Music streaming services have continued to add subscribers in the United States this year, according to MIDiA Research, growing by 11 million paying users from January to September, to 117.9 million. But in a potentially troubling sign for the recorded-music business, the number of total streams has remained the same.

Since August, audio music streams have averaged 17.5 billion a week, according to Nielsen Music/MRC Data. That’s up slightly from the early-March pre-pandemic peak, before the lockdown cut music listening by 13% to a year low of under 15 billion streams, as consumers stopped commuting and obsessed over the news. Streaming gradually rebounded, increasing 15% by the end of June — but has plateaued since then.

This could actually be good news for streaming services, which for the past two years have been pouring money into podcasts, which cost them less. Streaming companies don’t have to share as much revenue on podcasts — a growing number of which they own — as they do on streams of recorded music, most of which they don’t. But for record labels, publishers, songwriters and artists, this may be the calm before the storm. In the short term, the lack of growth in streaming won’t affect the music industry’s aggregate streaming revenue — if subscribers are added and consumption stays flat, rights holders may make more per stream. A broader move toward podcasts, however, could cost rights holders leverage in licensing negotiations.

Perhaps more important, the 55,000 new tracks being uploaded onto streaming services every day — up from the 40,000 reported in April 2019 — create a dilemma: more songs, and users, competing for a number of streams that isn’t growing.

Has streaming volume really peaked in the United States, though, or is the current growth freeze just a blip? A number of factors seem temporary. Label sources point to the previous year, when cyclical trends in the release schedule led to periods offlatness. The U.S. presidential election also appears to have cut into music listening, given the sharp dip in streaming during the week of the election. Thanksgiving has also historically seen a 2% to 3% dip in music streaming. (The United Kingdom, by comparison, where neither event occurred, saw streaming dip 5% when the pandemic hit but regained momentum within three weeks and has continued to edge upward since.) Another obvious factor limiting music streaming for now is the lack of commuting, with most offices still closed.

Other forces are putting permanent pressure on streaming volume, though. Gaming is competing for attention with music. Market research firm IDG Consulting reports increasing average gameplay hours per user across the board. Counter-Strike: Global Offensive play increased 40% since the pandemic started and Defense of the Ancients is up 38%. Roblox, which appeals to kids 9 and older, hit 120 million global monthly active users in June, and IDG now puts that figure at about 160 million — a fifth of which are likely in the United States. That’s a 33% increase in just the past five months. TikTok is also giving music streaming platforms a run for their money. The
company claimed 100 million U.S. daily active users in September. For context, the U.S. online population under the age of 29 is only 110 million, meaning TikTok may have already soaked up its addressable market. The app has been installed over 66 million times in 2020, according to app analytics company Sensor Tower, and 37% of that activity occurred between April and June. The company estimates that 40% of TikTok’s U.S. user growth was accumulated in 2020. (From July to September,安装s dropped by 31%, indicating a possible saturation point.)

Tom Silverman, founder of Tommy Boy Records, views kids’ obsession with swiping through 30-second clips on TikTok as a new era of the “sub-song.” “If a single used to be an ad or trailer for an album,” he asks, “is a sub-song a trailer or an ad for a single?” If young kids are hooked on Roblox and older kids are TikToking, then their parents may increasingly be listening to podcasts. Between 2014 and 2019, time spent with music was down 5% and time spent with spoken word was up 20%, according to a report by NPR and Edison Research. The lack of authoritative data on podcast consumption, however, makes it difficult to gauge its impact on music streaming. Measurement is difficult: A download of a podcast on the Apple app does not constitute a listen, while Spotify claims 22% of its users engaged with podcast content in the third quarter, up from 21% in the prior quarter, but does not define what that means.

When artists resume touring and releasing albums to drive ticket sales, music streaming could still return to growth, but the new “attention economy,” in which attention is the scarce commodity, will discourage complacency. With these three “attention merchants” — gaming, TikTok, podcasts — competing for consumers’ increasingly scarce time, music streaming could struggle to grow even when things return to normal. We know that songs are getting shorter — and with more songs being consumed, music is already losing the battle for attention.

Will Page is a visiting fellow at the London School of Economics who previously was the chief economist at both Spotify and PRS for Music. His book, Tarzan Economies, will be published by Little Brown and Company in the United States in early 2021.

Setting The Stage

THE NATIONAL INDEPENDENT VENUE ASSOCIATION IS HOPING FOR FEDERAL SUPPORT, WHILE PLANNING AHEAD FOR THE RETURN OF LIVE MUSIC NEXT YEAR

BY DAVE BROOKS

OWNERS OF INDEPENDENT music venues across the United States have been waiting since July to see if long-delayed federal coronavirus relief funding might include support for their struggling businesses. After Congress’ efforts to pass a second round of COVID-19 stimulus have repeatedly stalled, leaders at the National Independent Venue Association are exploring how to leverage its 3,000 members for an advantage once concerts resume.

NIVA has already taught some small promoters the value of collaboration with organized campaigns to raise awareness for the Save Our Stages Act, which would establish a $10 billion federal grant program to support indie venues, promoters and booking agencies. A May survey found nine out of 10 indie venues faced permanent closure by year’s end without federal support, but so far, the worst hasn’t happened. Fewer than 50 venues have shut down, according to Billboard figures (see story, page 104). How others have managed to stay afloat could set a framework for NIVA’s future initiatives.

While some owners have kept their businesses operating by cutting costs — renegotiating leases, deferring mortgage payments or furloughing/laying off employees — others have tapped new revenue streams. New York’s Bowery Electric created a livestream series with the platform VEEPS where artists perform professionally mixed and engineered sets from the venue, splitting profits evenly. (“Every band that has performed has walked out with money,” says talent buyer Stephanie Bonskim.)

Reaction in Anaheim, Calif., licensed its name for limited-edition merchandise deals with brands like Stick to Your Guns and local brands like Violent Gentlemen to cover its monthly $7,000 rent. Other venues are striking deals with third parties interested in buying the exclusive rights to branding, sponsorship and livestreaming, says Steve Sternschein, owner of Heard Presents in Austin and NIVA treasurer, who negotiated NIVA’s agreement with YouTube to host the three-day Save Our Stages virtual festival in October. Theoretically, NIVA could handle these arrangements, leveraging its membership to help smaller venues find partners and others get better deals.

While NIVA’s main focus is still lobbying for a federal relief bill, Sternschein is leading an effort to explore whether a for-profit collective approach to licensing, livestreaming and booking — modeled after indie-label rights management group Merlin, a nonprofit that negotiates licensing deals on behalf of its members — would help NIVA members secure more revenue. There are legal restrictions on what NIVA can do collectively — member companies can’t collude to set prices or limit competition — but it can negotiate with brands like YouTube and share information internally. If they don’t work together, venues risk losing ground to new competitors like SaveLive, former WME co-head of music Marc Geiger’s initiative to buy up controlling interests of distressed venues to create a new dominant player in indie music, or companies like Big Neon, which wants to bundle venues’ advertising rights with proprietary ticketing technology.

“We have an opportunity to direct the evolution of our streaming and licensing rights in a way that prioritizes venues first,” says Sternschein. “We can create a network of independent venues rather than having one person or company take control.”