



Tech Talk

Streaming ©

by Max Farrington and Pascal Grierson

It was only a matter of hours before Apple gave in to pop superstar Taylor Swift. The Sacramento Company had to backtrack on the artist remuneration of its future streaming app. It all started with Apple presenting its new music streaming system: Apple Music. They announced that during the 3-month trial the artists would not be paid. This caused the superstar and this year's most influential artist, Swift, to write an open letter where she strongly expressed her unhappiness and shock at this announcement. Almost instantly Apple decided to review their remuneration policy. This is not the first time that Taylor Swift, only 25, has caused trouble in the streaming music industry. Back in November 2014 when the singer released her 5th album entitled 1989, she decided not to allow Spotify to stream it. She said that the music app did not pay artists enough and gave the perception that music had no worth and should be free.

So, what is music streaming exactly? It's a new way to listen to music; the internet has profoundly changed the music industry, starting in the naughties with illegal downloading, causing the sales figures of "physical" music material to plunge, which in turn forced the major record labels to create "online stores" so they could continue to sell music. This worked... to a certain extent. Platforms like YouTube were another option, watching/listening to music without having to pay for it. Today, streaming content via the Internet is increasingly being used on our smartphones and unlike computers the whole world has access to them. This inspired the music industry and many entrepreneurs to create streaming apps.

The very first streaming apps were actually available on computers, which was their main market. The French company Deezer, the most well-known PC-based service was released in 2007, and within only a couple of months picked up nearly 770 000 subscribers. This success gave Deezer the chance to sign contracts with music labels. On the 10th of October 2007 an agreement with Sony BMG led to the release of 165 000 songs on the platform. Soon after the success of Deezer another streaming service was created, in Sweden but headquartered in London, called Spotify. Today Spotify is by far the largest in the world with a massive 75 million users, far ahead of Deezer's 16 million. Spotify is now available on computer or on mobile phones like any other app but also provides music streaming for big partners such as Sony's Playstation 4 called PlayStation Music. Google has Google Play Music, iTunes now has Apple Music, and even the artists themselves have created an App, launched by mega star Jay Z, called Tidal. There are also other music streaming apps like Groove Shark and Qobuz.

How are these apps making money, if they are supposedly providing their service to consumers for free, even if it is just to listen and not to download? The answer to this depends

on the app. Spotify for example has 2 versions. A free version and a premium version. The free version contains adverts and has no exclusive content; you also have to have an Internet connection to use the app. The premium version costs 9 euros 99 per month and has no ads, exclusive content, a better sound quality and you can listen to your music offline. Other apps like Deezer offer similar options, one free and one paid. Tidal, the “all star” streaming service does not propose a free version but two different paid-for services, a standard one at 10 euros and a premium one at 20 euros. So far Tidal is generally considered a bit of a flop and is now 1340th in the appstore charts.

Music streaming is now one of the only ways to make money from music distribution as illegal downloading has never been so easy. The launch of Apple Music will probably change the streaming environment a little but is clearly not a revolution. Spotify’s supremacy is likely to continue for a while yet.