2. The Problems of IP

- 1. Streaming Giants
- 2. Why Streaming services keep removing content ?
- 3. Average artists are making more money via donations

1. Streaming Giants

Disney’s combined properties (Disney+, Hulu, ABC, ESPN)

(covering Prime, Prime Video, Audible, and other subscriptions combined

Paramount Skydance: Owner of paramount, warner bros. discovery

2. Why Streaming services keep removing content ?

Source: Looper

sdf

3. Average artists are making more money via donations

The Core Problem: Network Effects Trump Economics

Audius (and similar Web3/independent platforms) offer better payouts, but Spotify offers something more valuable: listeners. This is the fundamental tension:

- Spotify: Poor payout rates (0.003–0.005 per stream), but 500+ million users browsing, discovering, and sharing music daily
- Audius: Better artist economics (estimated 90% of revenue to artists), but vastly smaller listener base (peaked around 7 million monthly active users, now smaller post-2024 scaling challenges)

A musician earning $0.0001 per stream to 1 million Spotify listeners makes more than earning $0.01 per stream to 10,000 Audius listeners. Exposure and discoverability aren't luxuries—they're the primary business driver for musicians trying to build careers.

Why the Collective Action Problem Prevents Migration

Even if donation-based platforms are "better for musicians" theoretically, here's why they don't win in practice:

1. The Chicken-and-Egg Problem

Musicians won't move without listeners; listeners won't move without musicians. Audius tried to bootstrap this by paying users to join in 2021–2022 (incentivized early adoption), but this collapsed when the incentives ended. Listeners stayed on Spotify because that's where all their friends' playlists are.

2. Casual Listeners Don't Care About Artist Economics

Your average Spotify user doesn't know or care that artists get 0.003 per stream. They care about:

- Seamless UX
- Massive catalog
- Playlist discovery
- Integration with devices and social media

Audius offers none of this better than Spotify. It's competing on values (decentralization, artist fairness) that casual listeners don't prioritize.

The Real Issue: It's Not About Individual Choice

Your suggestion implies musicians could collectively decide to abandon Spotify. But this isn't a rational individual choice problem—it's a coordination problem. Each musician's incentive is to be on Spotify *plus* alternative platforms, not to choose one or the other.

Example: An artist who leaves Spotify to go all-in on Audius is making a personal economic sacrifice hoping other musicians do the same. That's a collective action problem. Game theory suggests most will stay on Spotify while dabbling elsewhere.

What This Reveals About "Decentralized" Solutions

Audius and similar platforms assume that better economics alone will drive adoption. But they're competing against:

- Incumbent network effects (everyone's already on Spotify)
- UX polish (Spotify is genuinely easier to use)
- Listener psychology (people are creatures of habit)
- Artist necessity (musicians need the audience Spotify has, regardless of fairness)

This is why most successful musician-friendly alternatives don't try to replace Spotify—they *supplement* it:

- Bandcamp works because it's for fans who already know an artist
- Patreon works because it rewards superfans who want deeper engagement
- Kickstarter works as occasional one-time funding

These platforms succeed by solving a *different* problem (direct relationships, deeper engagement) rather than trying to beat Spotify at its own game (discovery and reach).

Could This Change?

Theoretically, yes—but it would require:

1. A critical mass of major artists leaving simultaneously (to make Audius worth joining for listeners)
2. Massive infrastructure investment in discovery/UX (to compete with Spotify's algorithm)
3. A cultural shift where listeners care about artist fairness (unlikely without education)
4. Regulatory intervention (breaking up Spotify's dominance or mandating fairer payouts)

Right now, the most realistic path forward isn't migration—it's regulation. The EU's Digital Markets Act and similar policies are starting to pressure Spotify on artist economics without requiring collective action from musicians.

So yes, economically it would be better for musicians if Spotify disappeared—but the market dynamics that created Spotify's dominance are the same ones that prevent alternatives from overtaking it. The problem isn't lack of trying; it's that network effects are incredibly sticky.

The Actual Incentive Structure

Here's the uncomfortable truth: a donation-based model fundamentally can't compete with attention-based monetization at scale.

- Spotify model: Maximize listeners → sell ads/subscriptions → pay per stream
- Donation model: Maximize *engaged superfans* → they donate → artist gets paid

These are completely different business models. Donation platforms are better for artists with loyal, invested communities (1,000–100,000 true fans). But megastars don't have "loyal communities"—they have billions of casual listeners. Those casual listeners will never donate; they just want background music.

Actual Income Potential Across Platforms

Bandcamp

More viable than Spotify for those with engaged fans. Artists retain 82% of sales (after payment processing), meaning an $10 album sale nets $8.20—equivalent to 2,500 Spotify streams. The "name your price" model works well: fans often pay 50% above the minimum. However, this requires:

- An existing fanbase
- Regular promotion and engagement
- Direct-to-fan relationships