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WHAT'S REALLY GOING ON WITH SPOTIFY'S FAKE ARTIST CONTROVERSY

Here's where they're getting all those mystery tracks

By Dani Deahl and Micah Singleton | Jul 12, 2017, 4:02pm EDT

Last week, **Vulture** [published](#) a report suggesting, among other things, that music streaming service Spotify games its own royalty system by creating and promoting in-house, or “fake” artists. The allegation isn't new. Almost a year ago, the industry blog **Music Business Worldwide** wrote a piece that suggested Spotify was paying producers a flat fee to create tracks for

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Vulture suggested that these may be the so-called fake artists *MBW* warned us of last summer.

"WE DO NOT AND HAVE NEVER CREATED 'FAKE' ARTISTS AND PUT THEM ON SPOTIFY PLAYLISTS."

On Sunday, [Spotify issued a strong denial](#) in *Billboard*. "We do not and have never created 'fake' artists and put them on Spotify playlists. Categorically untrue, full stop," a Spotify spokesperson said. In a statement to *The Verge*, Spotify denied the claims that it was paying flat fees for song rights. "We do not own any song rights, we're not a label. All our music is licensed from rights holders and we pay royalties for all tracks on Spotify."

In response, *MBW* published [a list of 50 artists](#) with millions of streams it says fit the profile of "fake artists" and suggested that if Spotify wasn't buying the tracks outright, it may be arranging reduced royalty rates. The story has since been picked up by other outlets, [including Variety](#), which quoted a "former Spotify insider" who said that the practice is "one of a number of internal initiatives to lower the royalties they're paying to the major labels," in order to help "them in their negotiations with the record companies."

MBW's piece focused in on the Jazz, Chill, and piano genres, each of which boast substantial playlists. "These non-existent acts are deliberately being chosen for inclusion, time and time again, on first-party playlists with millions of followers at the expense of label-signed music," the publication wrote, implying that Spotify is getting away with siphoning money away from legitimate artists signed by labels.

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A SOURCE CONFIRMS THAT SPOTIFY DOES REACH OUT TO LABELS TO REQUEST SPECIFIC TYPES OF TRACKS TO FILL OUT ITS PLAYLISTS

One of the musicians on **MBW**'s list who has written under several aliases is [Andreas Aleman](#), a songwriter, singer, and keyboardist. His artist profile on Spotify contains the funk-driven music Aleman performs publicly. But he also posts music under aliases found in **MBW**'s report, which include Allysa Nelson, Wilma Harrods, Amy Yeager, and Milo Stavos — piano instrumentals that pepper Spotify playlists. Another musician, [Magnuz Folke](#), is a piano teacher whose public SoundCloud has an array of rock- and pop-infused songs. On Spotify, he releases instrumental piano songs that appear under aliases like Saga Rosen, Jean Petri, Agatha Reilly, and Pernilla Mayer, the latter of which is included on **MBW**'s list.

The notion that these writers are intentionally obscuring themselves is not entirely accurate. As long as they have registered their work with a performing rights organization like ASCAP, their name is readily available when looking up a song's information.

There are a variety of reasons why musicians create music under aliases. One songwriter behind numerous names on **MBW**'s list wished to remain anonymous but explained, "I am not and have no intention of ever becoming an artist in any sense of the word. I don't perform live and hence I don't need or seek publicity. I am a songwriter [and] composer with a broad taste and understanding and a wide variety of skills in many musical areas... This is an artistic outlet for me." The songwriter noted that having an expansive, unfocused public personal discography can actually be detrimental. To avoid

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Another producer who worked on a number of tracks on **MBW**'s list said, "I'm just a songwriter / producer / pianist, and also work as a session musician. Nothing to be curious about, really." As for collusion with Spotify? "Unfortunately I don't know anyone at Spotify, but I'm fortunate that my music has been added to some playlists."

The popularity of piano-driven songs on Spotify is not new. The chill and piano playlists offer perfect background tracks for retail stores, or offices. In 2015, [*The Guardian* noticed a surge](#) in Spotify's "environmental/sleep/relaxative" category, and in 2016, [it published an essay by pianist Neil Cowley](#) describing how one of his solo piano pieces was plucked to be on Spotify's "Peaceful piano" playlist, which has around 2 million followers. It was not planned, and he did not know anyone at Spotify. Thanks to the playlist, Crowley's song, which he had expected to get around 3,000 plays in the first few days, wound up acquiring around 2 million plays in the first eight weeks.

ARTISTS ON THOSE LABELS THEN GENERATE THE CONTENT, OCCASIONALLY USING A PSEUDONYM

How does Spotify pick the songs for these playlists? Typically, Spotify uses its normal operating procedures of algorithms and human curation to pick out songs for playlists. But sometimes there aren't enough tracks to fill out a list. Though *The Verge* found no evidence of Spotify independently commissioning music, a source close to Spotify confirms that the streaming service will reach out to labels — usually independent ones — to ask to license content to fill out certain playlists. That content is licensed in a non-exclusive manner; Spotify does not own the rights to the tracks. Artists on those labels then generate the content, occasionally using a pseudonym. It is unclear whether Spotify

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According to **MBW**, Epidemic entered into a distribution agreement with Spotify a year ago. Similar to what artists told us independently, Epidemic CEO Oscar Hoglund told **MBW**, “These are professional composers, who earn a living by creating quality music. As is often the case with songwriters and indeed mainstream pop artists, some composers choose to work under their real names whilst some prefer to use pseudonyms.”

MBW notes that Epidemic’s website states they [do not pay royalties](#), but Spotify has said in statements that royalties are paid for every song on the platform.

The Verge reached out to Hoglund to inquire if Epidemic had a royalty structure exclusive to their Spotify deal not published on their website. Hoglund declined to disclose specific details of Epidemic’s deal with Spotify, but said the company has a traditional royalty deal with Spotify and noted “we share [royalty] revenue from Spotify 50/50 with our composers.”

As far as publishing rights, many of the artists on **MBW’s** list were tied to a handful of firms including [Q&L Publishing](#), [Firefly Entertainment AB](#), and Universal Music Group. Q&L Publishing is run by Andreas Romdhane (aka Quiz) and Josef Svedlund (aka Larossi), a Swedish-based duo who have written and produced songs for acts like Kelly Clarkson and Diana Ross. Firefly Entertainment AB is a Swedish music publishing and television company with seven signed songwriters and one artist who release music under their own names but are also accomplished writers and session musicians. Many of the artists on **MBW’s** list also retain all rights to their publishing, using publishing companies they’ve founded themselves.

"WE DO NOT OWN ANY OF THE MUSIC RIGHTS AND WE DO NOT OWN ANY MUSIC PUBLISHING COMPANIES"

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though it should be noted that the Nordic nation is something of a powerhouse when it comes to music. In 2011, the country of 9.5 million people [produced music exports worth \\$150 million](#), the highest per capita on Earth. And Sweden has produced Spotify, SoundCloud, and Max Martin, the most successful songwriter on the planet. However, the answer could be much simpler. Spotify also has an outsized influence in the region.

“Infrastructure and access are a huge part of the answer to a pretty complicated question. Spotify has a huge chunk of the market in the Nordics, well over 90 percent,” says Dan Roy Carter, founder of Above Board, a Stockholm-based music marketing and publicity company with clients like Zara Larsson and Icona Pop. “This means that for so many labels and publishers, Spotify is almost an exclusive strategic focus.”

So here’s what we know: the majority of the artists listed by **MBW** are legitimate artists, writers, and session musicians using pseudonyms for a variety of personal and business reasons. Many of them use seemingly legitimate publishing companies — including Universal Music Group’s publishing arm — to primarily publish instrumental piano songs that have a higher chance to make it onto piano playlists. Some of them use library music company Epidemic Sound, which has a royalty agreement with Spotify.

We also know that Spotify asks labels for songs to fill out certain playlists in these genres, and that labels will also offer Spotify tracks it may think will fit on the playlist. We know that legitimate publishing companies like Firefly Entertainment AB are also behind some of these artists. Spotify says that it does not own in whole or in part any music publishing companies that would

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USING IN-HOUSE ARTISTS FOR LEVERAGE IN CONTRACT NEGOTIATIONS WOULDN'T HAVE MUCH OF AN EFFECT

We also don't know whether Spotify is paying a lower rate per stream for these tracks. It's unlikely, given that some of these artists may already have existing deals in place with Spotify through music publishers associations, or are working with independent labels under the Merlin Network which negotiates deals for thousands of labels at once.

Is Spotify really astroturfing its jazz and chill playlists by hiring artists directly? Not that we can tell. And the incentive for doing so would be minimal: using in-house artists for leverage in contract negotiations wouldn't have much of an effect, as all the major labels have Most Favored Nation clauses that allows labels to match the best deal attained by another. (This is why Spotify and Sony recently [agreed](#) to a 52 percent revenue share as reported by *Billboard*, the same deal that Spotify and Universal Music Group [agreed](#) to earlier this year.)

In addition, the estimated total revenue garnered by the 520 million streams of the 50 artists *MBW* listed adds up to \$3 million. Given that [Spotify earned \\$3.3 billion in revenue last year](#), \$3 million seems like a paltry amount of money to save while potentially committing fraud. The risk Spotify runs — alienating major labels during a negotiation period, infuriating music publishers, and confirming its reputation as the streaming service least-friendly to artists — seems far greater than the \$3 million they stand to gain. ■

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