



Streaming Services vs Social Media Platforms: Licensing and Revenue Allocation

DIGITAL RIGHTS AWARENESS MODULE 6

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From Ownership to Access

- Digitisation replaced buying music with **paying for access**..
- Streaming platforms like Spotify, Apple Music, and Deezer monetise **attention, not copies**, through subscriptions and ads.
- Algorithms shape visibility — and thus income — while opaque contracts obscure how revenue is divided.

Music became abundant but economically fragmented: access increased, per-unit value vanished.

Streaming Services and the Logic of Licensing

Streaming operates on **negotiated, multi-territorial licences** with labels, CMOs, and publishers.

Payments flow through a clear chain:

PLATFORM



LABEL OR CMO



ARTIST

ABOUT

70%

of Spotify's revenue returns to rights holders, though the pro-rata model favours top artists.

Algorithmic curation reinforces this inequality, but the system at least **internalises copyright value** through licensing — a structured, although imperfect, model.

YouTube and the Value Gap

- Social media followed a different path. Platforms like **YouTube** let users upload music freely, generating vast ad income while returning little to creators.

VALUE GAP

The divergence between the economic value extracted by platforms and the remuneration returned to creators.

- Platforms claimed **safe-harbour immunity** as hosts, avoiding direct liability for copyright infringements.
- YouTube's **Content ID** partly fixed this, but access was limited to major right-holders — smaller artists gained visibility, not revenue.

Article 17 DSM Directive: Restoring Balance

Article 17 of the DSM Directive (2019) was designed to close this gap.

It made platforms that organise and share user content **directly liable** unless they obtain licences or show "best efforts."

This article redefined social media as "**Online Content-Sharing Service Providers (OCSSPs)**", aligning their duties with streaming platforms.

Fair MusE found that Article 17 has resulted in:

Negotiating obligations

Shift in bargaining power toward creators and CMOs.

Greater data collaboration alignment

The system moved from "**notice-and-takedown**" to "**licence-before-use**."

Comparing the models

Aspect	Music Streaming (e.g. Spotify)	Social Media (e.g. YouTube, TikTok)
Licensing	Licensed from launch	Historically unlicensed; now required under Art. 17
Business Model	Subscriptions + ads	Ad-based, data-driven
Revenue to creators	Per-stream payments, unequal but traceable	Minimal; improving through licensing
Legal Status	Digital Service Provider (DSP)	Online Content-Sharing Service Provider (OCSSP)
Regulatory Aim	Ensure fairness within the ecosystem	Restore parity with streaming services

The Fairness Triad

Fair MusE describes a “fairness triad” that consists of:

ARTICLE 17

ARTICLE 18
Fair ('appropriate and
proportionate') remuneration.

ARTICLE 19
Transparency obligations

Together, these provisions help build a new model of accountability in digital music:

Platform responsibility

Fair payment for (human) creators

Transparent data on how works
are used and monetised.



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