sene içinde teknik olarak da çok şey değişti, işte aletler gelişti, vesaire. Sen farklı müzik türlerine de çalışıyorsun ama bir şarkının eskiden en genel anlamıyla yapısı, nakaratı, işte bilmem nesi... Bunlarla ilgili bir başkalaşım görüyor musun şarkıda, kayıtta? “Süreler uzuyor, kısalıyor” ya da “sözler şu şekilde evriliyor” falan gibi böyle bir genel bir gözlemin var mı?

Evet, var. Yani on sene kısa gibi görünüyor müzik endüstrisi içinde düşününce. Yıllardır var olan bir iş, bir meslek bu. Ama öyle de değil bir yandan. On sene içinde çok şey değişti müzik, kayıt endüstrisinde. Müzik yapım şekillerinde bile. Bir kere dediğim gibi kayıt ekipmanına ulaşmak artık çok daha kolay oldu gelişen teknolojiyle birlikte. Böyle koca koca analog cihazlara falan artık gerek yok. ‘Indie box’ denilen bir tane ses kartın, bir bilgisayarın, mikrofonun olduğu zaman her şeyi böyle modellenmiş yapabiliyorsun artık. Farkı da ayırt edemez birçok insan. “Analog çok iyi abi” falan diyen insan da karşılaştırmalı kaydı dinlese anlayamaz. O yönden çok avantajlı bir noktada ama yaratıcılığı öldürdüğü bir nokta daha var. Mesela eskiden insanların bir sesi şekillendirmek için elindeki araç sayısı çok azdı. Analog cihazlar için konuşuyorum. Ve o cihazdan maksimum yararlanıyordu, etinden sütünden faydalanıyordu o cihazın. Diyelim bir bas kaydı var, bir davul kaydı var; ikisinin basları çakışıyor. Ne yapacak? Kick devreye girince bası kısmak lazım. Ona bir

multiband kompresör gibi bir şey uyguluyordu mesela, teknik olarak. Yani dinamik bir kompresör. Kick vurduğu zaman bas biraz düşüyor, gibi bir şeyler yapıyordu. Şimdi bu işi direkt bir tane tıkla çözen plug-in'ler çıktı. Her şeye bir plug-in var. Böyle plug-in çöplüğü gibi oldu. Herkes böyle tık tık açıyor işte.

Yaratıcılığı nasıl öldürdü?

Ya mesela sen o problemi çözmek için o mix'i tamamen değiştirebiliyordun eskiden. Ya da işte “burada bu frekanslar çakışıyor, o zaman buraya başka bir efekt koyayım ben, şu bası biraz drive açayım, bunun harmonikleri değişsin” falan diyordun. Çalışını değiştir, aranjmanını değiştir... Şimdi öyle bir şey yok. Baştan zaten bunun planlaması yapılmıyor. Genel herkesin “miksle düzelir abi” dediği bir noktaya evrildi artık iş. İyi bir kaydın ortaya çıkması için normalde olması gereken en baştan iyi bir aranjmanın olmasıdır, eskiden öyleydi yani. Her enstrümanın bir frekans aralığı var. O aralıkların çakışmadığı farklı enstrümanları boş alanlara yerleştirerek bir şeyler yapman lazım. Sonra o iyi kayıt edilmeli, mix'e öyle gitmeli. İyi bir kayıttan iyi bir mix çıkar, iyi bir miksten de iyi bir mastering çıkar, falan filan. Şimdi öyle değil. Herkes böyle bir anda bir şeyleri yapıyor. “Mixle ne de olsa düzelir” diyor. Mixci biraz toparlıyor, o da “masteringle biraz daha toplar” falan diyor. Sonuçta ortaya ne çıkarsa. Herkesin ulaşılıyor olmasının avantajlarıyla birlikte dezavantajları bu. Ben 2012'de bu kadar bilmiyordum. Şimdi ben aranjman yapıyorum ya da prodüktörlük yapıyorum. Yapımcı bana “şarkı çok uzun olmasın, dört dakika ya da üç buçuk dakikayı geçmesin, hatta mümkünse iki buçuk dakika olsun” falan diyor. Ya da bir yere bir çalıyorum. “Bu çok uzun oldu ya, bunu kısalım” diyorlar.

Genel bir kısalma durumu mu?

Evet bir kısalma durumu var. O da herhalde tüketimin artık çok fazla olmasından... “Çok hızlı tüket at” mantığının bir evresi gibi. Daha kısa olsun, direkt sözle girsin ya da işte ne bileyim vurucu bir müzikle girsin... Diyelim bir iş yapıyorsun. Parça böyle sıradan başlıyor, daha sonra parçaya başka elementler ekleniyor; böyle bir şey kurgulamıştım. Bunu dinleyen bir yapımcı “ya bu parçanın sonunda bir sürü element var, hepsi çok hareketli ama bunu başından gösterelim de dinleyen işte en başından görsün bunları. Böyle dinleyip kaçmasın” diyebiliyor mesela. Kurgu yapmanı

sınırlandıran bir bakış açısı var. Sonra bazı trendler var işte, herkes duyuyordur. Popüler müzikte, böyle sekizlik başlayıp on altılığa dönüşen bir ritm falan böyle. Trendler var. Her pop müzikten işte birçok tarza kadar artık kullanılıyor. Akustikten daha çok dijitale döndüğü için hazır sample'lar üzerinden müzik yapma olayları da çok fazla artık.

Popüler olanın, olmuş olanın tekniğini kullanmaya yönelme mi gözlemliyorsun?

Evet evet. Bu sadece popüler müzikte de değil. Daha niş böyle bir kitlesi olan ya da niş müzik yaptığını iddia eden müzisyenler de bu popüler olan şeyleri, trendleri kullanma ihtiyacı hissediyorlar. Neden müzisyenlik mesleğini icra ediyorsun? Birilerine ulaştırmak istiyorsun sonuçta, bazıları için öyle en azından. Ondan hayatını devam ettirmek istiyorsun. Bu da bir bakış açısı. O yüzden daha fazla insana ulaşabilmek için de bu popüler trendleri bir noktada müziğinde kullanman gerekiyor, gibi bir yaklaşım da var. Ben mesela buna çok uzağım. Hiç kabul etmeden, içimden ne geliyorsa onu yapmak istiyorum. Tabii bu popüler şeyleri yapmak da içinizden gelebilir, öyle bir mevzu da var tabii ki ama bende yok. Mesela yeni bir iş yapıyordum, ben aranjmanını yaptım. Yapımcı “çok güzel, ama bu aralar yetmişlerdeki, seksenlerdeki ‘synth’ sesi işte çok moda onu kullansak çok iyi olur” diye onu istedi. Bir şey söylüyor, istiyor ya da talep ediyor. “Ya bunu kullanalım,” diyor. Sanatçı da istiyor, mecbur sen de kullanıyorsun yani. İş olarak yaptığın için bir yandan bunu, o taleplere karşılık vermek durumundasın. Şimdi şunu da ekleyeyim kısaca: albüm olayı da artık ortadan kalktı. Çok prestijli bir şeydi bir albüm yapmak çünkü emek isteyen bir şey ya da bir konsept albüm yapmak. Şimdi öyle değil. “Albümle kim uğraşacak?” diyor herkes yani. Hem artık kimse albümü açıp dinlemiyor. Buna biraz Spotify da sebep oluyor çünkü albüm dinlemekten çok listeler falan daha çok takip ediliyor, dinleniyor insanlar tarafından. O şekilde kullanılıyor uygulama. Sen de o listelere single şeklinde bir şeyler üretip koyuyorsun. O tüketimin hızlı olmasına daha da katkıda bulunan bir şey bu.

Maliyetle de ilgili bir şey olabilir mi?

Tabii. Maliyetle de ilgili.

Albüm yapmak maliyetli bir şey.

Albüm de yaptım ben yakın zamanlarda mesela. Şirket sana bir bütçe çıkarıyor ama “hücum kayıt yap diyor mesela, kanal kayıt değil” diyor, maliyet düşük olsun diye. Bir günde gir, bir albümü, işte hücum şekilde herkes bir odada kaydetsin, çıksın. Ya da kanal yapıyorsan da bir albümü üç günde, dört günde kaydet diyor sana mesela. Böyle çok şey yaptık. Maliyeti düşürme eğilimi var tabii ki. Herkes artık evinden çalıp gönderebiliyor, bu biraz onu absorbe ediyor. Dediğim gibi, o analog devir kapandığı için bir tane ses kartı, bir mikrofonla artık işi çözüyorlar. Biraz daha akustik düzenlemeyle. Herkesi evinden çalıp gönderiyor artık ama işte o da maliyetle alakalı bir şey. O da maliyeti düşünüyor sonuçta.

Peki, yapımcıya ihtiyacın kalmadığı gibi bir söylem, bir hava oluştu. Sen böyle düşünüyor musun? Yoksa hâlâ yapımcılar önemli bir yerde mi duruyor? Ya da farklı sanatçı tipleri (çok ünlüler, orta ünlüler, az ünlüler) farklı stratejiler mi izliyorlar?

Şirket ismi versem olur mu?

Ver.

Sen artık kullanırsın, kullanmazsın. Ada Müzik mesela... İyi bir iş yapıyorsun, sunuyorsun. Ortaçgil çıkıp “ben şu işi yapacağım” dediği zaman sana verdiğinin beş katı bütçesini ona ayırıyor mesela. Benim Ada’dan işleri çıkan bir arkadaşım “Biz üvey evlatlarız, Ada Müzik’in öz çocukları var” gibi bir şey söylemişti. Tabii bu da sonuçta kâr amacı güden bir şirket ve daha popüler bilinen isimlere yatırımını daha çok yapıyor. Ama onun yanında böyle tanıdığım daha idealist gibi olan yapımcılar da var. Ahenk’teki Sercan abi biraz öyledir. O böyle birilerini bulup şey yapar. Ona böyle hatta bir repertuvar da çıkarır, istişare eder. Onu parlatmaya, yeni bir isim ortaya çıkarmaya çalışır. Ona yatırım yapar. Yaptığı yatırım tabii şirketin imkanları doğrultusunda çok küçük ama en azından böyle bir çabası var. Böyle yapımcılar da var. Yapımcıya ihtiyaç var mı? Farklı kanallar üzerinden yayıncı bulup Spotify’den yayınlıyan falan da çok artık ama burada da şöyle bir kaygısı oluyor çoğu sanatçının: etiket kaygısı. Mesela normalde şirketler çok büyük bir tanıtım pazarlama işi de yapmıyorlar ama o o senin çıkan parçanda Ada Müzik yazması sanki insanlar “ha

Ada'dan çıkan iş iyidir" falan öyle bir etiket, öyle bir imaj kaygısı oluyor. Bu yüzden hala "Ada'dan benim bir single'ım çıksın, Ada'dan bir albümüm çıksın" diye böyle çabalayan müzisyenler de var piyasada. Ama tam aksine "ben işimi yaparım, iş iyiye nereden çıktığının hiçbir önemi yok, kendim de biraz PR'ını yaparım, kendi imkanlarım doğrultusunda" diyenler de var. O şirketler, Kalan ve Ada gibi ciddi büyük olanları, çok ciddi telif hakları alan ve yıllık işte bilmem kaç bin liralık vergi ödeyen büyük şirketler. Şu anlamda bence gerekli yani: Gerçekten o gelirlerini müzik üretimine katkıda bulunmak amacıyla harcayabilirler, destek olabilirler sanatçıya. Sürekli daha fazla kazanayım diye pop figürlerin üzerinden yatırımlarını yapmak yerine böyle daha farklı bir noktadan yaklaşabilirler. "Yeni birini bulalım, yeni birine destek olalım" gibi. Bu noktada şirketin olması lazım bence ama bu anlamıyla tabii ki.

Peki, iki tane sanatçı düşünelim. İkisinin de benzer şarkıları var. Bir tanesinin Ada müzikten çıktığını diğerinin de bağımsız dağıtımclar yoluyla Spotify'da yayınlandığını düşünelim. Bu iki sanatçı arasında yayınladığı şarkıdan elde ettiği gelirler bakımından nasıl bir fark olur? Nereden elde eder bu sanatçılar gelirlerini? Dinlenme sayıları benzer olsa bile mesela. Örneğin, Ada müzik sana verdiği 100 – 150 bin lirayı nasıl çıkarır? Buradan çıkardıktan sonra mı sana gelen gelirin bir kısmını verir. Bunlar hakkında bir fikrin var mı?

Ya genelde şöyle oluyor zaten. Müzisyenin kafasında bir iş yapma fikri oluyor. İlk başta gidiyor bir müzik yapım şirketine, "benim böyle bir projem var" diyor, demo kayıtları varsa onları dinletiyor ya da bir dökümanı varsa onları veriyor. "Bana sponsor olur musunuz, destek olur musunuz?" diye soruyor. Çoğu zaman şirketler "Benim bütçem yok," diyorlar. Ama sen o işi yapıp kendi imkanlarınla ya da bir yerden sponsor bulup yapıp bitirdikten sonra, "bunu yayınlarım" diye o işi kabul ediyorlar bir anda. Ve o işten pay da alıyorlar aslında. Sadece yayınlamak ve birkaç Instagram gönderisi, birkaç gazete haberi, belki birkaç konser ayarlama karşılığında senden o telif gelirlerinin yüzde 60'ını ya da 50'sini falan alıyorlar. Sen her şeyini yapıp şirkete verdin, diyelim, yüzde 50 yüzde 50 oluyor. Ama şirket bir şeyleri karşılıyorsa ve iş öyle çıkıyorsa, yüzde 60-70'ini o alıyor, yüzde 40'ını sen alıyorsun yine. O yüzde 40 da tabii tüm prodüksiyon ekibi; şirket dışındaki çalanlar, aranje edenler, söyleyenler, eserin sahibi... falan. Ama kendin yayınladığın zaman, onun detaylarını bilmiyorum.

O bir aracı şirket üzerinden yayınlıyorsun galiba. O bir pay alıyor mu ya da oraya bir aktarım oluyor mu, onu bilmiyorum ama muhtemelen şirketin aldığından daha fazla payı alıyordur diye tahmin ediyorum. Ya zaten onun dışında birtakım meslek örgütlerine üye oluyorsun, işte MSG var, MESAM var. Orada da bir hesabın oluyor ve birtakım telif gelirleri —ama çok düşük tabii bunlar— onların hesabına yatıyor. Senede 2 lira, 3 lira diyelim mesela. Tabii daha popüler figürler, milyonlarca dinlenen isimlerde böyle değil.

Peki, yapımcıdan yayınlamakla bağımsız dağıtımclarla çalışmak arasında... Şimdi şarkı yaptın ve beste senin. Bunu nasıl lisanslıyorsun? İkisinin arasında bir fark oluyor mu? Ada Müzik mi lisanslıyor bunu?

Yok hayır. MESAM'a üyeysen o notalarını alıyorsun, gidiyorsun. Onları kaydettiriyorsun. Senin adına kaydolmuş, lisanslanmış oluyor o artık.

MESAM lisanslayabiliyor yani.

Tabii tabii.

Peki, bu MESAM'a lisanslayabilmek için şarkılarını, şarkının yayınlanmış olması gerekiyor mu?

Gerekmiyor.

“Bestemi yaptım, bu da notasıdır.”

Evet, onlar zaten gerekli incelemeleri yapıyordur muhtemelen. Bir örneği yoksa senin adına lisanslıyorlardır.

Bağımsız olarak yayınladığında da aynı şeyi yapman gerekiyor?

Evet, evet. Tabii. MESAM'a götürdüğünde, abüm çıktıktan sonra, o formları dolduruyoruz falan. Çok hatırlamıyorum ama hangi şirketten çıkacağına dair bir şeyler de yazıyorsun diye hatırlıyorum.

Anladım.

Yani sadece information olarak da yazıyor olabilirsin onları tabii.

Peki, bir müzisyen ve icracı olarak para kazanmaya çalışıyorsun, bir de prodüktör olarak diyebiliriz. Prodüktörlük mesleğinin gelirinde bir piyasa standardı var mı? Nasıl işliyor?

Kesinlikle yok. Belki varsa da ben bilmiyorum. Biraz yapım şirketiyle alakalı. Daha kurumsal olan bir şirketten alıyorsan o işi, prodüktörlük işini, tabii ki onun bir piyasası oluyor, biliyorsun.

Şarkı başı mı oluyor? Nasıl oluyor?

Evet, şarkı başı hesaplanan ya da bir albümse, albümün, işte kaç şarkılık, on şarkılık bir albüm albüm şudur falan diye biri böyle şarkı başı denebilecek bir hesaplaması oluyor.

Peki, bunun range'i var mı? Yani yeni başlayan mesela senin gibi prodüktörlerin en aşağı aldığı bir şeyle, İskender Paydaş'ın şarkı başına aldığı.

Tabii ki.

Nedir mesela bunun farkı?

Ben mesela öyle başladım bu işe. Ben bir tane yeni bir sanatçı çıkarmaya gayret eden bir şirketle müzisyen olarak tanışıyordum zaten. Birkaç tane de yaptığım mix, master işi vardı, ya da prodüktörlük işi vardı, kendim yaptığım. Onları şirket takip edip bana teklif getirmişti. Hem çok daha ucuza çalışabilecek bir ismim, daha önce böyle profesyonel olarak prodüktörlük tecrübem olmadığı için, hem de kendi imzamın olduğu böyle bir albüm ortaya çıkarabilme imkanına sahip olacaktım. Karşılıklı bir ilişki şeklinde. Şirketin de işine gelen benim de çok kısmi olarak işime gelen şekilde çok ucuz fiyatlara böyle bir albüm prodüktörlüğünü yapıyor. Yapan insanlar var zaten.

Ne kadar vermişlerdi mesela?

Seneler önce başladığın bir iş, bir albümü beş bin liraya falan aranjmanını artı prodüktörlüğünü yapmıştım. Sonra bu daha kurumsal bir firma olunca işte 10 bin oluyor, 15 bin oluyor, 20 bin oluyor... Sadece prodüktörlükte değil, sadece prodüktörlük yapmadım ben. Çaldım. Aranjmanını yaptım, hem de o işi yürüttüm.

Tüm kayıtları topladım. Bas çalınacaksa başçıya gönderdim. Tüm organizasyonunu benim yaptığım işler bunlar. Aslında birçok iş grubunun böyle sınırlarını ihlal ettiği bir durum var yani. İskender Paydaş böyle yapmaz. Yapıyorsa mix'ini yapar. Gerisine karışmaz.

Senin gibi mi çalışıyor insanlar daha çok yoksa “abi yok sadece ben aranjman yaparım” diyen kişiler “ben sadece prodüksiyon yaparım” diyen kişiler mi ağırlıkta? Senin gibiler artıyor mu? Eskiden daha mı çoktu? Ya da daha mı azdı?

Ya benim gibiler artıyor, şundan dolayı artıyor. Dediğim gibi, bütün bu işleri yürütmek artık biraz daha kompakt bir hale geldi, her şeyi bilgisayardan yaptığın için, o yüzden bu şekilde çalışan artık daha çok var. Ama aynı şekilde, böyle kendi kurumsallığını oluşturmuş, her şeyi standartlaştırmış, “benim miks ücretim şu kadardır,” diyen de var. “Prodüktörlük ücretim şu kadar, edit yaparsam bu kadar” diyen. Hatta bir vokalin detonelerimi düzelteceğim, bunun için de ayrı fiyat. Ya her şeyi böyle standardize etmiş şeyler de var, ses mühendisleri ya da prodüktörler.

Doğrusu bu mu peki?

Aslında doğrusu bu. Çünkü hepsi farklı işler ve hepsinin çok ciddi bir emek süreci var gerçekten. Yani edit başlı başına bir iş. Ben onun için ayrı para almıyorum ama bazen mesela yapımcı yeni bir müzisyeni piyasanın içine sokmaya çalışıyor. Sonuçta o da yeni, heyecanlı ve amatör bir müzisyen olabiliyor. Sen onun tüm hatalarını ya da yeni çalan birinin tüm hatalarını edit sürecinden geçirmen lazım. O işte profesyonel bir işte olandan beş kat daha meşakkatli oluyor senin için tabii ki. Ama onun için ayrı bir ücret almıyorsun. Hem daha ucuza çalışıyorsun hem daha fazla çalışıyorsan aslında

Spotify kullanıyor musun? Ya da başka streaming servisleri kullanıyor musun?

Spotify kullanıyorum.

Sadece Spotify?

Evet. Aktif olarak kullandığım Spotify. Yani genelde her çıkan iş tüm dijital platformlara gönderildiği için bir tanesi yeterli oluyor. Spotify da ilk kullanmaya başladığım uygulama olduğu için onun dışında bir şey kullanmadım şimdiye kadar.

Premium kullanıyorsun?

Hı hı.

Peki, ne sıklıkta kullanıyorsun? Bunun işleyiş biçimine dair bir yorumun var mı? Arayüzüne dair bir yorumun var mı? Kullanım açısından nasıl buluyorsun Spotify'ı?

Aslında bence çok kullanışlı ve derli toplu bir uygulama. Sadece eleştirdiğim, böyle kafama takılan, yani görünce “ah bu da neymiş” falan dediğim şeyler oluyor. Popüler bir uygulama ve ticari bir uygulama olduğu için artık şey noktasına geldik... Mesela görürsünüz, listeler görürsünüz, “Coffee Jazz” falan gibi. Açarsın böyle, işte kafede çalan, caz müziğini listelemişler böyle ya da böyle saçma sapan bir sürü liste olur. Aslında niteliği olmayan ama işte aklıma gelmiyor şu anda. Uyku listesi falan böyle, listeler olur. Ve bu listeler çok dinlendiği için, müzik piyasasına da şöyle bir etkisi oluyor: bu listelere girmek için insanlar müzik yapar oluyor, bazıları öyle. “Ben şöyle bir parça yapacağım. Şu listeye girerse çok dinlenir. Gelirim çok olur” falan. Yani hedefi o listeye girmek oluyor.

Çok sık duyduğun bir şey mi bu?

Tabii tabii. Böyle birkaç tane müzisyen biliyorum. Mesela yaptığı müzik diyelim ki etnik caz, etnik caz listesi var. Milyon takipçisi var. Hatta böyle o listelerin sahipleri var galiba, belli paralar karşılığında parçayı listeye sokuyor falan... İşin böyle bir ticareti de oluşmuş. Tamamen para kazanma odaklı yapıyorsun. Müziği de tabii bir iş olarak yaptığın zaman bunun parçası ama orada işin niteliği biraz daha değişiyor. Yani tamamen böyle şey. İşin sanatsal boyutunu tamamen bir köşeye atıyorsun. “Şu listeye sokayım bunu. Bu listede olsun” falan diye. Hatta ona uygun müzikler yapmaya da çalışanlar oluyor yani. Sırf bundan dolayı. Benzer şeyler.

Şey kullanıyor musun Spotify'da? Senin için önerilen bir takım listeler oluyor, “haftalık keşif” mesela. Ya da “senin için hazırladık” falan gibi öneri listeleri oluyor. Onları kullanıyor musun?

Onları özel olarak kullanmıyorum ama galiba iyi bir algoritması var, öyle zannediyorum. Dinlediğin tarz ve dinlediğin şeylerle bağlantılı müzikleri önerebiliyor. Bazen karşıma çıkınca böyle senin için şu öneriliyor falan diye çıkıyor. “Abi bunu duymuştum sanki. Ya da biri söylemişti” falan deyip ve açtığını dinlediğim oluyor. Çok nadir de olsa. Özel olarak kullanmıyorum ama bence şey, kullanışlı bir özellik.

Ama açıp böyle işte senin için hazırladığı şeyi açıp dinlemiyorsun.

Yok, yok. Şimdiye kadar hiç dinlemedim yani.

Anladım.

Tabii bu şeyle de ilgili olabilir... Yani bir noktadan sonra bunu iş olarak yaptığın zaman eskiden dinlediğin oranda müzik dinlemiyorum yani. Çok az dinliyorum hatta. Yeni çıkan bir şey için heyecanlanmıyorum. Çünkü meslek hastalığı gibi de oluyor. Şimdi dinlerken bazen müzikten daha çok şeye odaklandığın oluyor. Ya mix'te şöyle mi yapmış? İşte şunu mu kullanmış acaba bu EQ'ı nasıl böyle yapmış falan gibi böyle bir teknik şeylere böyle takılabiliyorsun.

Peki 2012'den beri öyle ya da böyle müzik piyasasının içindesin. Müzisyen olarak ya da hani bir prodüktör olarak da sorabilirim bunu. Şartlar için iyileşme olduğunu hissediyor musun? Bu on senede. Yoksa aynı mı? Gelirler düşüyor mu ya da? Yani ikisi için de cevap alabilirim. Hem müzisyenlik hem de prodüktörlük için.

Ya müzik sektöründe müzisyenlik olarak yakın zamana kadar bizim arkadaşlar arasında geyikti mesela. Bu konuşulurdu. “Ya bir stüdyo kaydına ben beş yıl önce stüdyo kaydına gitmiştim. Beş yüz lira almıştım. Geçen gittim yine beş yüz lira aldım” falan gibi şeyler konuşulur. Yani her şeyin fiyatı artıyor ama müzisyenin fiyatı artmıyor. Birtakım tel işte otuz liraya alıyorsak gitarist olarak mesela şimdi iki yüz elli liraya alıyoruz. Ama biraz daha müzisyenlerin böyle birkaç tane mesela ben örgütlenme çabasına şahit oldum. Ankara merkezli bir tane vardı. İstanbul merkezli vardı. Böyle “bir müzisyen sendikası mı kuralım?” Ya da işte ciddi böyle Telegram grupları oluşturmuş ve on bin kişilik falan böyle müzisyen var orada. Ve “şu fiyatın altında çalışmayalım” falan diye kendi aralarında böyle bir resmi olmayan bir karar

almışlar mesela. Onların etkisi midir bilmiyorum ya da gerçekten artık işin çıkırından çıkmış olması mıdır, kısmen daha arttı ücretler ama bu artmış olması tabii ki herhangi bir meslek grubundaki artış şeklinde değil. Dediğim gibi, çünkü beş sene önce çaldığım fiyata işte beş sene sonra çalışıyorsun bir saat. Onun üstüne biraz daha artıyor gibi. Bu aynen kayıt endüstrisinde de böyle.

Besten var mı? Yayınlanmış besten?

Benim yok. Yayınlanmış bestem yok. Birkaç tane yazdım. Bestem var ama kendim onları kaydetmek, düzenlemek için henüz zaman, fırsat bulamadım. Başka işleri yapmaktan. Belki tekrarlamak lazım. O Spotify'ın onun da bir şeyi gibi algoritması var zannedersem. YouTube'da hani böyle YouTube içerik üreticileri var ya artık işte. Ve o içeriklerin daha fazla seyredilmesi için böyle bir takım trick'leri var onların. “Şöyle video çekeceksin. Böyle olacak” falan filan diye. “Şöyle içerik üretirsen daha çok izlenirsin” gibi. Spotify böyle bir şey var gibi. Hem o dediğim listeler hem işte insanların artık albüm dinlemiyor oluşu. Bir single yapalım ya maxi single olsun böyle çıkarıyor. Üç tane single, iki tane single bir anda çıkartıyor onu. Ya da belli aralıklarla çıkartıyor. Biz yakın zamana kadar ben de mesela 13 parçalık bir albüm çıkaracaktık. Benim prodüktörlüğünü ve aranjmanlarını yaptığım bir iş. Daha sonra bu tabii zor bir iş. Yani on üç tane parça bir de çok fazla müzisyen çalışıyor. Hepsine farklı müzisyenler çalışıyor. En son şey noktasına geldik. “Altı tanesi önce bir çıksın. Altı tanesi de bir sene sonra çıkar” diye. Ya bir an önce bir iş ortaya çıksın, gibi bir şey var. Fazla beklemek de kimse istemiyor.

Peki, etrafında Spotify’a şarkılarını, bestelerini ya da icra ettikleri şeyleri hak sahibi olarak yüklemiş arkadaşların var mı? Varsa bunlar bir hayrını görüyorlar mu streaming servislerinin. Nasıl görüyorlar?

Yükleyen arkadaşlarım var. Hayrını gören de var. Çok büyük bir hayır değil bu tabii ama hiç göremeyen de var. Hayrını gören arkadaşım mesela tüm bu şeylere dikkat eden arkadaşım. Hani dedim ya Spotify'ın algoritmasına işte uygun hareket etmeye çalışan, etkileşimde bulunmaya çalışan diğer müzisyenlerle. Spotify'da çok dinlenen bir müzisyen var diyelim. İşte ayda şu kadar dinlenmiş, bu ay şu kadar. “Onunla hadi bir şey kaydedelim.” Bunu çok zorlayan, sürekli buna bir kafa yoran bir arkadaşım var.

Mesela o kısmen hayrını görüyor işte. Bir parçası diyelim, işte altı yüz bin, yedi yüz bin dinlenmiş. Biri bir milyon dinlenmiş falan gibi.

Peki ne kadar kazanıyor? Hayatının kaç ayını geçirtebilecek bir gelir oluyor?

Hayatının bir ayını bile geçirtebilecek bir gelir değildir muhtemelen, sormadım ama kendi memur mesela, devlet memuru, işini yapmaya devam ediyor yani. Öyle onu işinden kurtarabilecek bir gelir de değil kesinlikle.

Konser veriyor mu?

Konser de veriyor. Kayıt da çalışıyor. Aklına gelebilecek her türlü müzisyenlik faaliyetini yapıyor.

Şey kullanılıyor mu? Mesela öyle şeyler duydum. Şimdi Spotify'da bir sanatçı hesabın varsa o sanatçı hesabında birçok veriyi görebiliyorsun. İşte ne kadar nereden dinlendiği falan mesela lokasyonları görebiliyorsun. Bu lokasyonlar bir şarkının, şarkıcının ya da sanatçının nerede konser vereceğine karar veriş sürecine etki ediyor mu mesela?

Çok fazla dinlenen bir popüler bir işse belki etki ediyor o olabilir ama ben kendi deneyimlerimden örnek vermem gerekirse bizim yaptığımız daha az bir müzisyen kitlesine hitap eden daha küçük bir kitleye hitap eden bir müzik var. Bir albüm vardı. Onun da mesela projenin sahibi arkadaş. En çok nerede dinlenmiş? Şimdi o arkadaş baktı şeylere o Spotify'ın sunduğu bilgileri en çok nerede dinlenmiş gibi, e zaten dinlenmeler çok az. Ama işte yaptığı müzik tarzı biraz hem caz blues öğelerini içeren hem de böyle etnik bir müzik olduğu için böyle batıda daha ilgi çeken bir müzik. Ve işte gerçekten öyle batıda hatta Arjantin'de falan Türkiye'den daha çok dinlenmişti galiba yanlış hatırlamıyorsam. Öyle bir şey. Ya da en çok Kanada'da dinlenmişti. Onun sebebi de muhtemelen, bağlantı hakkında hiçbir fikrim yok ama Kanada'da bir caz radyosu bizim albümümüzü çalmıştı. Ya baştan aşağı albüm çalmışlar. Ondan dolayı diye tahmin ediyorum Spotify'da en çok dinlendiği yer Kanada olarak gözüküyordu. Ama tabii bizim Kanada'da bir konser yapma şansımız, yani öyle bir teklif gelmedi. Fransa'dan öyle bir teklif gelmişti ama vize problemleri falan gibi sorunlar neticesinde hayata geçirememiştik o projeyi, Fransa'ya gidip çalma projesini. Ama muhtemelen

gerçekten böyle büyük dinleyici kitlesine sahip olan müzisyenler oradan faydalıyorlardır yani kesinlikle.

Teşekkürler.

Ben teşekkür ederim.



C. TURKISH SUMMARY / TRKE ZET

oęu zaman farkında olmasak da dinledięimiz ya da duyduęumuz mzięin byk bir kısmı devasa bir endstriyel yapı ierisinde retilip daęıtılmaktadır. İimizde eřitli duyguları uyandırma kapasitesine sahip olan mzik, bugn eskisinden ok daha karmařık bir endstriyel iliřkiler btnne yaslanmaktadır. Mzik endstrisinin yapısını anlama abası bu yzden nemlidir; bir iletiřim aracı olarak mzik, nmze ideolojik srelerde iřlevsel olan anlamlar ve imgeler sunar ve bu nedenle dnyayı algılama biimimizin nemli bir bileřeni olarak karřımıza ıkar. Bu baęlamda, bu alıřma ncelikle ideolojinin *nasıl* iřledięini deęil, *neden* iřledięini arařtırmaktadır.

Mzik endstrisi 21. yzyılda nemli dnřmler yařadı. Peer-To-Peer (P2P) teknolojisinden bařlayarak, mzik rnlerinin sonsuz sayıda kopyalanması ve paylařılması neredeyse hibir maliyet olmaksızın mmkn hale geldi ve geleneksel daęıtım sisteminin ademi merkezileřmesi potansiyeline kapı aralandı. Bu sre, mzik endstrisinin yerleřik iliřkileri iindeki g sahiplerine bir alternatif sunmuř ve endstri gelirlerinde keskin bir dřřle kendini gstermiřti. ‘Korsan’, mzik daęıtımını piyasa iliřkilerinin dıřında tutan bir gnah keisi ilan edilmiřti. Zaman ierisinde, mzik endstrisinde gc elinde bulunduranlar ‘korsan mzięin’ ykseliřini tersine evirmeyi bařardılar ve dięital fonogramlardan byk krlar elde etmeye bařladılar. 2000’li yılların bařından itibaren mzik, kaset/CD alarlar, MP3 alarlar ve daha sonra cep telefonları, dizst bilgisayarlar, Bluetooth hoparlrler gibi yeni ıkan tařınabilir donanımlar aracılıęıyla her yerde hazır ve nazır hale geldi. Mzik, dinlenmekten ok *duyulan*, dięer meřgalelere eřlik eden bir olgu konumuna yerleřti. Uzak coęrafyaların mzięine eriřim kolaylařtı ve fiyatı her zamankinden daha ucuz hale geldi. Bunun temel sebebi retim ve daęıtım maliyetlerinin dřř idi.

2017'den bu yana, müzik endüstrisinin en büyük geliri, özellikle *streaming* servisleri olmak üzere dijital hizmetlerden elde edildi. Ücretsiz ya da aylık abonelik bazında çalışan bu hizmetler, kullanıcılara oldukça düşük bir fiyata geniş bir 'yasal' dünya müziği kataloğuna erişim sağlıyor. Bir yandan giderek daha fazla gelir sağlarken, sanatçıların çoğuna hak edilenden az ödeme yapıldığı yaygın olarak tartışılıyor. Öte yandan aralarında en popüler olan Spotify'nın mali raporları, şirketin şu ana kadar net kâr elde edemediğini gösteriyor. Ancak Spotify her yıl abone sayısını düzenli olarak artırmaya devam ediyor. Bu koşullar göz önüne alındığında, bu tez, "müzik endüstrisinin mevcut pazar bileşiminde streaming servislerinin ne rol oynadığı" sorusunu soruyor. Bu araştırma sorusu, arka planında bu satış modelinin müzik üreticileri ve tüketicileri arasındaki dolayımı nasıl şekillendirdiğini anlamaya çalışıyor.

Genel algıda da somutlaştığı üzere streaming servisleri, müzik endüstrisinin kurtarıcısı oldu: artık küresel kayıtlı müzik endüstrisi gelirlerinin yarısından fazlasını karşılayan bu model, müziğe erişimin en yaygın yolu haline geldi. Streaming pazarının üçte birini kontrol eden Spotify, bu dijital satış modelinin 'muvaffak' temsilcisi olarak öne çıkıyor. En kaba hatlarıyla açıklanacak olursa şirket, kullanıcılarına lisanslı müziği tedarik ederek elde ettiği gelirlerden lisans sahiplerine dinlenme sayıları oranında telif ödüyor. Bununla birlikte, oligopol yapıya sahip bir streaming pazarında, Spotify ve diğer şirketler hala yüksek fiyatlar talep edemez ve tekel pozisyonlarının sağlayabileceği faydalardan yararlanamaz durumda. 195 milyon abonesine rağmen Spotify'nın mali raporları, şirketin şimdiye kadar kâr edemediğini gösteriyor. Bu durumda şu soru ortaya çıkıyor: Spotify, henüz kâr edememesine rağmen nasıl hala güçlü bir aktör olarak pazarın üçte birini kontrol ediyor?

Müziğin üretim, lisanslama, dağıtım ve değişim evreleri üzerinden bu çalışma, bu aşamaların her birini Spotify'a referansla incelemektedir. Var olan düzende, kayıt endüstrisinin oligopol pazarına üç büyük plak şirketi (majörler: Sony, Universal, Warner) hâkim durumdadır. Öte yandan, geçmişteki fiziksel dağıtımın ve müzik marketlerin yoğunlaşmış yapısının yerini, dijital dağıtımın ve dijital marketlerin (streaming servisleri) yoğunlaşmış yapısı almıştır. Bu bağlamda, dinleyicilerin müzikle olan ilişkisi ve bunun aldığı biçimler, Spotify (ve diğer streaming servisleri)

tarafından dayatılan yeni bir sahiplik rejimine ve sınırlamalara tabidir. Değer zincirine katılan bu yeni aktörün çalışma mantığı, müzik üretiminin kendisini de yeniden şekillendirmektedir. Bunun yanında değişmeyen de çok şey vardır: star kültürü, çoğu sanatçı için geçimini sağlamaktan uzak gelirler, plak endüstrisinin oligopol yapısı ve tekelci eğilimi. Bu çalışma, mevcut müzik endüstrisinin iç ilişkileri ve sermayenin kendini gerçekleştirmesindeki karmaşık süreçler bağlamında ortaya çıkan değişimlerin ve/veya sürekliliklerin hangi ölçüde ve nasıl bir biçimde gerçekleştiğini ortaya koymaya çalışmaktadır. Diğer bir anlatımla bu tez, müzik endüstrisindeki kontrolün mülkiyet, rekabet ve teknolojik gelişmenin birbirleriyle olan dinamik ilişkiselliği doğrultusunda nasıl etkilendiğini anlamayı amaçlamaktadır.

Bu doğrultuda varılan sonuçlar üç temel nokta üzerinden açıklanabilir. İlk olarak, streaming, sermayenin piyasayı yeniden kontrol altına alma stratejisinin bir parçası olarak karşımıza çıkıyor. Streaming formatının en büyük temsilcisi Spotify, bu stratejinin sonucu olarak (sebebi değil) görülmelidir. Majör plak şirketlerinin 2000'li yılların başındaki ideolojik kampanyasında, azalan fiziksel satışlardan 'korsan' müzik sorumlu tutulmuştu. Bu sistematik ve abartılı anlatının, dosya paylaşımı ile fiziksel satışlardaki düşüş arasında korelasyon olduğuna dair net bir kanıt olmamasına rağmen, müzik piyasasının kapitalistleri tarafından yoğun biçimde propagandası yapıldı. Nitekim, şarkıların internetteki hızlı ve kolay dolaşımı, sanatçıların daha çok dinleyici tarafından tanınmasına yardımcı olmuş ve canlı performanslar gibi diğer alanlarda gelirleri artıran bir etkide bulunmuştu. Bununla birlikte korsan anlatısı, müzik eserlerinin artık 'bedava' olduğu algısını tersine çeviremedi; bunun yerine, bu algı, sermayenin kendisi tarafından bir piyasaya içirme stratejisi olarak istismar edildi. Spotify ilk tanıtımını 'legal' ve 'bedava' olduğu üzerine yapıyordu. Diğer taraftan, müzik şirketleri daha 1990ların ikinci yarısından itibaren dijital müzik dağıtımı için kârlı ve sürdürülebilir modeller üzerine çalışıyorlardı. Bu durum, P2P teknolojisiyle müziği ücretsiz dolaşıma açan büyük düşmanları Napster ile olan başarısız müzakere girişimlerinde ve mahkeme kararıyla kapattırdıktan sonra ücretli bir hizmete dönüştürme çabalarında kendini göstermişti. Sonuç olarak günah keçisi ilan edilen Napster, streaming servislerinin doğal bir reklamını yapmış oldu. Bu nedenle, Spotify'nın kendi başına yeni ve benzersiz bir buluş olmaktan çok sermaye, teknoloji ve kültürel siyasetin eklemlendiği belirli maddi koşulların ürünü olduğu iddia edilebilir.

İkinci olarak Spotify, kayıtlı dijital müziğin arz ve talebi arasındaki ilişkiyi yeniden dolayımına niteliğiyle, insanların kültürel ürünlerle olan ilişkisi üzerinde belirleyici bir konumdadır. Ona özgü olan bir şey varsa, o da dayattığı belirli tüketim tarzıdır. Spotify'ı kullanmanın iki yolu vardır. Kullanıcılar, aylık bir abonelik ücreti ödeyerek veya ücretsiz olarak (fakat bu sefer belirli şarkıları seçme özgürlüğü olmadan ve şarkılar arasında düzenli reklamlara maruz kalarak) 'fonografi tarihine' erişebilirler. Ücretsiz versiyonda Spotify, kullanıcı her bir reklama maruz kaldığında bir gelir elde eder. Kullanıcı şarkılara *sahip* değildir, aksine her ay ödeme yapmaya devam ettiği [veya reklamlara maruz kaldığı] sürece bunlara yalnızca Spotify uygulaması içinde *erişebilir*. Ayrıca, abonelik süresi içerisinde kaç şarkı dinlenildiği veya uygulamada geçirilen süre konusunda herhangi bir sınırlama yoktur. Satın alınan, ne tek tek şarkılar (ki kullanıcının birçoğunu dinleyebilmesine imkan yoktur) ne de albümlerdir; satın alınan meta sınırlı bir süre içinde erişilebilen tüm Spotify kataloğudur. Bu nedenle, Spotify'da neyin metalaştırıldığını (veya Spotify'ın neyi metalaştırdığını) sorduğumuzda, cevap önceki formatlardan daha karmaşıktır. Spotify salt bir emtia dağıtıcısı olarak görülmemelidir. Kültürel ürünler olarak şarkılar, yapımcılar ve Spotify arasındaki ilişki bağlamında metalaşırken; Spotify ve kullanıcıları arasındaki ilişki bağlamında metalaşan şey aboneliğin kendisidir. Fleischer'in de (2017) belirttiği gibi bu 'abonelik metasının' kullanım değeri; kullanıcılar için daha 'isabetli' kişiselleştirilmiş öneriler, sayısız 'duygu durumu' için sayısız oynatma listesi ve 'kullanıcı dostu' bir arayüzden müteşekkil bir tüketim biçimi olarak bir 'marka deneyimi'dir. Arz tarafına baktığımızda Spotify, kullanıcılarına müzik sağlamak için hak sahiplerinden lisans haklarını almalıdır. Ardından, hak sahipleri çok sayıdaki dijital dağıtımıcılar aracılığıyla Spotify'a müziğinin kullanımı için hak tanır. Buna karşılık, hak sahiplerine aynı dağıtımıcılar aracılığıyla karmaşık bir telif hakkı hesaplama setine göre ödemeler yapılır. Pratikte telif ödemeleri iki aşama ile gerçekleşir: ilk olarak Spotify'dan dağıtımıcıya, ikinci olarak dağıtımıcıdan hak sahibine. Bu nedenle dijital dağıtımıcılar, hak sahipleri ile satış noktası arasında ek bir aracı olarak karşımıza çıkmaktadır. Buradaki tek istisna, aralarındaki özel anlaşmalar sayesinde doğrudan Spotify'a yükleme yapabilen majör şirketlerdir. Hak sahibinin yaratıcının kendisi olmaması durumunda (örneğin bir plak şirketi), değer zincirine (plak şirketinden sanatçıya olmak üzere) üçüncü bir aşama eklenir. Her dağıtımıcının

Spotify ile farklı telif hakkı sözleşmeleri vardır ve tarafların pazarlık gücüne göre anlaşma şartları değişmektedir. Örneğin, büyük markaların Spotify ile daha kârlı anlaşmalara sahip olduğu bilinmektedir. Kısacası Spotify'ın, aracıları ortadan kaldıran değil, tam da yeni bir aracı olarak müzik piyasasına eklemelendiği söylenebilir.

Üçüncü olarak, müzik yapım şirketleri, sahip olduğu kaynaklarla sanatçıların tanınırlığını sağlayabilme açısından hala vazgeçilmez kuruluşlardır. Majör şirketler, streaming servislerinden gelen telifin yaklaşık dörtte üçü üzerindeki hakimiyetlerini sürdürmektedirler. Bu şirketler yalnızca streaming gelirlerinden değil, aynı zamanda dijital dağıtım ve edisyon gibi pazarın örgütlenmesinde kritik olan diğer gelirlerden de aslan payını alıyor. Yani müzik endüstrisindeki tüm kilit örgütlenmeler (üretim, dağıtım, edisyon ve satış [streaming]) üzerinde hakimiyet kurarak konumlarını sağlamlaştırıyorlar. Üretim açısından baktığımızda ise dağıtılmak üzere kaydedilen müzik iki temel biçimde üretilebilir: bir plak şirketiyle sözleşme imzalayarak veya bağımsız bir şekilde kaydedilerek. Sonraki, müzik üretim araçlarının demokratikleşmesiyle her zamankinden daha kolay hale gelmiş durumda. Üretim maliyeti önemli ölçüde azaldı. Düşük kesintiler sunan çok sayıda dağıtıcı aracılığıyla, bir plak şirketine bağlı olmaksızın sanatçılar şarkılarını Spotify'a yükleyebiliyorlar. Sözleşme sahibi sanatçılar ise şarkılarının kullanım haklarını plak şirketine devrediyor ve ardından plak şirketi, anlaşmalı dağıtıcısı aracılığıyla bu şarkıları Spotify'da yayımlıyor. Bu çalışma, [hiyerarşik sırayla] majör şirketler, bağımsız şirketler ve bağımsız sanatçılar arasında büyük eşitsizlikler olduğunu ortaya koyuyor. Plak şirketinin büyüklüğüne ve yapılan anlaşmaya bağlı olarak, telif gelirlerinin %50 ila %85'ine (tüm kayıt ve tanıtım giderler karşılandıktan sonra) plak şirketi el koyarken, bağımsız sanatçılar streaming hizmetlerinden gelen telifin %90'ından fazlasını alabiliyor. Dinlenme başına daha yüksek telif ücreti almalarına rağmen, bağımsız sanatçılar plak şirketlerinin sahip olduğu tanıtım-pazarlama gücünden yoksun olduğu ölçüde kendilerini bir girişimci gibi pazarlamaya itiliyorlar. Öte yandan sözleşmeli sanatçılar, kendileriyle plak şirketi arasındaki telif anlaşmalarında dezavantajlı olsalar da plak şirketinin tanıtım ağları dolayısıyla daha etkili bir pazarlamadan faydalanabiliyorlar. Ayrıca, plak şirketinin geniş kaynakları sayesinde şarkılarını daha iyi ekipmanlarla kaydetme şansına sahip oluyorlar. Sahip oldukları geniş müzik kataloğu sayesinde majör plak şirketleri, streaming pazarının oyun kurucuları olarak

gelirden aslan payını alıyorlar. Bu doğrultuda Spotify ile yaptıkları lisans sözleşmelerinde pazarlık güçleri, diğer hak sahiplerine göre orantısız olarak avantajlı hale geliyor. Üstelik en çok takip edilen çalma listelerine hâkim olmaları yüksek telif gelirlerini pekiştiriyor. Pazardaki kritik konumları, Spotify'ın editör kadrosuna kolayca ulaşabilmelerini sağlıyor. Bu nedenle, plak şirketlerinin müzik piyasasının hala en güçlü aktörleri olduğu söylenebilir. 2017'den itibaren büyük plak şirketleri, streaming gelirlerinin %70'inden fazlasını kontrol ediyor. Tablo, dağıtım ve edisyonda da çok farklı değil. Çok sayıdaki devralma pratiği nedeniyle dijital gelirlerin %85'i ya major şirketlerden ya da onların şemsiyesi altındaki dağıtım şirketlerinden geçiyor. Yayımcılık sektöründe, büyük edisyon şirketleri pazarın %60'ını kontrol ediyor. Kısacası, müzik endüstrisinde sermaye dolaşımının örgütlenmesindeki her bir aşama az ya da çok yoğunlaşmış olarak karşımıza çıkıyor.

Bu tez aynı zamanda Spotify'ın algoritmalar, kişisel veri kullanımı ve çalma listeleri gibi belirli özelliklerinin bir değerlendirmesini içermektedir. Milyonlarca kullanıcıdan elde edilen veriler çeşitli amaçlar için kullanılmakla birlikte, en önemlisi üç ana seviyede işleyen talep manipülasyonudur. Birincisi, plak şirketlerine sağlanan veriler, hedefe yönelik reklamlar veya turne programları gibi yatırımlarında riskleri azaltmak isteyen bu şirketler için paha biçilmez bir kaynak görevi görüyor. İkinci olarak bu veriler, Spotify ile kullanıcılar arasındaki ilişkiyi geliştirmek ve bir sonraki ay da ödeme yapmalarını sağlamak adına daha isabetli önerilerde bulunmak için kullanılıyor. Son olarak, kullanıcılar tarafından uygulamada geçirdikleri her anda oluşturulan veriler, yatırımını daha verimli bir şekilde yapabilmek adına potansiyel müşteri profili hakkında en ayrıntılı bilgiyi arzulayan reklam verenler için de paha biçilmez bir kaynak sunuyor. Bu sefer, talep manipülasyonu müzik endüstrisinin dışında gerçekleşiyor.

Streaming servisleri, bir müzik piyasasının var olabilmesinin nedeni olarak öne çıkıyor. Bu çalışma, Spotify'ın dijital müzik endüstrisinin en çok ihtiyaç duyduğu araçlara (devasa kullanıcı verisi ve talep manipülasyonu için kullanışlı yazılımlar [ör. algoritmalar, çalma listeleri]) sahip olduğu ve dijital müziğin kurumsallaşmasına zemin oluşturduğu ölçüde kilit bir konuma sahip olduğunu iddia ediyor. Şirket, müzik piyasasının —içerisinden ziyade— üzerinde konumlanıyor. Sermaye dolaşımını

hızlandırıyor, plak şirketleri için hatırı sayılır bir gelir kaynağı sağlıyor ve risklerini en aza indirmeleri için bir dizi araç sunuyor. Bu bağlam, şirketin mali raporlarının şimdiye kadar hiç kâr elde edilmediğini iddia etmesine rağmen Spotify'ın neden hala en popüler streaming servisi konumunu koruduğunu açıklıyor. Yarım milyara yakın kullanıcının verisi, dijital müziği piyasa ilişkilerine dahil ederek müzik piyasasını yeniden kurumsallaştırma kapasitesi ve sermaye dolaşımını hızlandıran finansal çevikliği, Spotify'ı bu endüstriyel organizasyonun ana itici gücü yapıyor. Öte yandan bu tezin amacı Spotify'ı kadir-i mutlak bir kurum olarak ortaya resmetmek değildir. Plak şirketleri ve Spotify arasındaki ilişkinin arka planında, gelirlerden daha fazla pay talep eden iki taraf arasında süregelen bir mücadelenin izlerini de görmek pekâlâ mümkün. Düşük bir olasılık olsa da majörler, her zaman pazarlık masasından çekilme kartını oynayabilirler, çünkü onlar olmadan Spotify diye bir şey de olmayacaktır. Örneğin tam da bu nedenle Spotify, arada dağıtımıcılar olmaksızın sanatçılarla birebir anlaşmalara ve dolayısıyla dikey entegrasyon ihtimaline yol açabilecek olan deneme aşamasındaki doğrudan yükleme programını iptal etmeye karar vermişti.

Peki bu arada müziğe ne olmaktadır? Müzik endüstrisinde demokratikleşme kavramı daha çok dinleyiciler için ucuz fiyatlar ve sanatçılar için pazara giriş imkânı açısından tartışılmaktadır. Ancak müzik üretim araçlarının demokratikleşmesi ile müzikal çeşitlilik bağlamındaki demokratikleşme arasında fark vardır. İlki mutlaka ikincisine yol açmamaktadır. Düşük üretim maliyetlerinin ve çevrimiçi dağıtım ağlarının daha fazla insanın müzik üretmesini ve çevrimiçi platformlarda yayımlamasını sağladığı doğru olsa da; bu bolluk içerisindeki görünürlük sorunu, sanatçıların geniş kitlelere ulaşmasının önünde önemli bir engel haline gelmektedir. Bununla birlikte dikkat ekonomisi mekanizmaları, gücü olanların lehine çalışmaktadır. Alternatif ve düşük bütçeli üretimler, piyasa tarafından içerilmesine karşın zenginlikten pay alamamaktadır. Spotify'ın ödediği telifler ve servis içerisindeki gelir eşitsizliği kamuoyunda uzun süredir tartışılmaktadır. Spotify, toplam ödemeleri tek bir sepette toplayan ve sanatçının dinlenme sayısının toplam dinlenme sayısına olan oranına göre tahsis eden bir telif mekanizması işletir. Diğer bir alternatif ise, her bir kullanıcıdan elde edilen gelirin yalnızca dinledikleri kişilere tahsis edildiği kullanıcı merkezli (user centric) politikadır. Meyn et al. (2022), kullanıcı merkezli telif dağıtımının, gelir dağılımını ana akımdan *niche* türlere kaydıran bir etkisi olacağını iddia ediyor.

Bununla birlikte, bu konuda kesin bir yargıya varmak için daha fazla ampirik araştırma yapılmalıdır. Streaming pazarının oligopol yapısında, Spotify'nın gelir paylaşımı ve fiyat belirleme üzerinde büyük bir gücü bulunmaktadır. Spotify'daki sanatçıların yalnızca %0,2'si (13.400 sanatçı) yılda 50.000 dolardan fazla kazanmaktadır. Öte yandan, sanatçıların çalışma koşullarının da iyiye gittiği söylenemez. Sanatçılar, milyonlarca şarkı arasında kendilerini görünür kılmak için giderek daha fazla kendi hesaplarına çalışan 'girişimciler' rolüne soyunmaktadırlar; bu da daha fazla erişilebilir olanlar ile daha az erişilebilir olanlar arasında eşitsizlik olduğu sürece, dikkat ekonomisinde erişilebilirliğin kendi başına bir anlamı olmadığını göstermektedir. Arditi'nin (2018: 26) de belirttiği üzere bu kendi hesabına çalışma vurgusu, özellikle stüdyo üretiminin büyük plak stüdyolarından küçük proje (tipik olarak ev) stüdyolarına kayması ile küresel ekonomide büyük şirketlere ait üretim tesislerinden taşeron üretime genel geçiş arasındaki dikkate değer benzerlikle bağlantı kurulduğu ölçüde önem kazanmaktadır. Sonuç olarak pazar, kapasitesini daha küçük üreticileri bünyesine katarak genişletmiştir. Müzik piyasasında emek ucuzlamış, teknolojik gelişmeler kâr oranlarını düşmesine sebep olmuştur. Bu olgu, görüşülen kişilerin nominal gelirlerinin yıllar içinde döviz bazında aynı kaldığı, enflasyon nedeniyle reel gelirlerinin azaldığı yönündeki açıklamaları ile de uyumludur. Öte yandan söz konusu düşük telifler iki farklı düzeyde ele alınmalıdır. İlk durumda, sanatçıların eserleri doğrudan plak şirketleri tarafından metalaştırılır ve plak şirketleri, Spotify ile yapacakları anlaşmanın şartları üzerine müzakere eder. Bu durum sanatçı ile plak şirketi arasındaki çıkar ilişkisinin konusudur. İkinci durumda, sanatçı bağımsız ise bu kez Spotify ile doğrudan bir ilişki içindedir. Müzisyenler meslek birlikleri ve dayanışma ağlarıyla her iki düzeyde de mücadele etmelidir.

Sonuç olarak bu çalışma koşullarında müzik üretimi hızlanmış ve parçalı hale gelmiştir. Müzik yapım programlarının kullanımı daha kolay hale gelmekte ve böylece üretimin giderek daha çok otomatize olmasına yol açmaktadır. *Single* formatı sektörde bir 'norm' haline gelmiştir. Görüşülen kişilerin tamamının da belirttiği üzere şarkılar hem daha kısa sürede üretilir hale gelmiş, hem de kısalma eğilimine girmiştir. Yapılmış bazı ampirik araştırmalar da şarkıların giderek kısaldığını ve şarkı sözlerinin daha birey odaklı hale geldiğini kanıtlıyor. Spotify CEO'su Daniel Ek'in de açıkça belirttiği üzere artık üç-dört yılda bir albüm çıkaran ve ticari stratejisini eski tarzda

yürütenler streaming'den pay alamayacaklardır (Blum, 2020). Bu bağlamda tüketim de hızlanarak bu yoğun dolaşımdan nasibini almaktadır. Her şeye karşın Spotify modeli, kültürel ürünlerin üçüncü şahısların herhangi bir manipülatif müdahalesi olmaksızın kitlelerle buluşabildiği adil bir sistem için de potansiyeller taşımaktadır. Beethoven'ın 'büyük bir sanat deposu' olarak hayal ettiği bu potansiyel, ancak özel çıkarların müdahalelerinden arınmış, kamusal bir platform tarafından hayata geçirilebilir.



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