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TikTok Pays Artists ‘Almost Nothing’ in Music Royalties – And the Industry is Losing Patience

Think streaming royalties are bad? TikTok revenue can be 500 times lower.

BY ELIAS LEIGHT





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On September, “Dumb Dumb” — a song by **mazie** featured in the Netflix teen drama *Do Revenge* — caught a wave on TikTok, and listenership grew exponentially. Over the course of two weeks, “the record went from doing around 10,000 streams per day to around 1.4 million per day and has sustained since,” says **Max Gredinger**, who manages the 23-year-old artist. “We saw increases across the rest of her catalog as well, which showed new fans were sticking around to learn more about mazie and her music.”

Artists and executives compare success on TikTok to the lottery — it often seems just that random. But crucially, the payout on a winning ticket doesn’t come from TikTok itself. The financial rewards accrue outside the platform in the form of royalties from streaming surges or a label advance, with seven-figure deals routinely thrown at viral acts in recent years. TikTok, which has built a thriving business based largely on users syncing videos to music, pays “almost nothing,” according to one music distribution executive.

There isn’t a fixed rate for music on TikTok; labels and distributors negotiate licenses individually. But one thing appears constant: “The numbers are horrifying,” says one manager who has had several songs take off on the app and shared his royalty statements with *Billboard*. A marketer who oversaw the campaign for a single that was used in roughly half a million TikTok videos reports that his artist took home less than \$5,000 from the platform, despite the views numbering in the billions. TikTok’s parent company, ByteDance, “doesn’t view music as a value add,” says another senior executive. “They just view music as a cost center they have to limit as much as possible.”

So far, ByteDance has been very successful in doing just that. One indie-label

head shared several months of royalty information indicating that 1 million views on TikTok leads to about \$8 — actually a better rate than the one exhibited on three other indie labels' most recent statements that were shared with *Billboard*. In contrast, managers say that while payouts from YouTube vary, 1 million views will usually earn somewhere between \$500 and \$2,000.

It's surely not a coincidence that music industry complaints about the money flowing from TikTok are gaining traction as the major labels are negotiating licenses with ByteDance, which is planning to expand its streaming service, Resso, beyond test markets in Brazil, India and Indonesia. Speaking at a recent industry conference in Singapore, Universal Music Group (UMG) CEO **Lucian Grainge** warned the music business of a value gap “forming fast in the new iterations of short-form video.”

Adding to that sense of a value gap: As TikTok's business expands — gaining more users and selling billions of dollars in advertisements — labels and distributors do not participate in that growth.

In a statement, TikTok global head of music **Ole Obermann** said: “We're proud of the partnerships we are building with the industry and artists, and we are confident that we are enhancing musical engagement.” He added, “That translates directly to more financial and creative opportunities for music creators.”

Part of the debate over how much artists should earn from TikTok stems from a debate about the nature of the platform itself. TikTok is video-based, and Obermann has pointedly said that it is “not a streaming platform.” He reiterated this in his statement to *Billboard*: “Our community comes to TikTok to watch videos, not to listen to full-length tracks.”

But the app is already threatening established streaming platforms, which must battle for ear time with TikTok's addictive clips. And some in the music industry dispute Obermann's claim — they already see a generational shift where “some people have a TikTok playlist and just use it as their music service,” as one indie-label head puts it. “Much of the [music] ‘discovery’ that happens on TikTok is consumption,” **Mark Mulligan**, managing director for

music consultancy MIDiA Research, wrote in a recent blog post.

Sources say that individual labels and distributors have different deals with ByteDance, which negotiates lump-sum upfront payments to use their recordings on TikTok for a set period of time. (Since users can upload their own videos — with the music of their choice — to TikTok, ByteDance has added leverage in these negotiations. If a label doesn't come to an agreement with the company, it will have to devote a good deal of time and resources to issuing takedowns.) In addition, each label and distributor can make its own decision about how to parcel out those payments to artists.

Many of the sources who spoke for this story are paid by their labels or distributors according to the amount of individual videos uploaded that incorporate their songs. Reports from one indie-label executive showed that acts on his roster earned around \$150 from TikTok for roughly 100,000 videos made with their music. A manager who works with several artists who have had successful TikTok songs shared reports for individual tracks: One single brought in around \$100 after being used in about 60,000 clips, while another earned \$350 from over 80,000 videos.

Other sources say they see only TikTok views, rather than video creations, on the royalty reports they receive from their label or distributor — or make the decision to rely on views to calculate TikTok payouts internally. “If you're paying based on creations, that's saying it doesn't matter if a song is heard one time or 1 billion times, and that would really devalue music,” says the indie-label head.

When executives examine TikTok payouts compared with views on platform, the money made seems even more minuscule. “TikTok doesn't pay out nearly what any other view pays,” says a head of a record company that is distributed by a major. “It's astronomically lower.”

Some in the industry who value TikTok as a marketing tool note that money flowing to the music industry has improved over time. And several sources compared the current situation to the music industry's combative early relationship with YouTube.

In Singapore, Grainge warned of “repeating past mistakes,” citing both MTV and YouTube. “We were given a lot of reasons why our artists shouldn’t get paid,” Grainge told attendees. “People said, ‘It’s great promotion,’ ‘Or you can use it as a platform for discovering new artists’ ... technology platforms were built on the backs of the artists’ hard work.”

Grainge called on key players to protect music’s “cultural and commercial value.” And the senior executive who believes that ByteDance sees music as a “cost center” expressed a similar sentiment. ByteDance “needs to move to a more rational model that equates more value with what is driving their business,” he says. “Only pressure is going to get them there.”

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