

Twitch will need many more music rights deals to satisfy creators

Article

The news: Livestreaming platform **Twitch** announced an agreement with the **National Music Publishers' Association** (NMPA) on Wednesday in an attempt to alleviate the copyright issues it's grappled with for the past year and a half.

How we got here: After going years without a single music license, Twitch began receiving **Digital Millennium Copyright Act** (DMCA) takedown requests from music industry players

around May 2020, forcing it to remove thousands of videos with practically no warning to creators.

- Since then, its relationships with music publishers and its creators have been fraught. Twitch has tried mitigating the situation with tools like **Soundtrack by Twitch**, which offers a library of music from smaller labels and independent artists.
- But so far, it has not secured licensing deals with big names like **Universal Music Group (UMG)**, **Warner Music Group (WMG)**, or **Sony Music Entertainment**.

What's the catch? While the deal with the NMPA is a step forward, it's not actually a licensing deal, and it doesn't give creators any more access to music.

- The only big change is that creators will receive warnings from the NMPA if they use copyrighted music, rather than immediately being penalized and having their videos removed.

What this means: It's possible that Twitch hasn't yet seen the need for licensing agreements, as it's been able to keep its spot as the top video game livestreaming platform without them.

- But as streamer discontent with the platform grows, competitors like **Facebook Gaming** threaten to poach Twitch's talent. Facebook Gaming has made expansive licensing deals with the likes of UMG, WMG, Sony, and more, letting its more than **100,000 streaming partners** use most popular songs without fear.
- This NMPA deal is a sign that Twitch knows it has a problem, but it has a lot more to do if it wants to stay ahead of the competition.

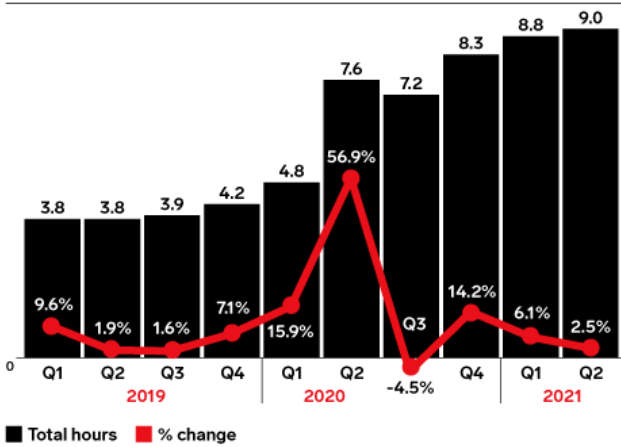
On the other hand, it's possible that the music industry doesn't consider Twitch a major asset —yet.

- Twitch hasn't minted a breakout music star, but it still could. When the pandemic put a stop to live shows, many artists turned to streaming on Twitch, leading the platform to add a dedicated "Music" category to its homepage in November 2020.
- By the end of Q2 2021, the Music category logged **over 230 million hours in watch time**, becoming one of the fastest-growing on the site, according to Stream Hatchet.
- More broadly, time spent watching livestreaming video game content has more than doubled worldwide since before the pandemic, from 4.2 billion hours in Q4 2019 to 9.0 billion in Q2 2021, **per** Stream Hatchet.

- **TikTok** also faced threats of lawsuits from music publishers in its early days, but it was able to strike deals with them after its popularity as a format, and its value as a promotional tool, became apparent. (Cue **Lil Nas X's** 2018 megahit, "Old Town Road.")

Total Hours Spent Watching Livestreaming Video Game Content Worldwide*, Q1 2019-Q2 2021

billions and % change vs. prior quarter



Note: includes livestreaming video content viewed on Facebook Gaming, Mixer (until its closure during Q3 2020), Twitch, and YouTube Gaming; Twitch figures include time spent viewing the "Just Chatting" channel; *excludes China
Source: Stream Hatchet as cited by Streamlabs; Insider Intelligence calculations, July 27, 2021

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Key takeaway: Alerting streamers about their use of copyrighted music is a good step, but with competitors inking licensing agreements that give creators access to vast libraries of tunes, Twitch will need to do the same. Licensing deals could be a win-win for Twitch and music publishers alike.