Report

The Ghosts in the Machine

Spotify's plot against musicians

By Sam Dolan

Illustration by Todd Gonsalves

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Are bots about ever better in the summer of 2021? At the time, I was new to the music-streaming beat. I had been tunneling the influence of Sean Lahman on Spotify's playlists for a feature story, and the story report had just been published. Within a few days, the owner of an independent record label by the name of Jeremy Lee was to let me know about a mysterious phenomenon that was "in the air" and of growing concern to those in the indie music scene. Spotify was adding tracks to some of most popular playlists with stock music attributed to pseudonymous musicians. Lee noticed that the tracks were being added to playlists with high royalty payouts. Some were particularly well-placed to exploit the rules for royalty audit. At a time when playlists created by the company were becoming crucial sources of revenue for independent artists, this was a pretty damn scandalous allegation.

At first, it seemed to me like a conspiracy theory. Surely, I thought, these artists were just DIY bedroom tracks trying to game the system. But the tracks were pretty. Over the next few months, I would spend hours listening to musicians, and label owners about the suspicious tracks. Some were closer another anything else. One digital aficionado, who had discovered fake albums that the problem could score given more medicine. "So far it's happening within a genre that mostly others ignore, and it looks like the new ska or Ska-Punk, or Gothic/Punk," the arrangist said, referring to two longstanding indie labels.[1] "But I doubt that it'll be unique to our corner of the music world for long."

By July, the story had been put public view, after a Vulture article mentioned a mental-worn from the trade press discussing Spotify's new filling system of its playlists. The company was adding tracks to playlists with the "powerful power" means with cheap fake-artist offerings created by the company. A Spotify spokesperson, in turn, told the music press that these reports were "categically extreme, full stop," the company was not creating its own fake-artist tracks. But while Spotify was not have created them, it stepped short of denying that it had added them to its playlists. The spokesperson was rebutted only related the interest of the media, and by the end of the summer, articles on the matter appeared from NPR, Billboard, and dozens of other outlets. Journalists scrutinized the music of some of the artists this suspected of being fake, and found that it was, in fact, of a pretty mediocre quality. Before this was over, the music writer David Turner had used audition data to illustrate how Spotify's "Stoltzen Chill" playlist had largely been wiped of stoltzenen artists like Brian Eno, Ólafur Arnalds, and Jóhann Jóhannsson, and was replaced by tracks from Epidemic Sound, a Swedish company that offers a subscriptionbased library of production music—the kind of stock material often used in the background of advertisements, TV programs, and uncanny video content.

But even, I admitted to the rumors that would pop up on these playlists simply as "mystery royal artists," Stock artists often had influence of streams on Spotify and pride of place on the company's own moodiofocused playlists, which were compiled by a team of curious curators. And they often top Spotify's weekly artist badge. But then seem clearly fake. Their "labels" were frequently listed as stock-music companies like Epidemic, and their profiles included generic, possible AI-generated images, often with no artist biographies or links to websites. Lee's speculation came out upsetty.

In the years following that initial spoke of negative press, other controversies would arise around Spotify's practices, including the revelation that it was accidentally and internal 8,200 artifacts dark with Joe Rogan's ex-wife, and its 2020 introduction of Discovery Mode, a program through which musicians or labels accept a lower royalty rate in exchange for algorithmic promotion. The fake-artist saga faded into the background, another of Spotify's unresolved scandals as the company increasingly came under the eye Spotify musicians grew more emboldened to speak out against it with each passing year.

Then, in 2022, an investigation by the Swedish daily Dagens Nyheter revived the allegation. The company measuring data against documents retrieved from the Swedish copyright collection society STIM, the newspaper revealed that several stocky-sounding artists were behind the work of more than two hundred "artists," and that thousands of their tracks were on Spotify and had been streamed millions of times.

Around this time, I decided to dig into the story of Spotify's ghost artists in earnest, and the following summer, I took a visit to the DN offices in Stockholm. The paper's technology editor, Linus Larsson, showed me the Spotify page of an artist called Ribbe. Since 2019, a handful of tracks had been released under this moniker, mostly via the stockholm company Firefly Entertainment, and had accumulated 1,000 listeners a month. Ribbe's "Ambient Chill" and "Instrumental Beats," two of the tracks, had more than three million streams, at the time of this writing, the number has surpassed four million. Larsson was among the elaborate artist bio, which he read aloud. It described Ribbe as a classically trained Icelandic beat maker who graduated from the "Reykjavik music conservatory," joined the "legendary Stockholm Lofty Records crew" in 2012, and released music on limited-edition cassettes until 2018. "Completely made up," Larsson said. "This is probably the most absurd example, because they really tried to make him into the coolest music producer that you can think of."

Besides the journalists at DN, no one in Sweden seemed to talk about the fake artists. In Stockholm, I visited the address listed for one of the phony labels and knocked on the door—to no avail. I met someone who knew a guy who knew a guy who was a musician who had worked for Spotify, but the local businessman would only talk off the record. He referred to the "Spotify mafia" and claimed up as soon as I told him about my investigation.

Even with the new reporting, there was still much missing from the bigger picture. Who, exactly, were the tracks getting added to these Spotify playlist? Another mystery of Ribbe was that the ghost artists were linked to a number of production companies, and that these companies were pumping out an unofficial number of tracks, but what was their relationship to Spotify?

For more than a year, I devoted myself to answering these questions. I spoke with former employees, reviewed internal Spotify records and company Slack messages, and interviewed and correspondent with numerous musicians. What I uncovered was an elaborate internal program. Spotify, I discovered, had ties but partnerships with a swell of production companies, which, as one former employee put it, provide Spotify with "music on boombox for boombox." Not a chain of employees working to send these tracks on playlists across the platform. In doing so, they are effectively working to grow the company share of total streams of music that is dispersed by the platform. The program's existence, I learned, was a response to the "Spotify mafia" and its demand for working musicians. Some fear the ghosts artists were linked to, and the income by having their tracks passed over for playlist placement or replaced in favor of PFC, others, who record PFC music themselves, most other, are in control of certain royalty rights that, if a track becomes popular, could be highly lucrative. But it also raises worrying questions for all of us who listen to music. It puts forth an image of a future in which—an streaming services push music further into the background, and normalize commissions, lower playlist fees—the relationship between listener and artist might be upended completely.

Let me lead in cross to that Spotify, after all, did not start out aiming to shape users' listening behavior. In fact, in the early days, the company's experience on the platform contrasted on the search bar. Listeners could find specific artists, albums, and tracks, but Spotify didn't "know" what to send to them beyond the limits of the playlists they created. Where the platform launched in Europe, in 2008, it positioned itself as a way to access music that was "better than piracy," like a fully stocked iTunes library that accessed over the internet, all of it available via a monthly subscription. The emphasis was on providing entry to "A World of Music," as an early campaign emphasized, with the tagline "Instant, simple and free." Users could make their own playlists or listen to those made by others.

Like many other tech companies in the twenty-first century, Spotify spent its first decade claiming to disrupt an entire industry, selling up as quickly as possible, and attracting venture capitalists to an unproven business model. In its search for growth and profitability, Spotify terminated staff repeatedly as a recalcitrantwarding platform in 2010, as an app marketplace in 2013, and by 2015 it was ready to "become the Netflix of music," as one executive said, supplying recommendations for specific moods, activities, and times of day. Spotify made its move into curators the next year, hiring a staff of editors to compile inclusive playlists. In 2014, the company was increasing its investment in algorithmic personalization technology. This innovation was intended, as Spotify put it, to "level the playing field" for artists by minimizing the power of major labels, radio stations, and other old-school gatekeepers, in their place, it claimed, would be a system that would reward fans and artists directly. By the mid-2010s, the service was actively recruiting itself as a neutral platform, a democratic marketplace that was overturning the rules of the music business with its playlists and algorithms.

In reality, Spotify was subject to the centrical influence of the majorlabel oligopoly of Sony, Universal, and Warner, which together control a 17 percent stake in the company when it launched. The companies, which controlled roughly 20 percent of the market for recorded music, had considerable negotiating power from the start. For those major-labels, the rise of Spotify would cross-pay. By the mid-2010s, streaming had consumed itself as the most important source of revenue for the majors, which were relying on cash from Spotify to offset the decline in revenue from other sources, like the declining enterprise. But while IFA companies was getting paid, the majors were left of money-some 20 percent of its revenue as had yet to turn a profit itself, something shareholders would never tolerate. In theory, Spotify had the number of options: raising subscription rates, cutting costs by downsizing operations, or finding ways to attract new subscribers.

According to a source close to the company, Spotify's own internal research showed that many users were not coming to the platform to listen to specific artists or albums; they just needed something to serve as a soundtrack for their days, like a study playlist or maybe a dinner mood playlist. The feedback listening environment that streaming had brought to the industry, the source said, was a "dangerous" one, because it was "not the artists that are the thinking seemed to be. Why pay hallucinx royalties if users were only half listening? The company was seeking to change that, the source said, by making a program that would

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(Sweat?) refers to an internal tool for managing tracks and playlists.)

The roster of PFC providers discussed internally was long. For years, Firefly Entertainment and Epidemic Sound dominated media speculation about Spotify's playlist practices. But internal messages revealed that were just two among at least a dozen PFC providers, including companies with names like Heath Hunt LLC and Carlsson Music AB. There was Quasimodo Creative AB, the production company of the Swedish pop songwriting duo Andreas Ljunggren and Jonathan Rickard, which produced tracks for mainstream streaming operators, Audiomill, which partnered with songwriter Max Martin (who has claimed the sound of global pop music since the Nineties) and promoted-agents firm Albert. In 2022, the Swedish press reported that Quasimoto was bringing in more than $32 million per year. Another provider was Indaworks Works, a subsidiary of which is Mind Music, a distributor whose website shows that it also creates tracks on Apple Music and Amazon Music. Spotify was perhaps not alone in promoting cheap stock music.

In a Slack channel dedicated to discussing the ethics of streaming, Spotify's own employees debated the fairness of the PFC program. "It seems how much more than 'retail' from actual 'normal' artists," one employee asked. And as far as the public was concerned, the company had gone to great lengths to hide the existence of the program. Internal documents show that when it interacted and classified, and, at times, even harassed, popular playlists and replaced them with low-budget stock music, it was steamrolling real music cultures, actual traditions which artists were trying to make a living. Or perhaps the company was aware that this project is changes music considerably so many of the tracks upon which the platform is based, Spotify had long marketed itself as the ultimate platform for discovery—and who was going to get excited about "discovering" a bunch of stock music? Artists had been told the idea that streaming was the ultimate meritocracy—that the best would rise to the top regardless of money. Internal documents show that the company understanding it does. PFC was not the only way Spotify was undermining its own promise of a meritocracy. Internal documents show that the company understanding it does. PFC was not the only way Spotify was undermining its own promise of a meritocracy. Internal documents show that the company understanding it does. PFC was not the only way Spotify was undermining its own promise of a meritocracy. Internal documents show that the company understanding it does. PFC was not the only way Spotify was undermining its own promise of a meritocracy. Internal documents show that the company understanding it does. PFC was not the only way Spotify was undermining its own promise of a meritocracy. Internal documents show that the company understanding it does. 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their creative work in a different way. (A Spotify spokesperson confirmed this, pointing out that "music that an artist creates but publishes under a band name or a pseudonym has been popular across mediums for decades.") But the PFC musicians I spoke to told a different story. They did not consider their work for these companies to be part of their artistic output. One composer I spoke with compared it to the use of soundalikes in the advertising business, when a production company asks an artist to write and record a cheaper version of a popular song.

"It's kind of like taking a standardized test, where there's a range of right answers and a far larger range of wrong answers," the jazz musician said. "It feels like someone is giving you a prompt or a question, and you're just answering it, whether it's actually your conviction or not. Nobody I know would ever go into the studio and record music this way."

All this points to a disconcerting context collapse for musicians—to the way in which being an artist and the business of background music are increasingly entwined, and the distinctions of purpose increasingly blurred. PFC is in some ways similar to production music, audio made in bulk on a work-for-hire basis, which is often fully owned by production companies that make it easily available to license for ads, in-store soundtracks, film scores, and the like. In fact, PFC seems to encompass repurposed production-music catalogues, but it also appears to include work commissioned more directly for mood playlists, as suggested by one the Spotify StraP team's discussion of an ongoing "wishlist for PFC partners" on Slack.

Production music is booming today thanks to a digital environment in which a growing share of internet traffic comes from video and audio. Generations of YouTube and TikTok influencers strive to avoid the complicated world of sync licensing (short for music synchronization licensing, the process of acquiring rights to play music in the background of audiovisual content) and the possibility of content being removed for copyright violations. Companies like Epidemic Sound purport to solve this problem, claiming to simplify sync licensing by offering a library of pre-cleared, royalty-free production music for a monthly or yearly subscription fee. They also provide in-store music for retail outlets, in the tradition of muzak.

As Epidemic grew, it started to behave like a record label. "Similar to any label, we were doing licenses with DSPs," one former employee told me, referring to digital service providers such as Amazon Music, Apple Music, and Spotify. "Epidemic's content is primarily being made for sync, so it's primarily non-lyrical. This includes ambient content, lo-fi beats, classical compositions. Things a YouTube creator might put over a landscape video. And this content tends to also do well in playlists such as 'Deep Focus,' for example, on Spotify."

Unsurprisingly, one of the first venture-capital firms to invest in Spotify, Creandum, also invested early in Epidemic. In 2021, Epidemic raised $450 million from Blackstone Growth and EQT Growth, increasing the company's valuation to $1.4 billion. It is striking, even now, that these venture capitalists saw so much potential for profit in background music. "This is, at the end of the day, a data business," the global head of Blackstone Growth said at the time. The Spotify–Epidemic corporate synergies reflect how streaming has flattened differences across music. The industry has contributed to a massive wave of consolidation: different music-adjacent industries and ecosystems that previously operated in isolation all suddenly depend on royalties from the same platforms. And it has led to the blurring of aesthetic boundaries as well. The musician who made tracks for Epidemic Sound and ended up on many PFC-heavy playlists told me that he was required to release the tracks under his real artist name, on his preexisting Spotify page. "My profile on Spotify picked up a lot once my Epidemic compositions found their way onto playlists," he said. "The sad thing is that rarely results in playlist listeners digging deeper into the artist of a track they hear or like."

The Epidemic artist explained how each month started with the company presenting a new playlist it had created. "You are then to compose however many tracks you and Epidemic agree on, drawing 'inspiration' from said playlist," he told me. "Ninety-eight percent of the time, these playlists had very little to do with my own artistic vision and vibe but, rather, focused on what Epidemic felt its subscribers were after. So essentially, I was composing bespoke music. This annoyed the fuck out of me."

But at the end of the day, he said, it was still a paycheck: "I did it because I needed a job real bad and the money was better than any money I could make from even successful indie labels, many of which I worked with," he told me. "Honestly, I had no idea which tracks I made would end up doing well. . . . Every track I made for Epidemic was based on their curated playlist."

While it's true that the business of sync licensing can be complicated, musicians from the Ivors Academy, a British advocacy organization for songwriters and composers, say that the "frictions" companies like Epidemic seek to smooth out are actually hard-won industry protections. "Simplicity is overrated when it comes to your rights," Kevin Sargent, a composer of television and film scores, told me. In claiming to "simplify" the mechanics of the background-music industry, Epidemic and its peers have championed a system of flat-fee buyouts. The Epidemic composer I spoke with said that his payments were routinely around $1,700, and that the tracks were purchased by Epidemic as a complete buyout. "They own the master," he told me. Epidemic's selling point is that the music is royalty-free for its own subscribers, but it does collect royalties from streaming services; these it splits with artists fifty-fifty. But in the case of the musician I spoke with, the streaming royalty checks from tracks produced for Epidemic Sound were smaller than those for his non-Epidemic tracks, and artists are not entitled to certain other royalties: to refine its exploitative model, Epidemic does not work with artists who belong to performance-rights organizations, the groups that collect royalties for songwriters when their compositions are played on TV or radio, online, or even in public. "It's essentially a race to the bottom," the production-music composer Mat Andasun told me.

The musician who made ambient tracks for one of the PFC partner companies told me about power imbalances he experienced on the job. "There was a fee paid up front," he explained to me. "It was like, 'We'll give you a couple hundred bucks. You don't own the master. We'll give you a percentage of publishing.' And it was basically pitched to me that I could do as many of these tracks as I wanted." In the end, he recorded only a handful of tracks for the company, released under different aliases, and made a couple thousand dollars. The money seemed pretty good at first, since each track took only a few hours. But as a couple of the tracks took off on Spotify, one garnering millions upon millions of streams, he started to see how unfair the deal was in the long term: the tracks were generating far more revenue for Spotify and the ghost label than he would ever see, because he owned no part of the master and none of the publishing rights. "I'm selling my intellectual property for essentially peanuts," he said.

He quickly succumbed to the feeling that something was wrong with the arrangement. "I'm aware that the master recording is generating much more than I'm getting. Maybe that's just business, but it's so related to being able to get that amount of plays. Whoever can actually get you generating that amount of plays, they hold the power," the musician told me.

"It feels pretty weird," he continued. "My name is not on it. There's no credit. There's not a label on it. It's really like there's nothing—no composer information. There's a layer of smoke screen. They're not trying to have it be traceable."

A model in which the imperative is simply to keep listeners around, whether they're paying attention or not, distorts our very understanding of music's purpose. This treatment of music as nothing but background sounds—as interchangeable tracks of generic, vibe-tagged playlist fodder—is at the heart of how music has been devalued in the streaming era. It is in the financial interest of streaming services to discourage a critical audio culture among users, to continue eroding connections between artists and listeners, so as to more easily slip discounted stock music through the cracks, improving their profit margins in the process. It's not hard to imagine a future in which the continued fraying of these connections erodes the role of the artist altogether, laying the groundwork for users to accept music made using generative-AI software.

"I'm sure it's something that AI could do now, which is kind of scary," one of the former Spotify playlist editors told me, referring to the potential for AI tools to pump out audio much like the PFC tracks. The PFC partner companies themselves understand this. According to Epidemic Sound's own public-facing materials, the company already plans to allow its music writers to use AI tools to generate tracks. In its 2023 annual report, Epidemic explained that its ownership of the world's largest catalogue of "restriction-free" tracks made it "one of the best-positioned" companies to allow creators to harness "AI's capabilities." Even as it promoted the role that AI would play in its business, Epidemic emphasized the human nature of its approach. "Our promise to our artists is that technology will never replace them," read a post on Epidemic's corporate blog. But the ceaseless churn of quickly generated ghost-artist tracks already seems poised to do just that.

Spotify, for its part, has been open about its willingness to allow AI music on the platform. During a 2023 conference call, Daniel Ek noted that the boom in AI-generated content could be "great culturally" and allow Spotify to "grow engagement and revenue." That's an unsurprising position for a company that has long prided itself on its machine-learning systems, which power many of its recommendations, and has framed its product evolution as a story of AI transformation. These automated recommendations are, in part, how Spotify was able to usher in another of its most contentious cost-saving initiatives: Discovery Mode, its payola-like program whereby artists accept a lower royalty rate in exchange for algorithmic promotion. Like the PFC program, tracks enrolled in Discovery Mode are unmarked on Spotify; both schemes allow the service to push discount content to users without their knowledge. Discovery Mode has drawn scrutiny from artists, organizers, and lawmakers, which highlights another reason the company may ultimately prefer the details of its ghost-artist program to remain obscure. After all, protests for higher royalty rates can't happen if playlists are filled with artists who remain in the shadows.

Liz Pelly is the author of *Mood Machine: The Rise of Spotify and the Costs of the Perfect Playlist*, from which this excerpt is taken. It will be published in January by One Signal Publishers, an imprint of Atria Books.

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