

**The Hardest Way to Make an Easy Living: The Plight of the “Middle-Class” Artist**

**Michael Gelberg**

**Berklee College of Music, Valencia Campus**

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## **ABSTRACT**

This paper attempts to provide context for what it means to be a middle-class musician in 2019. While the term is often referenced by independent labels, digital service providers (DSPs) like Spotify, and media outlets, it lacks a universal definition. Additionally, the main sources of consumption have drastically changed the economics of the music industry, shifting from a physical sales approach to an increasing reliance on streaming and other digital outlets. This paper will attempt to highlight what effects, if any, these changes have had on middle-class artists.

The first section will consist of a literature review of the revenue paths that exist in the music industry today. It will briefly describe traditional income streams such as the live sector and music publishing, as well as showcase some new and emerging models that are gaining traction, such as purely DIY approaches and direct-to-fan monetization. It will also attempt to provide a breakdown of earnings by sector, based off a combination of the most recent industry reports.

The second section will focus on the practical issues faced by DIY and mid-tier artists. The section will reference existing literature and articles published on the topic, as well as showcase the voices of artists who fit this category. It will also introduce the case study, which is centered around the career path of a Master's student at Berklee College of Music. The longitudinal analysis was conducted partly through an interview with the musician, as well as a data analysis of his revenue from streaming and touring.

Lastly, the paper will describe the successes or shortcomings of the case study, as well as outline potential future research efforts, given the limited time and scope of this first phase. The intention of this research effort is to ultimately conduct a much larger scale examination of middle-

class artists, consisting of surveys, anonymized royalty payments, and other areas of interest of hundreds of artists across multiple genres and career paths within the industry.

*Keywords: middle-class, independent music, music industry, Berklee, distribution, streaming, sustainability, alternative revenue models*

## RESEARCH QUESTION

In April 2019, Daniel Ek, the CEO of Spotify, claimed that his platform enabled more artists to make a living off their music on Spotify alone than was possible during the CD era.”<sup>1</sup> Based on his estimates, this would indicate that over 30,000 artists are able to make a living wage off their music, from Spotify’s payouts alone! However, this was quickly met with skepticism, given that Spotify’s per stream rate was recently reported as \$0.00437. That would mean that artists would need nearly 337,000 plays on Spotify a month in order to make minimum wage, a difficult number to attain for a large majority of the music community.<sup>2</sup>

The controversy around Ek’s comments bring a larger question to mind: What does it mean to be a ‘living wage artist’? Surely there are examples of artists who have maintained a comfortable level of success without having the name recognition as the upper echelon of stars in the industry. But what are the circumstances that led to that status? What kind of market factors and paths of distribution are crucial to reaching a comfortable level of success? Does an artist need to go for a purely DIY approach, are mid-tier independent labels the key to success, or is it a hybrid approach?

The waters of today’s music ecosystem are murkier than ever. Third-party platforms and brokers are cutting away at artists’ net revenue, while ever-rampant piracy and an overcrowded

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<sup>1</sup> Daniel Sanchez, “Spotify CEO Daniel Ek Says 'Far Greater' Than 30,000 Artists Are Making a Living off of Spotify,” Digital Music News, April 11, 2019, <https://www.digitalmusicnews.com/2019/04/11/spotify-streaming-artists-living/>.

<sup>2</sup> Ibid.

playing field continues to devalue the worth of music, especially in the digital economy. Nonetheless, given music's ubiquity across nearly all cultures, and more importantly the consistently increasing revenues the industry's largest events are able to generate, one could argue that there should be sufficient room for middle-class artists to build a sustainable career around their music, without the need of supplementary income from a separate day job.

This paper attempts to address to contextualize the path to sustainability within today's music ecosystem. It will give an overview of the revenue streams of the industry, from the more traditional sources to up-and-coming payment models. From there, it will focus on the issues specific to middle-class artists, highlighting one artist in particular who has agreed to share his revenue data and personal experience in the industry to date. At the end, it will put forth a plan for conducting a larger scale analysis of middle-class artists in the industry.

## **LITERATURE REVIEW**

The music industry traditionally has been divided into three primary areas of revenue generation: live, recording, and publishing. When annual industry reports are released, these are often the areas that are most easy to quantify, yet they are not often comprehensive. IFPI's report, while robust in geographic detail and year-over-year trend analysis, only focuses on the recording industry.<sup>3</sup> PricewaterhouseCoopers (PwC), an analyst firm, contains information for the live sector, but the music industry is included among a host of entertainment and media channels.<sup>4</sup> Publishing is perhaps the most opaque, as the data is difficult to acquire for independent publishers.

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<sup>3</sup> "IFPI Global Music Report 2019: State of the Industry," IFPI, April 2, 2019, <https://www.ifpi.org/downloads/GMR2019.pdf>.

<sup>4</sup> Daniel Sanchez, "The Live Music Industry Will Be Worth \$31 Billion Worldwide by 2022," Digital Music News, October 26, 2018, <https://www.digitalmusicnews.com/2018/10/26/latest-live-music-revenue-31-billion-2022/>.

However, resources like Music & Copyright determine publishing shares as a percentage of revenue received by the major publishing companies, based on historical performance.<sup>5</sup>

To provide a more holistic view of the revenue split across different sectors, this paper combines the numbers provided for 2018, and breaks it down in the table below.

<b>Revenue by Source</b>		
<b>Revenue Breakdown</b>	<b>Amount (\$B)</b>	<b>Percentage of Total</b>
Ticket Sales	21.39	41.92%
Live Sponsorship	5.44	10.66%
Publishing	5.4	10.58%
Streaming	8.9	17.44%
Downloads / Other Digital	2.3	4.51%
Physical Sales	4.7	9.21%
Performance Rights	2.7	5.29%
Synchronization	0.2	0.39%
<b>Condensed</b>	<b>Amount (\$B)</b>	<b>Percentage of Total</b>
Live	26.83	52.58%
Recording	18.8	36.84%
Publishing	5.4	10.58%

Figure 1. Sources: IFPI, PwC, Music & Copyright

It should not come as a surprise that live consists of over 50% of the money generated in the industry, especially as recording continues its slow ascent from the dark days of the early aughts. However, to have a full picture, it is important to understand what makes up these three categories. While organizations like Future of Music Coalition have put together comprehensive lists detailing dozens of revenue streams<sup>6</sup>, this paper will highlight the most important aspects of each area, while also calling out some new and emerging revenue models in music.

<sup>5</sup> “Global Recorded-Music and Music Publishing Market Share Results for 2018,” Music & Copyright, May 8, 2019, <https://musicandcopyright.wordpress.com/2019/05/08/global-recorded-music-and-music-publishing-market-share-results-for-2018/>.

<sup>6</sup> “42 Revenue Streams,” Artist Revenue Streams, n.d., <http://money.futureofmusic.org/40-revenue-streams/>.

## ***Publishing***

Publishing is often an overlooked source of revenue in the industry. Even in the context of streaming and other happenings on the digital front, the recordings themselves are usually the main focus, even though writers earn off mechanical royalties in the same way that the performers of a song would. However, publishing can be a fairly consistent and reliable source of income. In fact, in the United States, only the songwriter receives royalties for songs that are played on terrestrial radio, still an important source of royalty income and exposure.<sup>7</sup>

Licensing music is also a reliable source of income for artists, especially when it comes to synchronization. Any time an artist wants to have their existing song featured in a movie, TV show, or other form of entertainment could find significant success with a key placement, as the widened exposure puts the music in front of an audience that might otherwise not have sought out that song. As Darren Wilsey and Daylle Deanna Schwartz note, “many songwriters who license music consider back-end performance royalties their bread and butter because songs getting broadcast on TV can result in a steady stream of royalties.”<sup>8</sup> Licensing also can be a strategic move for more DIY-focused musicians, as they have more flexibility when it comes to decision making. Wilsey and Schwartz highlight this fact well: “Since most independents own rights to their songs, they can work very fast and don't need to get a bunch of people to sign off on the agreement.”<sup>9</sup>

## ***Recording***

After the pirating boom of the early aughts, year-over-year revenue in recorded music has steadily been rising. As shown in Figure 2 below, the numbers have been steadily rising since

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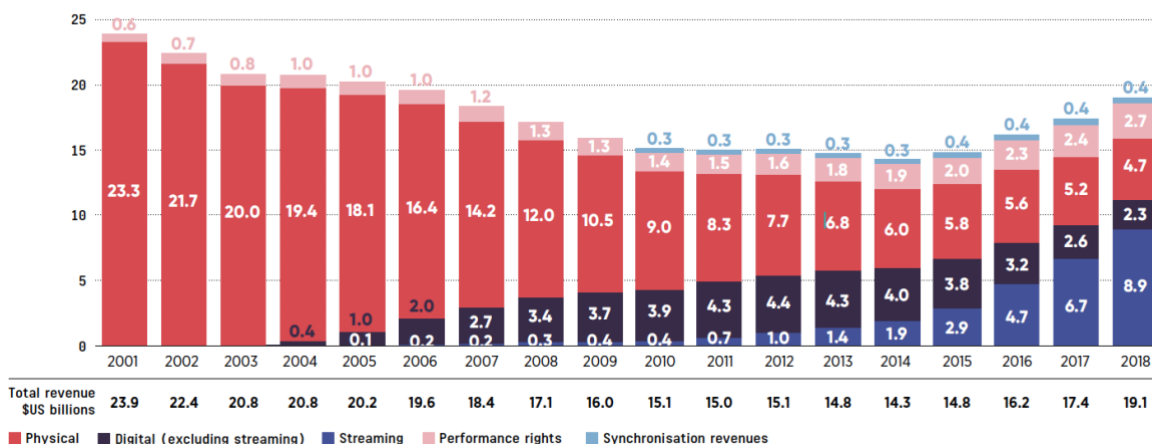
<sup>7</sup> Ken Consor, “What You Didn't Know About Radio Royalties,” Songtrust, August 6, 2014, <https://blog.songtrust.com/publishing-tips-2/what-you-didnt-know-about-radio-royalties>.

<sup>8</sup> Daylle Deanna. Schwartz and Darren Wilsey, *The Musician's Guide to Licensing Music: How to Get Your Music into Film, TV, Advertising, Digital Media, and Beyond* (New York, NY: Billboard Books, 2010), p. 94.

<sup>9</sup> *Ibid*, p. 12.

2014, thanks in large part to the widespread adoption of streaming as the primary way to consume music digitally. Last year alone, streaming raked in nearly \$9 billion, 34% of all recording revenue.<sup>10</sup> The barriers to entry for distributing their music has never been easier, although smaller artists might not reap the same streaming royalty numbers that A-listers do.

**Global Recorded Music Industry Revenues 2001-2018 (US\$ Billions)**



But streaming is not the only source of revenue on the recording side. While physical sales have gone down overall, vinyl has seen a huge uptick, growing by double digits in 2018 and accounting for nearly 10 million units sold.<sup>11</sup> While this is still just 13.7% of all physical sales, it represents a trend that has been steadily increasing over the past few years.<sup>12</sup> For artists on the rise who are looking for merch opportunities at shows, vinyl is increasingly looking like a solid option.

Additionally, recording revenue is where labels still have the best way to lure artists onto their roster, by way of label advances. As a recording artist, it can be hard to pass up guaranteed money, especially with the sums that larger labels are able to provide and the low per-stream

<sup>10</sup> "IFPI Global Music Report 2019: State of the Industry," IFPI, April 2, 2019, <https://www.ifpi.org/downloads/GMR2019.pdf>.

<sup>11</sup> IFPI, *Ibid.*

<sup>12</sup> Matthew Leimkuehler, "Vinyl Sales Continued To Grow In 2018, Report Says," *Forbes*, January 7, 2019, <https://www.forbes.com/sites/matthewleimkuehler/2019/01/07/vinyl-sales-grow-2018-buzzangle-beatles-kendrick-lamar-queen-album-sales/#6f1a58eb775a>.

payouts for each service. Interesting startups like Amuse are taking a more novel approach for independent artists, offering to pay up to six months of royalties in advance, based off of that artist's historical performance.<sup>13</sup> While not a record label in the traditional sense, they are a new type of music company focused not just on letting artist maintain a level of independence, but also trying to support them financially as well.

### *Live / Sponsorship*

As mentioned before, live continues to make up the bulk of revenue opportunities in the music industry. Certainly, live concerts are a great way for artists to connect with their fans, and in the case of festivals, engage with new audiences and attract new followers. Interestingly though, streaming is starting to have unexpected consequences on live that could have long-term effects. On the positive side, streaming has provided artists with useful data from their listeners, which they can use to target the right kind of live opportunities and maximize touring revenue.<sup>14</sup> However, as a recent report from MiDiA Research suggests, streaming listening habits could have a negative effect on live's viability for new artists. Because of the prevalence of playlists and individual track focus, "fewer fans are developing the deep artist relationships that act as the foundation for long term live revenue."<sup>15</sup> The report continues:

For all the popularity of live music both large concerts and small gigs are fundamentally niche activities, indicating that high average spend of regular attendees is crucial to revenue. By contrast, for the same time period and geographies, penetration for watching music videos on YouTube stood at 46%, free streaming at 38% and subscriptions (including family plans) at 16%. Thus, digital music represents a much wider audience. If this audience is to act as a 'funnel' for live, then the live industry must rethink its propositions.<sup>16</sup>

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<sup>13</sup> Stuart Dredge, "Amuse to Pay Artists up to Six Months of Royalties in Advance," Music Ally, February 2, 2019, <https://musically.com/2019/02/05/amuse-artists-royalties-advance/>.

<sup>14</sup> Zach Fuller, "Profiling the Live Music Consumer: How Streaming Behaviours Are Changing the Face of the Live Music Business" (London: Midia Research, April 2019).

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.



Ultimately, live performances can be a great outlet for artists to reach their fans, but the extended reach of digital far exceeds the potential audience of concerts.

Lastly, sponsorships are a potential source of income that should never be overlooked. While branding opportunities have existed well before the advent of the internet, digital has offered new outlets with a low barrier-to-entry, anywhere from Instagram promotions to partnerships with sampling companies like Splice.com. As Schwartz and Wilsey note, “savvy musicians and bands who can land brand entertainment opportunities are likely to find themselves in a position to expand their fan base, exposure outlets, and money-making potential while operating as self-contained advertising agencies.”<sup>17</sup> The old fear of “selling out” has gone by the wayside, as artists now see brand partnerships as part of their arsenal for expanding their reach and reaching new ears in the process.

### ***New and emerging revenue models***

The Future of Music Coalition calls out 45 distinct revenue streams, but there are many more models that have emerged in recent years. Among the most intriguing of these are direct-to-fan approaches, where artists avoid the middlemen of the industry and try to appeal to their fans directly. These began with the advent of crowdfunding campaigns, popularized by Kickstarter when they launched in 2009, where artists could get funding for new projects directly from their fanbases.<sup>18</sup> Crowdfunding has had its share of success and failures, but in the past ten years has become an accepted way of financing for independent artists.

More recent direct-to-fan model are also playing out, most interestingly in the form of micropayments, as music journalist Cherie Hu excellently detailed in a recent newsletter. As the

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<sup>17</sup> Schwartz and Wilsey, p. 210.

<sup>18</sup> Will Kenton, “Crowdfunding,” Investopedia (Investopedia, May 9, 2019), <https://www.investopedia.com/terms/c/crowdfunding.asp>.

name suggests, the payments are small values of money, but over the course of time can add up to sustainable, and most crucially, consistent payments to artist. The micropayment model has existed in other industries, video games most notably, but Hu calls out a few different areas where micropayments are making inroads in music.<sup>19</sup>

One area is micropayments for *demand*, where fans buy in to content that has not been created yet. In this category, fans “voice their demand for a certain type of content to exist” -- for instance, an artist might put out a poll on what type of song they should record, and the winning result will be the one the artist goes with. Another option relates to monetizing *process*. So much of the artist process now is concerned around consistent online exposure, and for certain types of artists, creating a paywall around access to each step of the creative process could prove quite fruitful, whether it involves a livestream of studio sessions, or access to the project files of an artist’s work in popular DAWs like Ableton, an option increasingly popular in the electronic world. Hu calls out a few other examples, and while these still have yet to prove their overall value for the industry, the potential for new revenue models is increasingly evident.<sup>20</sup>

**Revenue Sources for DIY Artists, Summarized**

<b>Publishing</b>	<b>Recording</b>	<b>Live</b>	<b>Emerging</b>
- Mechanical royalties - Sync placements - Licensing opportunities	- Streaming - Label advances - Vinyl sources	- Touring - Festivals - Brand sponsorships	- Crowdfunding - Direct-to-fan - Micropayments

Figure 3.

### ***Practical issues faced by middle-class artists***

With all of the aforementioned options, it is clear there are myriad paths to make money in music. So why is it so hard for a non-major artist to make a sustainable living off their music?

<sup>19</sup> Cherie Hu, “The music + media micropayment map.” *Water & Music.*, April 16, 2019, <https://www.getrevue.co/profile/cheriehu42/issues/the-music-media-micropayment-map-165271>.

<sup>20</sup> Hu, *Water & Music*, *Ibid.*

There are many possible factors, but the declining value of recorded music can be seen as one of the largest constraints. This paper mentioned the pitiful per-stream value on Spotify, but it is not much better elsewhere. The following table is based off the latest per-stream rates provided by The Trichordist, based off the gross amount before any distribution fees.<sup>21</sup>

2018 Streaming Rates					
DSP	Per Stream (\$)	Streams per song	Streams per album	Marketshare streams	Marketshare Dollars
Spotify	0.00331	184	1,842	29.22%	48.93%
iTunes/Apple	0.00495	123	1,229	9.95%	24.97%
YouTube Content Id	0.00028	2,145	21,447	48.58%	6.99%
Amazon Unlimited	0.01175	52	518	0.68%	4.04%
Google Play	0.00543	112	1,122	1.12%	3.08%
Pandora	0.00155	393	3,925	3.86%	3.03%
Deezer	0.00567	107	1,074	0.91%	2.60%
Amazon Digital Services Inc.	0.00395	154	1,540	0.95%	1.90%
TIDAL	0.00927	66	657	0.21%	0.98%
Napster / Rhapsody	0.0111	55	549	0.14%	0.80%

Figure 4. Source: <https://thetrichordist.com>

While Spotify often gets the brunt of the criticism towards low payout rates, the value gap that YouTube presents is actually the most glaring, with 48.58% of all streams generating only about 7% of the total revenue.<sup>22</sup>

One of the problems of streaming lies with the inherent nature of the digital economy. As Erik Brynjolfsson and Andrew McAfee discuss in their 2014 book *The Second Machine Age: work, progress, and prosperity in a time of brilliant technologies*, advances in the digital sphere have allowed for vast quantities of content to be created, yet “there is no economic law that says that all workers or even a majority of workers, will benefit from these advances.”<sup>23</sup> Essentially, though the overall revenue numbers of streaming are a positive sign for the music industry as a whole, those effects are not being distributed evenly.

<sup>21</sup> “2018 Streaming Price Bible! Per Stream Rates Drop as Streaming Volume Grows. YouTube's Value Gap Is Very Real.” The Trichordist, January 29, 2019. <https://thetrichordist.com/2019/01/29/2018-streaming-price-bible-per-stream-rates-drop-as-streaming-volume-grows-youtubes-value-gap-is-very-real/>.

<sup>22</sup> The Trichordist, *Ibid.*

<sup>23</sup> Erik Brynjolfsson and Andrew McAfee, *The Second Machine Age: Work, Progress, and Prosperity in a Time of Brilliant Technologies* (Vancouver, B.C.: Langara College, 2014), p. 128.

To be sure, this is not a new phenomenon in the music industry. Akram Sinnreich describes this disparity well:

In the year 2000, the Bureau of Labor and Statistics counted over 52,000 professional musicians and singers in the USA)...In the same year, only 229 recording artists (not all of them American) had songs on the Billboard top charts, which account for the vast majority of all revenue accrued through music sales. And of those, it is likely, given recoupment and cross-collateralization clauses, that fewer than 25 artists received any royalties at all beyond the advances paid when they first signed their recording contracts...Thus...no more than one in every 2000 working musicians was capable of recognizing any royalty-based revenue from the sale of their recordings, and far fewer were able to live solely on their royalties.<sup>24</sup>

The problem with streaming is that the payouts from providers like Spotify are calculated from “a collective pool that is distributed by aggregate play counts across the platform.”<sup>25</sup> Therefore, if there are thousands of artists who are being streamed a hundred times each month, those numbers are still contributing to the overall total, thus diminishing the returns for other artists with higher stream counts.

Another issue facing middle-class artists is the contradictory incentive structure that artists are presented with. The term ‘exposure’ is thrown around a fair amount, where artists are expected to invest heavily in recording or promoting an album yet not expect monetary return. Instead, they are told to use that material as a way to draw more people to shows.<sup>26</sup> Yet there are plenty of instances where this is flipped, and instead an artist is encouraged to accept no fees to play a show, because “playing a concert is good promotion for their new album.”<sup>27</sup> Ultimately, artists need to

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<sup>24</sup> Aram Sinnreich, “Slicing the Pie: the Search for an Equitable Recorded Music Economy,” *Business Innovation and Disruption in the Music Industry*, n.d., pp. 153-174, <https://doi.org/10.4337/9781783478156.00016>, p. 157.

<sup>25</sup> Victor Luckerson, “Is Spotify's Model Wiping Out Music's Middle Class?,” *The Ringer* (The Ringer, January 16, 2019), <https://www.theringer.com/tech/2019/1/16/18184314/spotify-music-streaming-service-royalty-payout-model>.

<sup>26</sup> Rasmus Rex Pedersen, “Exploring Bounty and Spread: Key Changes in the Danish Music Streaming Economy,” *International Journal of Music Business Research* 7, no. 1 (April 2018), p. 22.

<sup>27</sup> Pedersen, p. 23.

play to their strengths, and as a result, independent artists today are expected to have a comprehensive understanding of their own business model, which requires a substantial amount of time and effort *outside* of the gargantuan task of making music that people actually want to listen to and pay for.

When asked, independent artists have a wide variety of opinions on the feasibility of making a living off your music. Music critic Larry Fitzmaurice recently published an interesting piece in *Vulture* in which he interviewed a number of artists, from those with relatively small followings to long-standing figures of the indie scene. The key factor: each one of them had a side gig at one point or another in order to sustain his or her career. Veteran artists like singer-songwriter Cass McCombs and Steve Holmes of emo stalwarts American Football embodied the more embittered outlooks of the group, with McCombs even questioning whether musicians even deserve to make a living. Holmes simply stated, “It’s impossible -- almost unheard of -- to be a middle-class musician.”<sup>28</sup>

Others, on the other hand, are more hopeful. Eva Hendricks of indie pop band Charly Bliss, said that at the time of the interview, she and her bandmates were just at the point where they could justify leaving their day jobs. She stressed the importance of maintaining faith: “If I didn’t believe that doing this full-time was a potential reality, I’d stop doing it. On some level, I have to believe that.” Up-and-coming artist Sasami echoed her optimism, while acknowledging the debt hurdle she still needed to overcome. “There are so many things that determine whether you ‘make it’,” she relates, “but the main thing is working super hard.”<sup>29</sup>

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<sup>28</sup> Larry Fitzmaurice, “17 Indie Artists on Their Oddest Odd Jobs That Pay the Bills When Music Doesn’t,” *Vulture* (*Vulture*, April 8, 2019), <https://www.vulture.com/2019/04/how-indie-artists-actually-make-money-in-2019.html>.

<sup>29</sup> Fitzmaurice, *Vulture*.

Ultimately, the plethora of ways to earn revenue in the industry can be both a blessing and a curse. The barriers-to-entry and the multitudinous definitions of success mean there are many ways to approach the industry, but fewer opportunities to break through the crowd. A healthy dose of incredible persistence and hard work, combined with a keen understanding of one's strength as both an artist and a self-run business, seem to be the core components of what a successful middle-class artist might look like. In the next section, this paper intends to explore that hypothesis further with an individual case.

## **METHODOLOGY**

There are myriad definitions of what independent success might look like in the industry. For the purposes of this paper, the author chose to focus on one artist in particular who embodies the DIY ethos, combined with the entrepreneurial drive required to make headway in the industry. With respect to the artist's request for anonymity, he shall be referred to throughout the paper as Larry. Larry is an up-and-coming jazz musician currently finishing a Master's at Berklee College of Music's campus in Valencia, Spain. He has performed internationally and has had his music featured on multiple DSPs, including Spotify's premier jazz playlist, *State of Jazz*. Without a label or a manager, he has been able to amass more than 2 million streams globally in his first year as a recording artist, a feat nearly unheard of for DIY artists in the jazz scene.

Larry agreed to sit down for a series of interviews in which his strategy around touring, streaming, and self-promotion were discussed. These interviews offered key insights into some of the ways he was able to achieve success with limited resources and provide some prime examples of the kind of marketing strategy that is required to exceed as an independent artist in today's

industry. The interviews covered the early beginnings of his career as a teenager, to his success on the local scene, onward toward his international expansion during his time at Berklee.

Crucially, Larry also agreed to provide access to the data he has compiled as a musician. Among the sources include royalty data from his distributor, his Facebook engagement numbers, and an overview of his touring history and associated earnings. With the wealth of information provided, the following section will provide a longitudinal case study of Larry's career over the course of the past two calendar years, 2017 and 2018, comprised of both a qualitative and quantitative analysis of his success.

## **CASE STUDY**

Larry recently turned 26, but his career in music started about ten years prior.<sup>30</sup> His first professional gig was at a café near Hartford, CT. While he was excited about the prospect of playing in front of an audience, his first concern was about how best to promote the show. "Even for that gig I did more than what a lot of musicians now still do," he recounts. "You know, I made a Facebook event for it, I contacted some press outlets and hung up flyers and got some pictures taken."

The show was a success, and it sparked a bug in him that inspired him to further build out his online presence. He created a website while still in high school and continued to self-promote via cold calling and showing up to venues in person. Once in college, he found new ways to stay ahead of the pack through some clever initiatives--much to the chagrin of his classmates. The school had a relationship with a booking agent who would post new gig opportunities on Facebook.

Larry explains:

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<sup>30</sup> Michael Gelberg and "Larry," CE Interview with Larry, personal, February 26, 2019, March 12, 2019, June 11, 2019. This series of interviews will be referenced throughout the Case Study section.

I didn't even have my first iPhone yet. But I figured out a way you could actually set notifications for people on Facebook when they post a status. So I would get a text every time the [school] account would post something, and I'd always be the first to comment. On your phone you would just reply to the text and it would comment. People were getting mad! They were like, "How's he doing this?" I wouldn't tell them. And I got a LOT better musically from doing tons of those gigs and I made some good money.

As his career progressed, Larry found incremental growth by continuing to build off smaller successes and translate them into larger ones, especially as it related to booking venues. "I started off playing in coffee shops, like 50 cap," he recalls, "and just leveraging that into the next thing. 'Okay, I drew 50 people to this coffee shop, hey lounge over here, you're a 60/70 cap venue, I just drew 50 people to this place, let's do something.'" From these gigs, he was even able to leverage a live recording while performing at a popular jazz venue in Connecticut.

The recording ended up being the first material he was able to distribute onto streaming platforms, strategically releasing parts of the set over time. The first of the releases went on to be the first DIY jazz debut to reach 500,000 streams. The second broke over one million streams in less than one year, and each release had editorial features on Spotify's premier jazz playlists. While these numbers may not compare with his counterparts in the electronic or indie rock scene, they are quite noteworthy within the jazz scene.

Many feel that there is an invisible wall for independent artists trying to pitch their music directly to editorial playlists, but Larry serves as a solid counterargument. As he puts it, "my streaming strategy, overall, is really based around as much as possible, directly connecting with the DSPs." He maintains his own CRM (Customer Relationship Management) database of everyone he has kept in touch with at each DSP, and carries out a multi-channel promotional campaign for any new material. Some of this involves filling out each service's unique form, with the requisite metatags and descriptions, a task often left to labels and distributors.



Notably, he chooses not to limit his outreach to the DSP playlists editors, but other curators who have garnered notable followings independently. All of this further boosts his chances of maintaining a spot on the playlists with the most traffic. He explains:

Through Chartmetric and through Spotify search, I've been able to amass a pretty large list of indie curators that support me. Random people whose playlists somehow got a thousand followers. And that's helped me trigger Discover Weekly more...when I get on State of Jazz, they see that 'oh this song got added to 10 other playlists', it's more likely to stay on State of Jazz longer. Because whether those are playlists that I submitted to or it just happened organically, Spotify looks at that as a sign that people like this music...it helps credibility-wise.

At the time of this paper being published, Larry's music is featured on 72 Spotify playlists with a total follower count of over one million, including the Spotify editorial playlist *Avantguardian*.<sup>31</sup>

To be sure, Larry's approach requires a substantial amount of extra work, but he's not doing it just because he likes making life harder on himself. Part of it is the DIY ethos that has been embodied in him from an early age, and a desire to maintain creative control over his product. But another is simply that he rejects many of the preconceived economics of the industry, especially when it comes to the value of 'exposure.' He recounted a story where a non-profit wanted to include him in a showcase promoting new jazz artists, but expected him to do it for free, citing their non-profit status and the extended reach the opportunity would give him. He flat out refused, to which they immediately caved and paid him the first price he mentioned. One has to imagine the number of other artists who immediately said yes because of the promise of exposure.

In Larry's view, the ability to self-promote on the internet in effect negates the need to take exposure over earning money for your product. "Exposure almost is never worth it," he states. "Musicians, you can expose yourself on the internet for free." Even independent artists who strive

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<sup>31</sup> "Chartmetric | Avantguardian," Chartmetric, accessed June 12, 2019, <https://chartmetric.io/playlist/spotify?id=1757698>.

to succeed without the help of a label are still strongly encouraged by members of the industry to hire a publicist. Larry has been able to secure features on popular music industry blogs like Songtrust Blog and CDBaby's DIY Blog, as well as non-music blogs like those of Huffington Post and Evernote, all without the help of a publicist. While other artists might assume that it would take a publicist and big money to gain that kind of traction, Larry was able to do it entirely through the connections he's made and the press that preceded reaching out to each one. As he recounts, "even the Huffington post thing...I can't tell you what the increase in traffic was, but there was an increase. Now would that be worth paying thousands of dollars to a publicist? There's no way that would have been worth it for me."

As Larry looks towards his career after Berklee, there are plenty of areas he is looking at for improvement, both personal and industry-wide. He is primarily focused on building a team to help boost his career to the next level, beginning with a manager and a booking agent. As much success as he's found on his own, it takes a great deal of time away from simply making the music, and more importantly, performing it in front of his fans. "I want to get this to a level where I'm doing 100 shows, 150 shows a year...my favorite thing in the world is to play live."

Additionally, he wants to hone in on using data to improve his marketing reach. Larry:

I know the next frontier for me is to really get good at digital marketing, like ad spends. And I understand how Facebook ads work and I understand targeting, but what I want to know is the more creative side, not the creative side of the ad, but it's like, I just put out an album, so which song do I advertise and why?

He fears that the jazz world is still too reliant on image as opposed to numbers, something that he has run into when talking with potential booking agents at music conferences. It can be a tricky conversation, but as he relates, "it's not coming from ego, it's coming from data, I'm looking at the raw data."

Larry also believes that the industry needs to improve how it handles attribution, especially when it comes to online content. His streaming numbers are much lower on YouTube compared with other platforms, but he blames this on the fact that most of his streaming content is not actually on his channel. For example, he had the opportunity to play a gig with Sofar Sounds, a popular event series that takes place all over the globe, back in June 2017. While Sofar rarely nets much pay if any for the artists, it will post a professional video recording of many performances to YouTube. However, because it's on their channel and not Larry's, Larry doesn't see a cent of the royalties that come from that performance, leaving money on the table.

He explains it as a shift in economics: "Consumption is now money, whereas five years ago it wasn't as much so, and everyone knows it. If I do something for your YouTube channel and someone watches that, that's one stream for you and one less stream for me and that's money out of my pocket." The problem, he states, is that promotion used to lead to sales, but now promotion *is consumption*, and the deal structures need to be updated to reflect this change. Even putting in a link to his artist page won't entice many people to click further. Instead, he suggests that platforms adopt better tools for denoting royalty splits, so that content not appearing directly on his channel can still work in favor for him. For artists like Larry where live content is key for engaging new fans, this kind of progress will be essential.

With all this in mind, Larry still feels confident that he can make the next big step in his career without the support of a label. He has expanded his international reach, playing packed shows across Spain and most recently in Marseille, France. He has also made forays outside of the jazz world by releasing collaborations with electronic and hip-hop artists, based around remixes of his original work. The effort started when he announced a partnership with Splice.com, a popular sampling platform founded in 2013, and held a remix contest to entice artists to make beats

around his saxophone recordings. The result has been a steady stream of singles in 2019, keeping his streaming numbers steady as he finishes out his semester in Spain.

Clearly, Larry has been able to come a long way with almost no external support. He embodies the aggressive self-promotion and artist-as-a-startup mentality that is a requirement of today's independent artists. Throughout his interviews, he showcased a deft understanding of the tools available to engage with DSPs, acquire more bookings, and strategically market to his fanbase and beyond. The question remains: does all of this add up to a sustainable career path? To answer this question will require a deeper dive into the data behind the artist.

### *Data Analysis*

In order to dive further into Larry's success as an artist over the past two years, it would be helpful to compare his numbers to industry averages. The following table is based off the latest per-stream rates provided by The Trichordist, based off the gross amount before any distribution fees, as shown previously in Figure 4.<sup>32</sup> This paper then takes those amounts and calculates the monthly streaming numbers required for each service to amount to the monthly minimum wage of the US, which stands at \$1,472.<sup>33</sup>

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<sup>32</sup> "2018 Streaming Price Bible! Per Stream Rates Drop as Streaming Volume Grows. YouTube's Value Gap Is Very Real," The Trichordist, January 29, 2019. <https://thetrichordist.com/2019/01/29/2018-streaming-price-bible-per-stream-rates-drop-as-streaming-volume-grows-youtubes-value-gap-is-very-real/>.

<sup>33</sup> Sanchez, Digital Music News.

### Streams Required Per DSP

DSP	Payout Per Stream (\$)	Monthly Streams Required
Spotify	0.00331	444,713
iTunes/Apple	0.00495	297,374
YouTube Content Id	0.00028	5,257,143
Amazon Unlimited	0.01175	125,277
Google Play	0.00543	271,087
Pandora	0.00155	949,677
Deezer	0.00567	259,612
Amazon Digital Services Inc.	0.00395	372,658
TIDAL	0.00927	158,792
Napster / Rhapsody	0.0111	132,613

Figure 5. Source: <https://thetrichordist.com>

The value gap YouTube provides is once again evident.<sup>34</sup> It is rarely feasible for an artist, especially an up-and-coming one, to garner over 5,000,000 views a month on their content.

So how do Larry's numbers compare for 2018?<sup>35</sup> Spotify, Amazon Unlimited, and Google Play are fairly consistent, but there are actually some notable disparities, as Figure 6 illustrates. He actually performs quite well with YouTube, making more than twice what the Trichordist estimates. However, as shown by Figure 7, that still doesn't amount to much when you sum up his paltry total earnings. This is in line with his concern that the majority of his YouTube content is in fact hosted by third party channels as opposed to being featured on his own. For Larry, the more significant number for him is his TIDAL numbers, which are 23% above Trichordist's estimates, while crucially representing his second biggest source of streaming revenue.

<sup>34</sup> The Trichordist, *Ibid.*

<sup>35</sup> "Symphonic Royalty Data," Symphonic Distribution, accessed April 7, 2019, <https://symphonicdistribution.com/>. All royalty data is courtesy of Symphonic Distribution, which Larry provided the paper's author access to as part of the case study.

### 2018 Streaming Rates - Side by Side Comparison

DSP	Per Stream (\$)	Larry's Per Stream (\$)	% Difference
Spotify	0.00331	0.003216	-2.84%
iTunes/Apple	0.00495	0.006988	41.17%
YouTube Content Id	0.00028	0.000641	128.93%
Amazon Unlimited	0.01175	0.012244	4.20%
Google Play	0.00543	0.005435	0.09%
Pandora	0.00155	0.001349	-12.97%
Deezer	0.00567	0.005024	-11.39%
Amazon Digital Services Inc.	0.00395	0.00171	-56.71%
TIDAL	0.00927	0.011419	23.18%
Napster / Rhapsody	0.0111	0.009024	-18.70%

Figure 6. Sources: <https://thetrichordist.com>, Symphonic Royalty Data.

Upon further analysis, Spotify and TIDAL are Larry's primary sources of streaming revenue, and until the end of 2018, they had actually been performing remarkably similarly. Larry made a point of shouting out TIDAL during the interview, citing that they had been supporting his mission from the beginning. He has since had the opportunity to curate three jazz-focused playlists for the service, which likely served to further his success on a platform that, according to Trichordist, had less than one percent of total marketshare in dollars for 2018.<sup>36</sup>

<sup>36</sup> Trichordist, *ibid.*

DSP	Accounting Period	
	2017	2018
7Digital	\$5.16	
Akazoo	\$8.51	\$1.39
Amazon	\$16.10	\$23.10
Amazon Music Unlimited	\$0.50	\$15.24
Amazon Prime		\$0.55
Anghami		\$0.19
Apple Music	\$58.48	\$21.52
Claro (iMusica)		\$20.90
Deezer	\$40.40	\$56.50
Express In Music		\$3.10
Google Play	\$8.62	\$2.32
Groove (Xbox Music)	\$0.11	
iHeartRadio		\$0.05
iTunes	\$123.40	\$67.29
Juno Download		\$1.10
Napster	\$0.12	\$0.66
Pandora	\$2.08	\$82.53
Qobuz	\$0.73	\$51.15
Saavn	\$0.01	\$32.22
Slacker	\$10.77	\$14.71
SoundTrack Your Brand		\$0.02
Spotify	\$1,444.65	\$3,013.62
TIDAL	\$1,263.99	\$1,455.63
YouTube	\$0.55	\$1.25
Zvooq		\$1.49
<b>Grand Total</b>	<b>\$2,984.18</b>	<b>\$4,866.52</b>

Figure 7. Source: Symphonic Royalty Data

It is helpful to also take a deeper dive into the factors *behind* the streams. Looking at Spotify data specifically, it is easy to see certain spikes in streams, but there are many possible factors that could be behind those spikes. One way to investigate is to note key events as it relates to his recordings, anything from album releases to crucial playlist placements, and even features in prominent press outlets.

Immediately, one is able to see some correlation. His Spotify streams have risen steadily, but with a fair amount of peaks and valleys. The most significant boost always seemed to come from his placement on *State of Jazz*, Spotify's preeminent jazz-focused playlist, though he also saw boosts from non-editorial playlists as well, such as Qobuz's Jazz Playlist adding him in Summer 2018.

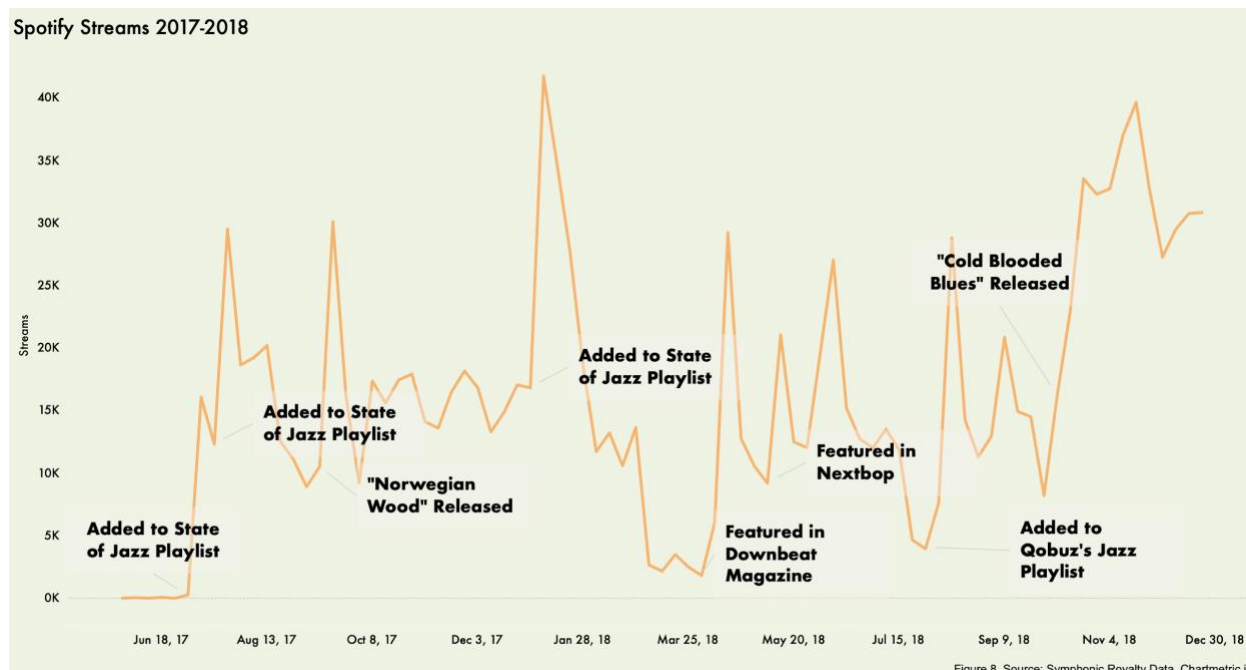
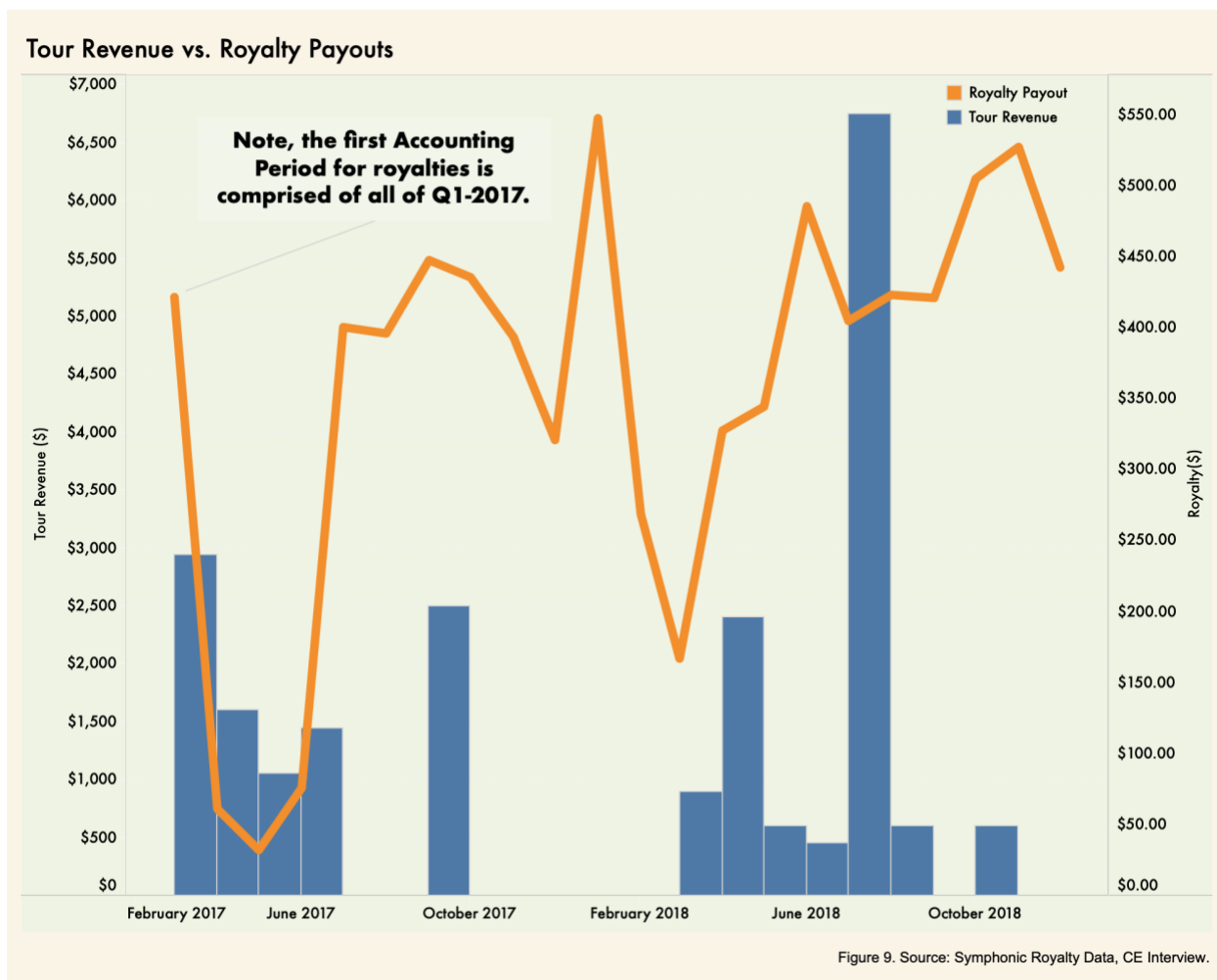


Figure 8. Source: Symphonic Royalty Data, Chartmetric.io.

Larry's ability to get features in jazz publications also played an influential role. Note the jump that occurs in April 2018 once an article profiling him in Downbeat Magazine is released, with a nearly 1500% increase over the next two weeks and no new release being put out in that time period. While there are certainly other factors that could play into that, it showcases the importance of Larry's self-promotion and how that might pay off in the long run.

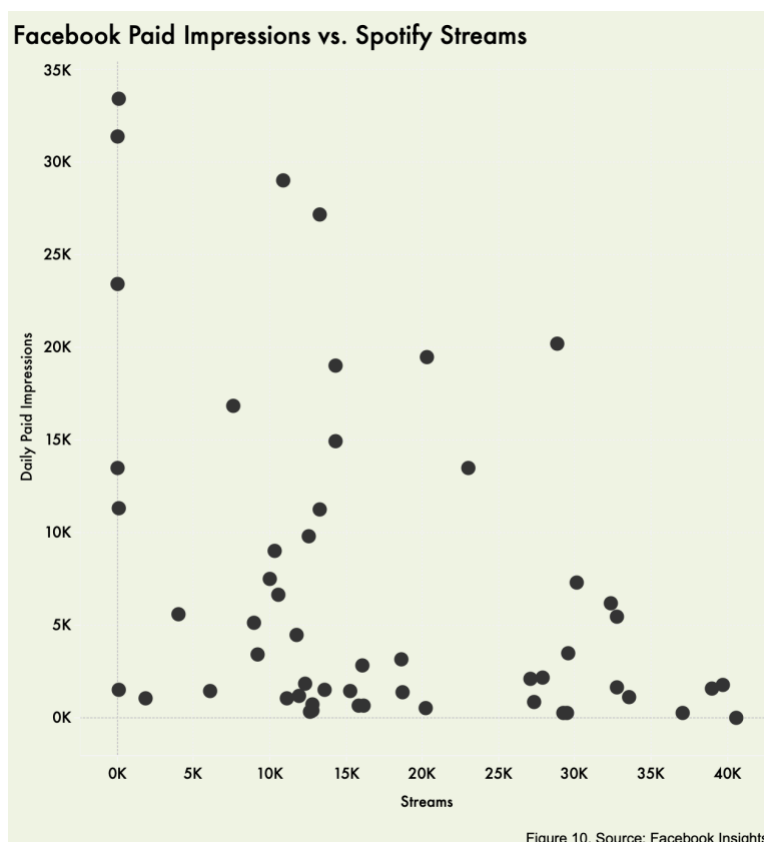
Another area of investigation is the relationship between his touring and streaming revenues. Figure 9 shows the two side by side on a monthly basis, with tour revenue in blue and royalty revenue in orange. This data is a little less conclusive, although it is important to note the precipitous drop in royalty payouts that occur when Larry took a hiatus from touring during Winter 2017. Most glaring is the difference in values for the two axes, with tour revenues greatly exceeding the total payouts from royalties, with one month earning over \$6,000. It is evident from this data that there would be no way to sustain a living for Larry on streaming revenues alone.





Lastly, this analysis warrants and investigation of his social media marketing approach, something he mentioned in the interview that he would like to improve in the future. Larry provided his Facebook insights, which contain a wealth of data points, from individual post engagements to impressions to like counts and so on. However, this paper focuses on what effects, if any, his paid impressions had an effect on his streams. Figure 10 is a scatterplot of this data, aggregated on a weekly basis. Interestingly, there is almost no correlation between paid impressions translating into streams on Spotify. Even a handful of the weeks where he had the highest number of paid visitors to his site resulted in some of the lowest stream counts on Spotify.

While there are different metrics for success as it relates to social media campaigns, Larry is right to see this as a point of improvement as he looks to take his career to the next level.



## CONCLUSION

The final question remains: does all of this add up to a living wage for Larry? Based off a total of his base revenue from touring, as well as the royalty data compiled by his distributor, his numbers are barely short of the aforementioned federal minimum wage of \$1,472 per month (\$17,664 annually). To be sure, the numbers in Figure 11 do not include side revenue Larry may have earned through partnerships like Splice or otherwise, but they also don't include any of the associated costs associated with touring or recording. This paper will also note that the touring revenue is based off of data provided from the artist directly, which in future analysis might require further scrutiny.

### Consolidated Revenue for Larry

Source	2017	2018
Live	\$13,720	\$12,300
Royalties	\$2,984	\$4,867
<b>Total</b>	<b>\$16,704</b>	<b>\$17,167</b>

Figure 11. Source: CE Interview, Symphonic Royalty Data

The preliminary results are still encouraging, especially as Larry is set to graduate from Berklee and focus on his work full-time. The numbers are certainly not blockbuster-level by any means, but are a strong indicator that his strategy has a strong chance of succeeding, and if he is able to build the right team and increase his number of gigs, this paper determines that he can indeed sustain himself off his music career.

However, this analysis only scratches the surface of what factors might go into a middle-class artist's success. Across the industry, there is a great deal resignation about the idea that a middle-class path is even feasible as an artist, therefore a great deal of the available literature ends up discussing the futility or statistical unlikelihood of such paths. Success stories often are told at an anecdotal level, or at least about a very small handful of bands or songwriters. A larger data-driven project could provide hard data around these preconceptions.

A future project would involve surveying hundreds if not thousands of artists, across geographic regions and genre types. These surveys would provide details about what their most significant sources of revenue were, and how much of a percentage they were able to keep in the end after fees and other revenue splits. Additionally, the project would identify a handful of key artists who represent different models within the industry, from completely DIY to those on large label rosters, and document their thoughts on the subject of sustainable living as a musician. Crucially, by partnering with a major distributor, the project would be able to conduct a thorough

investigation of the digital economics of the industry and provide a robust analysis of streaming rates from a top-down level.

All of this information could then be used to build a “middle-class” index--a weighting scale of the various elements that are required for perceived success and the ability to make a living off of one’s music. This would be comprised of revenue numbers, promotional abilities, geographic considerations, and other data points that are shown to be relevant from the study. Ultimately, the project could be seen as a concrete blueprint for middle-class artists, and though the levers of the music industry are constantly shifting, the hope is that the output would provide a guiding path for new artists looking for paths that aren’t solely based on superstar levels of recognition.

The plight for middle-class artists is no doubt a struggle. Even the definition of it can be nebulous, depending on who is asked and what level of pessimism versus optimism they have at any given time. However, artists have proven that it can be done. The boom of the digital age of music and low barrier-to-entry for releasing one’s music promised a level playing field for anyone to succeed. While few have found them in a situation to realize that aim, this paper contends that it is not impossible. With more adequate research and engagement within the artist community, as well as more equitable revenue models from platforms of consumption, there may just be a tenable path forward.

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