

Music Streaming Playlists:
Giving Rise to a New Payola Problem

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Abstract

The author realizes that the discussion of payola in radio is not new, and many steps have been taken to combat it over the years. With the shift to digital, the author thought it made more sense to focus on what some might deem “the new radio” -- DSPs like Spotify, Apple Music, Tidal, Deezer, Amazon Music, to name a few -- and whether there’s some form of “payola” present within algorithmic steering and buying fake streams. The author specifically focuses on Spotify as being one of the top worldwide music streaming platforms today -- and its playlists which are considered the “new mixtape” -- to discuss various individuals’ thoughts on relative fairness of the song selection process for playlist inclusion.

Introduction

Under the U.S. law and FCC regulations, payola is an illegal practice of record companies paying for commercial radio airtime. But these laws do not apply to digital streaming platforms, so the reader should keep this in mind when weighing whether playlist curators and respective streaming platforms are engaging in a *bad* activity. According to a 2015 Billboard article, a major-label executive confirmed pay-for-play is alive and well. According to the source, the price can range from \$2,000 for a playlist with tens of thousands of fans to \$10,000 for the more well-followed playlists (Pelly, 2017).

A lot of the resources the author pulled reference this one Billboard article, so she has to question whether there’s true legitimacy if everyone is pulling from the same source. A Spotify spokesperson told Tom Ward, a contributor for *Forbes*, in 2017 that “our ultimate goal is to give fans the music they want to hear and our playlists are a reflection of that. We have tools to know when a song isn’t working on a particular playlist and when the audience isn’t responding to it.

We have a democratic and unique approach to playlisting -- so for us, it's all about good music. Labels can not (or don't) pay to get Spotify's owned and operated playlists" (Ward, 2017). An important thing to not here is the last part, because Spotify has their own playlists so someone could incorrectly blanket the statement to mean *all* playlists on Spotify without clarifying first.

Austin Powell of the Daily Dot mentions RapCaviar led Smokepurpp's "Audi" to go gold, having 68 million streams and counting. So, it's a big deal to be on top streaming playlists, similar to how radio has led Billboard charting in the past (Owens, 2018). Thus, it's an important topic to cover for those trying to break new artists or for artists looking to reach news fans.

The Favoritism and Biases

Imagine: you're an artist who has directly -- or through an aggregator like Revelator or Octiive -- distributed your music to the DSPs, and hopes to get picked up by a few playlists with a decent sized following. But you're getting pennies because first, the rate isn't very good (i.e. the pro rata business model favors rock stars) and second, you're just not getting the exposure you thought you would to amass enough pennies for next month's rent. Why is this happening?

Biased Browse Page

Spotify's Browse page was launched in 2013 partially created by employees of Tunigo, a music recommendation app acquired by Spotify, and followed the introduction of Discover and Stations. With mood and genre playlists, algorithmically created "discover" suggestions, a curated feed of New Releases, charts and a concert feed based on listening, each Browse page varies by country. The idea was to help users discover Spotify staff-created as well as the best

user-created playlists, but the latter has taken a backseat more recently to Spotify favoring brand loyalty and upholding the marketing deals they have with labels (Pelly, 2017).

To illustrate, some common playlists are New Music Friday, #ThrowbackThursday, Good Vibes, Today's Top Hits, RapCaviar, or Rock This. But if one looks closely at many of these playlists, he or she might notice tiny logos: Sony's Filtr, Warner's Topsify, or Universal's Digster. This is because majors not only create their own playlists like Sony Music Classical, but have their own playlisting companies servicing Spotify, and may even have stakes in Spotify directly where they have even more push. Not to say that one still can't reach out to a playlist curator or creator and request their song be added, but it may not have as much exposure, engagement, nor as many followers as it could have received in the earlier days of Spotify (Pelly, 2017).

Sponsored Songs

If it wasn't bad enough, probably one of the more closer forms to payola is Spotify's sponsored songs where labels pay for songs to be played on popular playlists for free users, and it's not marked (Pelly, 2017). The traditional definition for payola was that it was unknown, unstated, in secret. By not marking, it would seem that Spotify is walking a fine line. Luckily, they have an opt-out function, at least for premium users, when trying to appease the labels and publishers who thought the free service hampered efforts to steer users toward paid subscriptions (Aswad, 2017). To be fair, streaming is maturely and their losing money -- so from a business perspective, they might be grasping at straws.

The author imagines that many independent artists and labels might feel it's a bit unfair that while Spotify is fine with engaging in these processes, under a revised set of terms and

conditions, Spotify explicitly prohibits users from accepting cash or another form of compensation to influence playlists (Cookson, 2015). It's like saying, "we can play the game, but not anyone else." Spotify has said, "we are absolutely against any kind of 'pay to playlist' or sale of playlist. It's bad for artists and it's bad for fans" (Cookson, 2015). What an interesting remark from those who essentially are doing just that, but the author can respect some suppression.

Advertising Priorities

And even beyond the playlists, the marketing deals include gratis advertising inventory which means most of the music ads served up to free users are probably from the majors. And even paid subscribers will see front-page advertising takeovers promoting major-label playlisting brands disguised as announcements that they can change depending on time of day. And mobile overlay is also something they have some control over (Pelly, 2017). Like they didn't have enough of the real estate as it was. But paying for advertising isn't a crime.

But what once seemed to be an avenue to gain exposure where traditional radio was largely gated because of the relationship labels had and payola has now enabled labels to do essentially the same thing -- though not with the official name or fear of illegal transgressions -- with streaming playlists. There will always be some platform standards that are restrictive for all, like cover image guidelines (Pelly, 2017). But given its the same for all, it doesn't do much to level the playing field, no pun intended.

The Solutions & Alternatives

Outside of the major label backed playlists, one has to remember that the major streaming platforms are tied to the majors in a symbiotic relationship that's hard to sever. This

makes finding a solution even more difficult, because artists want to go where potential fans will be and music lovers want to go where the most music will be -- thus the major streaming platforms are hubs that artists feel tied to as well in order to reach their fans more directly.

An Open Ongoing Pitching Process

Right now, Spotify is not open to pitches for Browse submissions. An ongoing pitching process would allow playlist brands to pitch to Spotify for consideration by highlighting number of followers, number of streams, history, graph of growth, the loss of interest or effort impacting playlist success. But even if this process was to open up, if all the aforementioned are still in play, it's still going to be hard for brands or more indie playlist creators to compete with those playlists tied to majors (Pelly, 2017). It's kind of like when radio became consolidated and community and college stations struggled to stay afloat. It's the same cycle in a different arena.

Darren Hemmings, Managing Director of Motive Unknown, says, "The process of trying to get on playlists is becoming borderline farcical. I've seen clients of ours go in and the only feedback they got is 'Your song is a seven-minute techno anthem and it's too long so we're not going to playlist it.' I feel like Apple have more of a sense of an artistic conversation, so they'll talk to you" (Dredge, 2019). Maybe the solution becomes feeling out curators at less popular or just alternative streaming services who might be more receptive to start, building a good following, and then taking it to Spotify for consideration.

Will the Algorithm Be Unbiased?

But what about Spotify's own algorithmic playlists that don't fall into the payola scheme? Here's where the problem lies: tracks with a higher number of playlist placements generally

have a higher ranking and increased chance of appearing on Spotify's algorithmic playlists -- and many already know who has those placements. Some might say the approach is then rather than trying to get on a few high follower or premium placement playlists, one might instead focus on quantity and spreading their songs across a ton of playlists that might be a tier or two down. Even so, the author is willing to bet the algorithmic push to additional playlists that happens from the better placed playlists will spread faster. The majors have teams stacking playlists on a daily, so that's pretty hard competition (Pelly, 2017).

Catherine Luckhoff, CIO of Swipe iX, says, "playlists for me should be almost 80% algorithmic and 20% human. I fear a world where playlists are done through algorithms. I've never had a Discover Weekly that even vaguely got it right" (Dredge, 2019). This is where Spotify could be shooting themselves in the foot. Because the value has always been provided in the user experience. If one tries to steer the music too much in favor of themselves, their brand or those they partner with at the detriment of the end user experience, those users are going to look for other means to consume music. Are we back to piracy?

Hemmings brings up the point that "there's been a discussion about the proliferation of beige artists...this notion that you can exist on a playlists by not really soliciting a response one way or the other. You don't prompt any response at all, which means you don't skip, so you're perceived as going down well" (Dredge, 2019). Skips happen sometimes on good controversial music, so the question becomes is a negative response worse than being irrelevant? Are the algorithms truly able to pick up the nuances of human reactions -- why one chose to skip vs. not? Many of those researching and working in machine learning aim to achieve this.

Will the Human Curators Be Unbiased?

Then the solution might be to tap into more of the “human curators” at Spotify who program Spotify-owned playlists than be reliant on the algorithm. But remember, if a major label signed artist whom everyone wants to listen to is promoted in a big way on Spotify, the artist may evangelize the platform on their social media and lead their followers to stream on Spotify as opposed to other options available such as YouTube or Apple Music (Pelly, 2017). So, there’s a clear bias in wanting to bring in more users and subscribers.

Also, readers should be aware that biases exist on other streaming platforms as well like Tidal favoring the music of Beyonce and Jay-Z. The author chose to focus on Spotify to have a more holistic view of how the dynamic works on multiple levels across a streaming platform rather than to play who’s streaming service is more fair.

There’s hope that someone might decide to test out a song in a feeder mid-tier playlist and if it’s good enough, move it to a top tier like RapCaviar. Spotify uses a performance tracking application called Playlist Usage Monitoring and Analysis (PUMA) that will break down each song on a playlist by number of plays, skips and saves as well as overall performance to provide demographics, location, subscription tier and other data (Pelly, 2017). So while it eventually comes down to the machine, if an unsigned artist is able to convince a human curator with enough clout from social or elsewhere to get on a mid-tier playlist, this could be a strategy.

Some individuals counter what’s being said negatively about algorithms in that they may actually be less biased than humans. Aditi Arora, Director of Product Management at Gracenote mentioned the importance of the Discover Weekly playlist in particular: “There is too much

music that's released and that's out there. If it is all human curated, you only look at the tier one artists...If that's not happening, how would you discover any of these newer artists on algorithmic curated playlists?" (Dredge, 2019).

Spotify's Desire to Separate from Majors

As we've seen with the debacle of Spotify for Artists and the ideas behind Spotify for Brands, Spotify seems to want to break away from just doing business with the majors, which might leave some hope for independent artists. But as mentioned, there's a mutual reliance, similar to what labels and traditional radio had. And is it really better if they break off, or will that inevitably open the door for a new set of problems?

If a user searches an artist's name in the "Search" feature, he or she will most likely get served a Spotify-curated, saturated-cover playlist anthology of that artist's work before their most popular album -- and one could say this is Spotify's attempt to have more diversity in the content for an artist that gets displayed and played. But it's also bias in its intent that Spotify wants to be branded outside of the labels (Pelly, 2017). Artists don't have as much control in saying which songs should be served up of theirs when a user searches if trying to promote a more popular album.

Educate About the Benefits of Merlin

Paying for advertising on a free Spotify market would not be so much a problem other than the fact that majors obviously have more to spend. But the selling point that leads to the cannibalizing advertising deals is that more links will be shared on social to directly promote Spotify -- a deal Spotify would not want to turn down (Pelly, 2017). Would you?

With Spotify having a previous requirement that labels had to spend at least \$25,000 in budget, how could any independent label ever compete? Now with Merlin driving a deal, this ad restriction is removed (Pelly, 2017). Merlin to the rescue. One idea to help resolve the imbalance would be for more independents to join Merlin and back its efforts to get more fair deals for independents. If you can't beat 'em, join 'em -- or in other words, join Merlin.

With reserving the author's personal opinions, being she can neither confirm nor deny information provided, one might not be so quick to eliminate those who support the independent artist community from similar payola mechanisms. For instance, Merlin's chief Charles Caldas was accused of orchestrating his own version of payola with Pandora. Back in 2014, the accusations leveled by high-profile artist champion David Lowery mentioned direct negotiations between Merlin and Pandora not only including preferential rates, but preferential spins. 'They're giving a discount in exchange for airplay' (Resnikoff, 2016).

New Playlist Services Can Be Utilized

Spotify pitches companies like Playlist Pump to help level the playing field for independent artists to get more exposure through their direct relationships with curators (Pelly, 2017). One could think of this as similar to paying a PR service to get your name mentioned through major outlets. But many independent artists have small budgets that are already being utilized on paying an aggregator or for ads on Facebook and Instagram. It's just one more cost added with no guarantee for those who are earning pennies. Instead of tackling the problem; it's more like saying, "this problem is going to continue, so adapt around it."

Now while there are probably some legit services out there, there are also some shady companies selling fake streams and it seems like some artists may even know this and feel that this is their only option to getting numbers up and getting added to playlists. But it goes against Spotify's policy and is not worth being caught. Still, there could be an influx of shady workarounds for those who feel jipped by the way streaming platforms favor content. Supporting the platform while they engage in favoritism, it could lead to some really detrimental outcomes.

Austin Powell of the Daily Dot discusses Spotlister and SubmitHub, who have curators and playlisters opting in to listen, has only successfully placed 10-15% on playlists. An artist is just paying them to listen and give feedback -- but since not guaranteeing placement, this means they aren't a pay-to-play scheme. SubmitHub has asked listeners to upload real analytics from Spotify, so individuals can determine if results gained seem accurate or not. Spotlister was taken down by Spotify, because of the way it was using its API -- helping individuals paying match better the playlist that might be a good fit (Owens, 2018).

Just like you have fake influencers, some "playlisters" have fake artificial numbers of followers or streams on playlists in what's known as the "black market of Spotify playlists," so they can charge more for each song considered. Some believe the effort really began with the advent of SoundCloud. Streamify is one of those services that has come under scrutiny with blatant fake quotes and stock images, but will give 1,000 free streams when signing up for the service. One artist Austin Powell knew got 10,000 streams for \$40. Right now, it's the wild wild west of trial and error, but more people are calling out those who don't give results -- meaning no ripple effect, a spike and then a major drop off, or other patterns (Owens, 2018).

Charles Alexander from Streaming Promotions said, “Spotify is based on how users engage with music. Even if someone got their song places on a Spotify playlist, in a deceptive way, it doesn’t necessarily mean the artist will gain traction or get paid. In order for a stream to count, someone has to listen to at least 30 seconds of the song” (Ward, 2017). This is why so many of the fake services highlight followers -- because they know even getting on a playlist with a high follower count doesn’t necessarily guarantee engagement or longevity. So a service could actually have a high number of followers and still not bring results.

Being Your Own Promotional Vehicle

There are many stats regarding the popularity of streaming platforms, but Gracenote’s research found 78% of music streamers listen to playlists, up from 74% in 2017. Of those, 46% listen to playlists that they created, 32% listen to generated playlists based on their listening habits, and 28% listen to playlists based on genres or moods (Dredge, 2019).

Again, it doesn’t solve the underlying problem -- but what interests the author is if listeners listen more to playlists they create, are they gathering the songs from recommendations on Spotify or other avenues? Perhaps, an alternative is to heavily promote one’s self on socials to reach fans there instead. Then, once an artist’s song has warranted being added to the fan’s playlist, it’s in their music ecosystem. They become your curators.

Luckhoff says, “I don’t think playlists are a good measure of how engaged fans are with you.” Hemmings says, “the stories around the music and the context of it is often lost...if someone tells you the stories around it, it forges a deeper bond with the music and will also make you listen to it more” (Dredge, 2019). If we’re passive listeners, artist loyalty is harder to

obtain on a music streaming platform as opposed to actively engaging them directly on social media platforms, building loyalty for both your artist brand and music, and then having a streaming platform become a host for where they can access and consume your music.

Conclusion

We run into the age-old question of which comes first: the chicken or the egg? Is it because major players paid to have these songs get more exposure that now fans through the mere exposure effect are more drawn to these songs? Are the song's popularity truly driven by the fans who can choose to skip or play through, therefore, sending a signal as to its quality or how it resonates? It can be hard to say when there's no 1:1 connection between artist and fan that isn't first filtered by some human or algorithmic bias.

But at the end of the day, whether it falls in line with the traditional, legal definition of payola or not, even with the ability to place independents' music on the platform and distribute, independent artists are still being negatively impacted by the relationships majors have with distributors. The author believes that there should be a "payola" definition for digital streaming and radio play, so we have some guidelines to follow as the problem is likely to get worse.

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