The Verge 2018 tech report card: Streaming music

Although music streaming has been an integral part of daily life for what seems like ages, both the music industry and tech companies have consistently and frustratingly been behind the curve. So in many ways, 2018 felt like the first year that both sectors embraced innovation in the world of music streaming in ways that will meaningfully affect its future. There were substantial developments on the consumer side, but this year was more impactful for artists, many of whom rely on streaming platforms as their bread and butter.

Some shifts can be attributed to the platforms themselves, as services like SoundCloud and Spotify waded into new territories like self-monetization. But the biggest change came from advocacy within the music industry, which resulted in the Music Modernization Act — landmark legislation designed to help artists get paid more from streaming services by streamlining the payment process.

Streaming music consumption continues to increase every year. During the first half of 2017, streaming services accounted for 62 percent of the revenue in the music industry, the Recording Industry Association of America (RIAA) said. The RIAA's same report for 2018 revealed that streaming now accounts for 75 percent of the music industry's revenue. Streaming is where music audiences and dollars live, with the format pulling in more revenue than physical CDs, digital downloads, and licensing deals combined.

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This year, streaming services were integrated into even more everyday products, like wearables and virtual assistants. Pandora, Tidal, and Apple Music all appeared on Amazon Echo

and Alexa devices; Apple Music made its way to Android Auto and Android tablets; Pandora Premium came to Google Home; Spotify launched on the Apple Watch; Amazon Music is now available on Android TV; and SoundCloud tracks can now be shared to Instagram Stories.

2018 also marked the arrival of Google's new YouTube Music streaming service, which has gotten fairly good reviews as a whole, but dings for low audio quality and a few quirky UI choices. Google argues that YouTube Music has an advantage over its streaming service competitors as it includes not just official versions of songs, but remixes, live versions, and covers. That's not just lip service — people do flock to YouTube to watch live streams based around music. In November, Ariana Grande had almost a million people tune into YouTube for the premiere of her "thank u, next" music video. YouTube is still the biggest music streaming platform on the internet, but much of that traffic is from free accounts. Looking ahead, YouTube has to figure out how to convert more music lovers into paying subscribers.

Photo by Amelia Holowaty Krales / The Verge

Getting more people to pay for streaming music hasn't been a struggle for other services, namely Amazon Music Unlimited. Amazon launched Music Unlimited in April 2017 to compete with major streaming players largely by leveraging its Echo smart speakers. In March, the company told *The Verge* that Amazon Music had tens of millions of subscribers and that Amazon Music Unlimited subscriptions had grown over 100 percent in the past six months. Apple also added another 10 million subscribers in the period between September of 2017 and April of 2018, and scooped up music identification app Shazam. Spotify also jumped in subscriber numbers, adding 5 million paid accounts in the period between July and November of this year.

User personalization was also a big theme among many services. Tidal introduced My Mix playlists curated by both humans and algorithms. SoundCloud announced a new weekly customized playlist based upon listening habits, but encountered some missteps as it served up material with questionable copyright problems. Pandora leveraged its Music Genome Project to launch personalized playlists that refresh every week. It also launched a podcast division that leans heavily on personalized recommendations, with Pandora claiming it's sophisticated enough to identify a podcast's topics on an individual episode level. Spotify tested out mixing personalized song picks into playlists, and overhauled its Premium service, which includes a new artist-based endless playlist option tailored to you, which can also be saved offline.

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For musicians, there was reason to celebrate streaming in 2018 thanks to the Music Modernization Act. Musicians have long griped about their relationship with streaming services, whether it's over the amount they're paid, how long it takes to get paid for streams, or dependency on playlist inclusion for visibility (one estimate says curated playlists account for 30 percent of streaming platform plays). So the fact that the MMA was unanimously signed into law this year and supported by both musicians and labels was a huge deal for the future of the music industry.

The MMA combines three pieces of legislation to bring copyright law up to speed for the streaming era. While it will probably be a couple of years before the music industry feels its effects, the fact the MMA even passed was groundbreaking, and celebrated by labels, musicians, and streaming services alike. It's a giant overhaul to the trickiness of music licensing, streaming, and payments, but the gist is the MMA should serve to improve how songwriters, producers, mixers, and engineers are paid by streaming services, provide a streamlined process for musicians to receive unclaimed

royalties, and create a single mechanical licensing database overseen by music publishers and songwriters, along with addressing other concerns.

Also an interesting turn for musicians — 2018 is the year several platforms, including SoundCloud, Spotify, and Mixcloud, decided to open up self-monetization for indie artists. So far, some have fared better than others. *The Verge* reported on SoundCloud's self-monetization contract, pointing out the document's unfair terms, restrictive language, and ambiguous payment dates. In response, SoundCloud rewrote the contract, addressing every major point of contention brought up in *The Verge*'s original report.

Spotify is also experimenting with self-upload and monetization, although their program is still in beta. It will be interesting to watch what happens when Spotify decides to make this feature public, especially as it now owns a minority stake in music distributor DistroKid. In theory, this would mean musicians would not only be able to upload and monetize their own music on the platform, but also distribute it to other platforms, all within the Spotify for Artists dashboard.

2018 is the year of self-monetization for indie artists
Separately, audio streaming platform Mixcloud recently launched a "fan-to-creator" subscription service called Mixcloud Select, which uses a Patreon-like model where users pays to unlock features like offline listening and exclusive content. All of this equals more individual control for artists over how their music is released, who owns the rights, and how to make money off their content. But these new freedoms come with new issues: how much will these new tools put a dent in the power major labels have? And, will platform self-monetization truly democratize music, or serve to make artists dependent on a new system while companies' algorithms serve as next-generation gatekeepers?

DJs also saw important strides made in how streaming services

approach material that was traditionally a copyright nightmare — namely unauthorized remixes / mashups and full DJ sets. This is thanks to rights clearance startup Dubset, which has doggedly worked over the past few years to legalize this type of content, with payment going to the original rights holders. Dubset added to its roster of partnerships this year, adding SoundCloud and Tidal to the list of companies it works with. It also worked with Apple to introduce a section on Apple Music dedicated to DJ mixes and live sets.

On the other end of the power spectrum from unsigned, indie musicians, there's Taylor Swift, who also made some plays on behalf of artists when she signed a new deal with Republic Records and Universal Music Group this year. As part of the deal, Swift now owns her masters, and any sales of UMG's shares in Spotify (which went public this year on the New York Stock Exchange via an unconventional direct listing approach) are converted to equity for UMG artists.

Streaming music is more at our fingertips than ever. And, power is slowly tipping in favor of artists, but there's a long way to go. Still, for the first time in a while, it feels like things are looking up, both for those who make music, and the ones who love to listen.

Final Grade: B+

B+ 2018 Grade

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Gold Stars

- The Music Modernization Act passed
- Companies are more open to finding copyright solutions

- New self-monetization tools for artists
- More availability on third-party devices

Needs Improvement

- Artist payouts can be improved
- Curation and playlist transparency
- Music streaming apps still aren’t up to snuff

https://www.theverge.com/2018/12/31/18156503/2018-tech-recap-streaming-music-spotify-apple-soundcloud-tidal