

Debunking the Myths: the “Value Gap”

Myth

“...digitisation has led to a revenue decline for creators...”

- ⇒ Digital generates value for the creative sector, the very **opposite of a value gap**. Between 2003—2013, **digital accounted for a €34 billion revenue increase** for the EU’s creative sector.
- ⇒ Major record labels’ **revenue from streaming grew over 45%** last year, prompting Pascal Negre, former CEO of Universal Music, to **state** that “the music industry is headed for another decade of growth”.
- ⇒ In less than ten years, **digital music downloads on iTunes went from zero to 35 billion** songs sold.
- ⇒ A **subscriber** to Spotify, Deezer or Apple music generated **2.4 times more annual revenue** for the industry than the average purchaser of physical or digital music.

Myth

“...online service providers make more money from artists’ work than the artists themselves...”

- ⇒ **Collecting societies continue to see strong digital revenue growth**, doubling globally between 1995-2010, with a further 20% growth in 2014.
- ⇒ **On YouTube, the majority of ad revenue is paid to the creator**. YouTube has paid out \$2 billion to rightsholders since it started generating revenues and **\$1 billion in 2016 alone**.
- ⇒ In the **music sector**, around **66% of revenues from a digital download now go to the artist and label**, compared to around 32% for CD sales.
- ⇒ On YouTube, the **recording industry now earns more from fan videos** such as mash-ups and parodies, than from official music videos—**according to** Universal’s Head of Digital Business Francis Keeling.

Myth

“...content recognition technology will put a stop to the illegal use of creators’ works...”

- ⇒ While excellent content recognition software technologies have been developed for specific services, such as YouTube, **there is no universal content recognition technology to apply to the internet at large**.
- ⇒ **The best way to combat online piracy is to continue to provide new legal options to consumer content**. **Globally**, 40% of those who stopped downloading music illegally in 2012 did so as a result of the presence of legal streaming services.
- ⇒ In Sweden, the availability of legitimate and remunerated online distribution services led to a **25% decrease in music piracy between 2009-2011**.

Myth

“...content recognition technology is available at a reasonable cost for compliance with Article 13...”

- ⇒ **Article 13 requires negotiation with right holders**, i.e. flexibility, **to accommodate potential thousands of variations**. **There is no one-size-fits-all approach**.
- ⇒ **Packaged content recognition software technology** available is effective yet has **major limitations** and is not comparable to e.g. Content ID.