

United States Senate

WASHINGTON, DC 20510

June 20, 2025

VIA ELECTRONIC TRANSMISSION

The Honorable Andrew Ferguson
Chairman
Federal Trade Commission
Washington, DC 20580

Dear Chairman Ferguson:

Millions of Americans who love and pay for music depend on a healthy, well-functioning market built upon fair prices and compensation through the music royalty system. We have serious concerns about Spotify's recent move to convert all of its premium music subscribers into different—and ultimately higher-priced—bundled subscriptions without their knowledge or consent. These actions harm consumers and could deeply damage the marketplace and the music royalty system. We urge the FTC to investigate the impact of Spotify's recent actions, to take steps to protect Americans from being forced into subscriptions without notice or choice, and to safeguard the music marketplace.

Tens of millions of Americans pay monthly fees for access to Spotify's premium, ad-free, subscription music service through its "Premium Plans."¹ The royalty rates that Spotify and other digital music service providers must pay songwriters and music publishers reside in federal regulations set by the Copyright Royalty Board. Current regulations allow digital music providers to pay a lower music royalty rate if their paid music subscription offering is bundled with other legitimate product offerings. Seeing an opportunity, Spotify has exploited this regulation by converting all Premium Plan music subscribers into a new, bundled subscription offering without consumers' consent or any notice. Spotify's intent seems clear—to slash the statutory royalties it pays to songwriters and music publishers. Not only has this harmed our creative community, but this action has also harmed consumers.

In 2023, Spotify introduced audiobook content as part of its music Premium Plans. Then, in March 2024, Spotify quietly began offering the same audiobook content provided for free in the Premium Plans as a separate subscription and automatically converting Premium Plan subscribers to a purported new "bundle" containing audiobooks. Consumers were enrolled in the new "bundle" subscription with no notice and no ability to opt in or to continue the music-only subscription they had originally chosen. The bundle was effectively the same product with the same content offered in the original Premium Plans prior to March 2024. Spotify then raised the price of its Premium Plans on July 1, 2024, which news reports at the time estimated would result in Spotify's revenue

¹ Ashley Carman, *What Spotify's 55 Million US Subscribers Means for Podcasters, Authors and Musicians*, BLOOMBERG (Jan. 9, 2025), <https://www.bloomberg.com/news/newsletters/2025-01-09/what-spotify-s-55-million-us-subscribers-means-to-podcasters-authors-musicians>.

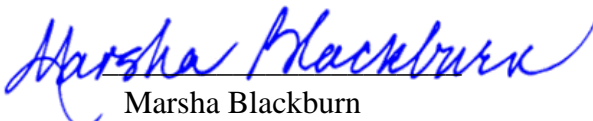
growing by \$230 million.² Despite this massive revenue increase, Spotify itself estimates the royalties it has paid to publishers and songwriters have dropped by over \$150 million in the first year of the scheme alone.³

After pushback, Spotify quietly re-launched a music-only paid service, now called a “Basic Plan.” This plan, though, is only available to certain existing subscribers—not new subscribers. Additionally, Spotify has hidden the Basic Plan so that existing subscribers must jump through endless hoops to find the option. As of January 2025, only a handful of Spotify’s millions of Premium Plan subscribers switched back to a music-only “Basic” plan.⁴

Spotify’s Audiobook Access plan and the bundled Premium Plans are apparently aimed at increasing the company’s profits while lowering royalty payments to the creative community. Specifically, it seems clear that Spotify’s audiobooks service is set at an artificially high price for the purpose of gaming federal regulations and deeply cutting music royalty payments. For example, Spotify has priced its Audiobook Access plan with 15 hours of listening time per month from a limited catalog of 200,000 audiobooks at \$9.99/month. In contrast, Spotify’s music-only Basic Plan—which includes *unlimited hours* of listening from a catalog of over *100 million songs*—is priced only a dollar more.⁵ Under the regulations, the higher the Audiobooks Access plan is priced, the lower the music royalty Spotify must pay. Additionally, Spotify’s licenses for audiobooks are consumption-based, so Spotify has little downside if the Audiobooks Access plan is overpriced. Perhaps most tellingly, the Audiobooks Access plan is not offered outside of the United States, as there is no similar ability overseas for Spotify to lower royalty rates through content bundling.⁶

As the largest music streaming service in the United States, Spotify has achieved market dominance in the American music streaming economy and their actions will have lasting repercussions on the creative community and consumers across the country. We urge the FTC to investigate this matter, and we look forward to working with you on these important issues facing Americans.

Sincerely,


Marsha Blackburn
United States Senator


Ben Ray Lujan
United States Senator

² Spotify Technology S.A., Quarterly Report (Form 6-K) (April 2025), https://s29.q4cdn.com/175625835/files/doc_financials/2025/q1/Q1-25-6K-Final.pdf

³ Kristin Robinson, *Spotify to Pay Songwriters About \$150 Million Less Next Year With Premium, Duo, Family Plan Changes*, BILLBOARD (May. 9, 2024), <https://www.billboard.com/business/streaming/spotify-songwriters-less-mechanical-royalties-audiobooks-bundle-1235673829/>.

⁴ Ashley Carman, *What Spotify’s 55 Million US Subscribers Means for Podcasters, Authors and Musicians*, BLOOMBERG (Jan. 9, 2025), <https://www.bloomberg.com/news/newsletters/2025-01-09/what-spotify-s-55-million-us-subscribers-means-to-podcasters-authors-musicians>.

⁵ *Available Plans*, SPOTIFY, available at <https://support.spotify.com/us/#available-plans>.

⁶ *Audiobooks Access Plan*, SPOTIFY, available at <https://support.spotify.com/us/article/audiobooks-access-plan/>.