

Spotify mulls a 'paid only' option for new music releases

December 9 2015, by Ryan Nakashima

Music-streaming giant Spotify is toying with the idea of allowing musicians to reserve new releases for paying subscribers, although it balked at doing so for Coldplay's latest album, according to a person familiar with the matter.

Such a move might push some users of Spotify's free version to upgrade to a \$10-a-month subscription. Artists and record labels have pressured Spotify to pay more for the music it streams.

A "paid-only" window might also increase [album sales](#) if it led more music fans to purchase music rather than wait months or years for it to become available via cumbersome free options involving ads or the use of computers instead of phones or tablets. It's also possible it could tempt more people to seek out pirated music.

The person familiar with the discussions wasn't authorized to speak publicly about the matter and spoke on condition of anonymity. Spotify's deliberations were reported earlier by The Wall Street Journal.

Spotify has argued its "freemium" model has been a highly effective tool for gaining new [paying subscribers](#). The company is the global leader in music streaming, with 20 million paying customers and 75 million total active users.

But artists like Taylor Swift have said the free service devalues their work. Last year, after failing to win an exception to have her music only

on Spotify's paid tier, she pulled all her music from the service, instead distributing it to paid-only streaming services such as Apple Music. Similarly, Adele withheld her latest [album](#) "25" from all streaming services, which may have helped it achieve 4.5 million album sales in its first two weeks in release.

Spotify spokesman Jonathan Prince said in a statement that "we explored a wide range of promotional options for the new Coldplay album and ultimately decided, together with management, that Coldplay and its fans would best be served with the full album on both free and premium this Friday."

The album was released for sale last week.

Spotify is "100 percent committed to our model because we believe that a free, ad-supported tier combined with a more robust premium tier is the best way to deliver music to fans," Prince said.

While it publicly has taken the line that its free and paid services must have the same music to attract new users, in negotiations, Spotify has expressed a willingness to test out different ways of releasing music, according to two people familiar with such talks.

However, with few new big releases coming up this year, it's unclear when Spotify might start those tests.

Spotify's free service is unusually generous, allowing users who are willing to tolerate a few ads to select an entire album for free playback on computers, or on mobile devices so long as the tracks are shuffled out of order. Other services like Internet radio giant Pandora randomize playback, making it impossible to listen to a single album all at once.

Spotify has already experimented in smaller ways with reserving music

for paying customers. Earlier this year, the company didn't initially make the 10-minute track "The Globalist" from Muse's June release "Drones" freely available, one of the people said. That track is currently on both Spotify's free and paid tiers.

A stream from a paying subscriber earns artists and labels roughly 10 times what they'd receive from a non-paying user, one person said. Artists and labels are thus extremely interested in limiting streaming plays to paying subscribers. That option is less attractive for Spotify, which is still trying to use its free service as a hook to lure new users.

Streaming, while quite popular, still only appeals to a fraction of the listening public. Only about a third of survey respondents in more than a dozen countries had listened to a free [music](#) streaming service in the last six months, according to the 2015 Digital Music Report by the International Federation of the Phonographic Industry.

There's another danger in creating a "paid-only" window for some artists, at least from Spotify's perspective. If the tactic catches on, it might create a rush for the exits that makes the free service less attractive to new users.

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