

Revenue Streams Without Streaming Revenue

Joseph Fishman

Vanderbilt Law School

How do professional songwriters today make money? Most U.S. music listeners consume recordings primarily through a digital streaming service, and streaming accounts for the vast majority of recorded music revenue. Even on the publishing side of the industry, which famously receives less of the streaming royalty pie than the recording side, streaming is the largest single revenue source. One might thus reasonably assume that individual songwriters' commercial success hinges most on digital streaming performance.

Yet according to Nashville songwriters whom I interviewed, that's wrong. The money from streaming is virtually irrelevant. Without a piece of the recording revenue, streaming simply doesn't pay—even for major hits. Instead, these interview subjects explain, there's really only one way to earn a comfortable living from those hits: FM radio.

The notion that traditional radio would be keeping writers afloat is puzzling. Compared to streaming, it's smaller, it pays out less in the aggregate, and its royalty rates are just as tightly regulated. I consider several possible contributing factors, from PROs' compensation formulas to streaming's longer tail.

Whatever the reason, these songwriters' current dependence on radio has two big implications. First, as radio continues to shrink, songwriters' current compensation model is probably unsustainable. Second, at least by songwriters' own accounts, it's affecting what type of music they write. Many interview subjects expressed deep frustration that needing to write everything for radio has flattened the range of commercially viable music. The current business model may thus be affecting not only how songwriters get paid but also what kind of songs get made.