Advances in Humanities Research Vol.12 Issue 8 EWA Publishing
Available Online: 17 December 2025 DOI: 10.54254/2753-7080/2025.30587

Creative labor on streaming platforms: a case study of Spotify and Australian musicians

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Abstract. The rise of digital streaming has reshaped the global music industry landscape. As the dominant platform, Spotify has not only changed the way music is distributed, but has also profoundly impacted the income structure and professional situation of creators. This article, set in Australia, explores the difficulties and challenges faced by creative workers in the streaming media economy in three aspects, including economy, technology and policy. This paper uses a case study approach, combining secondary data from Creative Australia, APRA AMCOS, and Spotify's "Loud & Clear" report, as well as academic literature, to analyze the impact of platform mechanisms on local musicians. Research shows that although Spotify provides distribution channels for creators, its revenue-based model exacerbates income inequality and the instability of creation. Its algorithmic recommendations tend to favor mainstream global content, reducing the exposure of local music. Music generated by artificial intelligence has also raised new copyright and fairness issues. This article holds that the current cultural policies lag behind in terms of algorithm transparency, the application of artificial intelligence, and the promotion of local content. A balance between innovation and fairness should be achieved through measures such as strengthening platform supervision.

Keywords: digital platform economy, creative labor, algorithmic inequality, cultural policy governance

1. Introduction

In recent years, the rise of digital streaming media platforms has reshaped the global music industry landscape. As an industry leader, Spotify has not only transformed the music consumption pattern but also changed the income structure and professional status of music creators. In Australia, Spotify holds approximately 59% of the streaming market share [1], exerting a particularly profound influence on local musicians. This platform promises to provide creators with more convenient distribution channels and opportunities to reach their audiences, but its underlying algorithmic mechanism also brings inequality and instability to the creative economy.

This article aims to explore the impact of Spotify on Australian music creators from the perspective of cultural economics, with a focus on three core issues: First, what changes have occurred in the income structure of Australian music creators on streaming platforms? Secondly, in the context of AI-driven creation, What new challenges will copyright protection face? Thirdly, how should cultural policies respond to strike a balance between innovation and the protection of creators' rights and interests?

Existing academic literature has analyzed many problems faced by creative labor in the platform economy, such as unfairness [2], algorithmic mechanisms [3], and the risk of "data colonialism" brought by artificial intelligence [4]. However, specific empirical analysis is still insufficient. This study takes Spotify as an example for case analysis. The research data include government industry reports, official platform reports, academic literature and media news reports.

This article, using the framework of cultural economics and combining the analysis of digital streaming platforms, creative labor, and income structures, points out that while Spotify provides distribution opportunities, it also exacerbates many obstacles faced by local creators. Furthermore, the platform's approach to handling AI-generated music is ambiguous, and its opaque algorithmic screening mechanism also highlights the urgency of updating the cultural governance framework to effectively address issues such as fairness, author identity, and visibility in the digital music economy.

2. Methodology

This study adopts a case study approach, focusing on the relationship between streaming platforms such as Spotify and local music creators in Australia. The core research questions include: 1. How have platforms like Spotify changed the income of creators? 2. What challenges will the application of artificial intelligence bring when creating or training on streaming media platforms? 3. What role does cultural policy play? A single case study can deeply and meticulously explore the operation mode of creative labor on digital platforms [5]. Spotify is the leading music streaming platform in Australia. As of 2024, its market share is approximately 59% [1]. Furthermore, Spotify's active participation in artificial intelligence collaboration makes it an ideal case for this study.

Based on these core issues, this paper mainly utilizes secondary data analysis from three sources. first of all, Creative Australia, APRA AMCOS and Spotify's own Loud & Clear transparency portal provide specific metrics such as revenue distribution, artist classification and play data. Secondly, academic literature on the performance of creative labor and related algorithmic mechanisms on digital platforms. Third, pay attention to media analysis and news reports. These studies particularly focus on AI-generated music on Spotify and the censorship and regulatory issues it has triggered. These reports track developments, such as the Boomy upload incident.

This method can also compare different types of data, such as statistical data, policy reports and media news, T thereby providing more comprehensive understanding of related issues. In this way, not only can accurate income data be presented, but also the genuine feelings of local creators themselves can be understood.

3. Literature review

The integration of digital platforms and the creative industry is one of the core topics in contemporary cultural economics research. In the music industry, digital streaming services represented by Spotify is constantly evolving and developing, fundamentally reshaping the quantification, dissemination and consumption experience of cultural values. This article will conduct a literature review from three dimensions to provide theoretical support for analyzing the survival status of Australian musicians on the Spotify platform: the instability of musicians' creative labor remuneration in the digital platform economy; The emerging challenges brought by algorithm allocation mechanisms and artificial intelligence; And the role of policies in protecting cultural labor.

3.1. The instability of the platform economy

Digital platform operators have created new asymmetry in the relationship between cultural producers and distribution channels. Caves [2] pointed out in its research that the creative market has the characteristic of "nobody knows", which means that the demand for creative products is highly uncertain and the distribution of benefits is extremely uneven. In today's digital streaming media era, the monopoly of platforms over audiences has further exacerbated this uncertainty. The opaque distribution and compensation mechanisms have become the main predicament faced by artists.

Streaming media, as a multi-faceted platform, connects musicians, audiences, advertisers and other stakeholders. As Hagiu and Wright [6] demonstrated, although these platforms benefit from the networks formed by these different groups, they often extract disproportionate value from the interactions they facilitate. The mainstream payment models of these platforms are based on the proportion distribution of global views, which means that niche or local artists are at a disadvantage compared with global artists [7]. A global survey on paid music streaming shows that the cost of each streaming playback is approximately \$0.003 to \$0.008 [8]. Therefore, even if a song gets one million plays, its total revenue is only around \$3,000 to \$8,000, and this income needs to be distributed to producers, record companies, etc. Petetskaya's [9] research on Australian musicians also indicates that local musicians are increasingly relying on diversified sources of income, and the contribution of streaming revenue to their sustainable livelihoods is negligible.

Furthermore, the rise of platforms has brought a deeper contradiction: the separation of economic value and cultural value. Throsby [10] proposed the concept of cultural value in his article. It is different from cultural value and emphasizes that public policies must fully consider the identity construction and social significance produced by cultural labor. In streaming media platforms, their logic is that they usually allocate economic value only based on "play counts" and "subscription counts", thereby ignoring cultural value itself, which further exacerbates the limitations of income distribution.

3.2. The challenges of algorithmic mechanisms and artificial intelligence

The rise of streaming media platforms has also been accompanied by the emergence of algorithmic mechanisms such as "recommendation systems", and cultural producers are increasingly constrained by the content algorithms of platforms [3]. This brings up the issue of "algorithmic gatekeeping", that is, the success of an art piece increasingly depends on whether it conforms to the algorithmic preferences of the platform, rather than merely on the quality of creation or cultural value [11]. In Australia, this issue has already had a significant impact. According to the "Listening In” Report [1], 98% of music lovers discover new musicians through streaming services, But only about 8% of the "top 10,000 musicians" recommended by streaming services are Australians.

The development of artificial intelligence has added new challenges to this predicament. As Sturm et al. [12] observed, artificial intelligence platforms such as Boomy and Suno can train music and even create music based on vast databases. This has sparked discussions on copyright, fairness of remuneration and other related issues. Meanwhile, warnings issued by Australian art institutions, such as APRA AMCOS and NAVA indicate that people's concern about this issue is growing increasingly. They believe that in the absence of transparent agreements and copyright ownership, artistic creation labor will face the risk of further depreciation.

Similarly, from a broader perspective, Courtry and Mejias [4] refer to this situation of "misappropriating cultural data without full consent" as "data colonialism". According to this concept, music generated by artificial intelligence not only threatens the direct income of artists, but also poses a deeper challenge to their control over the copyright and cultural identity or status of their works.

3.3. Governance dilemmas of cultural policy

This part will mainly explore the role of public policy in governing the digital cultural economy, including it advantages and limitations. Traditionally, policy intervention is usually based on two theories: market failure and preferred goods [13]. However, contemporary research recognizes that the power asymmetry existing in the platform economy makes it imperative to formulate more effective policies [14].

At present, Australia has no specific legislation to require platforms to disclose their algorithms or allocation mechanisms. The policy response measures are also rather scattered. Although the Australian Arts Council has provided some support to individual artists, it has not systematically addressed the challenges brought by digital platforms. As Lobato and Thomas [15] demonstrated, public policies of the streaming media era can no longer follow the traditional "direct subsidy to artists" model, but must focus on the governance of digital technologies and algorithms. For policymakers, this means taking action in areas such as strengthening platform accountability and formulating regulatory rules for artificial intelligence to explore alternative models that truly reflect the value of creative labor.

In contrast, some international cases might offer some reference. For instance, Canada's Online Streaming Act and the EU's Digital Services Act have established stricter regulatory rules, requiring platforms to be more transparent in terms of algorithm operation and revenue distribution [16].

4. Case study: Spotify and Australian musicians

In the era of streaming media, Spotify has become one of the most important platforms in the Australian music industry. According to the statistics of APRA AMCOS, as of 2023, Spotify's revenue has become the main source of online income for music creators [8]. This section will take Spotify as an example to analyze how streaming media affects the income structure of creators in the digital age, how to address the new challenges brought by artificial intelligence, and how public policies will respond to this platform.

4.1. Evolution of income structure

Spotify is a typical case of the platform economy in the Australian market. Creators are not employees of the platform but appear as "content providers". They are on an equal footing with both the audience and advertisers, and are interconnected in various ways through the platform. In this case, the platform's revenue does not entirely belong to the creators. Musicians' income is restricted by platforms, such as the number of plays and copyright ownership.

According to the official "Loud & Clear" [17] data released by Spotify, Australian musicians generated an annual income of 275 million Australian dollars on the platform, with more than half of it coming from independent musicians or non-mainstream record labels. However, although this figure seems considerable, it has not actually been translated into the personal income of the creators. Spotify did not disclose the distribution of its A $275 million revenue, but based on the average revenue per play, Spotify paid royalties to copyright owners approximately A $0.005 per play [18]. This means that a creator who hopes to earn 50,000 Australian dollars annually through this platform needs to accumulate over 10 million views. But the reality is that not all musicians can achieve such a huge number of views. Among the top 10,000 artists in terms of Spotify play volume, only 8% are from Australia [1]. This indicates that the majority of Australian creators are actually facing the predicament of being "ignored" on this platform. Insufficient play counts will further reduce their income.

In addition, as the platform connects multiple participants, the revenue will be distributed among various copyright owners, including record companies, record labels and partners. Therefore, even if the play count reaches the target, the actual amount received may only be a small portion of the distributed income. Spotify has also not disclosed the transparent structure of its revenue mechanism to creators, resulting in many music creators lacking a clear understanding of the fluctuations in its income. All of these constitute the structural instability that creators face in the platform economy.

4.2. Algorithm mechanisms and AI training

Another key issue worth noting is that the rise of algorithms and artificial intelligence in the digital age has brought new challenges to artistic creation.

Spotify has not yet publicly disclosed detailed information about the data used in its artificial intelligence training. However, reports indicate that since artificial intelligence music generation platforms like Boomy were launched in the United States, users have created as many as 14.4 million songs. Although some of the songs were identified as being involved in "tampered playback" and "illegal upload", only a small portion was ultimately removed by the Spotify platform [19]. Among these contents, some high-quality AI-generated Music may threaten the rights and interests of "legitimate" copyright holders, triggering legal issues related to copyright, trademark, name and portrait rights, and sound impersonation, while low-quality content may harm the user experience [19]. Although the platform emphasizes that its artificial intelligence uses publicly licensed datasets, there are currently no clear rules in Australia to regulate the boundaries of artificial intelligence creation.

Furthermore, Spotify's algorithm itself has a profound impact on creators. From the user's perspective, Spotify uses users' click-through rates, play durations, and sharing behaviors as the training data for its recommendation algorithm, constantly adjusting its "recommendation library" [20]. This algorithm has led to Australian music with distinct cultural characteristics rarely appearing in the "recommendation library", and for a long time, it has been difficult to overcome the negative impact brought by the algorithm mechanism. From the perspective of creators, although local musicians have generated 57.1 billion views worldwide, more than 80% of them came from overseas audiences [21]. The algorithm of this platform prioritizes discovering the works of local creators in overseas markets rather than consolidating their local audiences. Therefore, for Spotify, the goal of optimizing "algorithmic recommendations" is to maximize click-through rates, rather than guiding creators to create or increasing content diversity.

In conclusion, it is clear that on the Spotify platform, Australian creators not only face challenges in their income structure but also have to deal with the new turmoil surrounding "content visibility" and "copyright control" in the context of algorithmic mechanisms and artificial intelligence.

4.3. Policy lag and governance gaps

Despite the rapid development of platforms like Spotify and the new problems they have brought, Australia's cultural policy still mainly focuses on subsidies and support for live performances, lacking systematic measures to address issues such as platform governance and the transparency of creator data.

First of all, Regarding the transparency of artists' income. Although Spotify has released the "Loud & Clear" report globally, attempting to disclose the income range of some artists, more critical factors affecting creators' income, such as the platform's revenue-sharing ratio and play rate, still lack regulation. As a copyright management agency, APRA AMCOS currently only provides basic information such as the payment process and does not interfere in other aspects [21].

Secondly, there is currently a lack of relevant legislation regarding content generated by artificial intelligence or artificial intelligence training. Australia has not yet enacted specific laws or revised its copyright laws to clarify whether creators can refuse to use their works for artificial intelligence. Daniel Ek, the founder and CEO of Spotify, also announced that the company is collaborating with major record labels to curb the threat posed by AI-generated Music in its streaming service to "legitimate" copyright holders [19].

Thirdly, the recommendation library lacks local content. Australia had previously set up a "local content quota" for radio stations to ensure that a certain proportion of Australian music was played. However, this approach has not been applied to streaming platforms, and there are no reasonable and effective policies to increase the exposure of local creators on the Spotify platform. Therefore, although the data shows that "71% of listeners want to hear local music on the platform", local content is currently not receiving effective attention [8].

To sum up, we can conclude that there are three blind spots in Australia's current cultural policies regarding the regulation of the Spotify platform: the lack of supervision over the platform's algorithms, copyright issues related to AI-generated content, and the absence of effective local content recommendation methods.

5. Conclusion

This article takes Spotify as an example to systematically explore the triple challenges that Australian music creators face in the digital age: economy, technology and regulation. Research has found that although Spotify's overall data seems optimistic, this macro-level data masks the unfairness at the individual level. For most music creators, making a living through streaming requires accumulating views that are beyond the reach of ordinary people, which makes it almost impossible for the majority to achieve this goal.

The algorithmic system further exacerbated this predicament. The recommendation mechanism of this platform leans towards mainstream global content, marginalizing local creators. This not only limits the exposure of local music but also hinders the career development of creators. Meanwhile, the entry of AI-generated music into the Spotify platform has also raised a series of unresolved issues. For instance, there are no effective regulatory rules in Australia regarding the transparency of artificial intelligence training data and the certification of copyright ownership.

The existing cultural policies have also failed to effectively address these problems. Although subsidies and institutional support can alleviate the short-term economic pressure faced by creators to a certain extent, they cannot solve the deeply rooted unfairness problems in platform governance. To ensure the sustainable development of the domestic music industry, policymakers must break through the traditional model and take more targeted intervention measures. This includes forcing platform algorithms to be transparent, requiring the disclosure of the use of artificial intelligence resources, and promoting local music through local quotas to achieve cultural diversity.

The case of Spotify not only demonstrates the opportunities that the digital platform economy brings to cultural producers, but also exposes its internal flaws. For local creators, sustainable development requires a balance between innovation and the right to create. Only through systematic reform can we ensure that the digital economy not only serves the interests of platforms but also benefits local creators and diverse cultures.

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