Fake streams, real phenomenon: the CNM working with the industry to fight streaming fraud

As part of parliamentary debates on the draft bill relating to the French law on the regulation and protection of access to cultural works in the digital age, the Minister of Culture tasked the Centre national de la musique with executing a study on stream manipulation on online music streaming platforms.

The CNM is now publishing the results of this study, for which all industry players impacted by this fraudulent practice were contacted to take part, including: platforms (Deezer, Spotify, Qobuz, Apple Music, YouTube, Amazon Music), producers and distributors (Universal, Sony, Warner, Believe, IDOL, Wagram), CMOs (Sacem), professional organisations (UPFI, SNEP, SMA, FELIN), music publishers, artists, managers, lawyers, media, and companies specialising in the subject.

Definition of stream manipulation

Stream manipulation of online plays can be defined as the **artificial creation of online plays or views by human and non-human means with the aim of generating income, improving chart position and/or swaying a recommendation system (playlists, search).** The study identifies the **different types of stream manipulation** on streaming platforms and highlights **certain associated risks**:

- A sharp increase in the number of streams recorded on a platform, without a proportional increase in the number of paying subscribers, automatically leads to a **drop in the unit value of a stream** and therefore a drop in the amount of royalties paid to rights-holders.
- **Consumers trust the market less** thus use the service less (impact on charts and recommendations) and trust platforms' security systems less and fear that their account will be hacked.
- **Apart from the artist's reputational damage, fake streams disrupt artists' algorithmic profiles** as they weaken engagement rates thereby reducing an artist's "recommendability", and also disrupt the recommendation algorithm by providing misleading information, since fake users don't behave like normal music fans.
- Several industry professionals reveal that they cannot currently rely on an artist's platform performance (for signing an artist to a label, booking them for a show, or getting them on a radio playlist). This leads to **a lack of trust in the platform-distributor relationship as well as in the market**.

Mobilising action

The platforms interviewed as part of the study indicated that they have the technological resources necessary to identify fraud. However, participating platforms each used their own individual fraud detection methods. Qobuz and Deezer applied their detection algorithms at the user account level - which can lead to some "false positives", and Spotify applied it at the track and album level.

Industry players are increasingly mobilising their voices on the issue, with some platforms implementing new actions: Apple Music and Amazon Music indicated that they have invested in new technological solutions and have recruited new dedicated teams; meanwhile Spotify is developing informative tools for artists and labels.

Some distributors have developed alert systems to detect abnormal streaming activity on their catalogues, **but again the majority of players don't use the same fraud detection tools.** Rights-holders have limited access to data (particularly concerning users) compared to platforms, but have the advantage of being able to analyse performance from one platform to another.

Extent of fraud detected in 2021

Based on the data provided by Deezer, Qobuz, Spotify and the panel of distributors (Universal, Sony, Warner, Believe and Wagram, who represent more than 90% of Spotify's top 10,000 and more than 75% of the overall volume of streams on Deezer), we were able to identify that **the share of fraud detected on the participating platforms in France is between 1% and 3% in 2021**. In relation to market figures, this represents **between 1 and 3 billion streams detected as being fraudulent.** On Deezer and Spotify, more than 80% of streaming fraud occurs on the services' long tail (outside the top 10,000), while on Qobuz fraudulent activity is mainly concentrated to the most-listened to tracks.

On the platforms that participated in the study, **between 6 and 13% of abnormal streaming activity was detected as coming from the trial-period plan**. Streaming fraud is mainly identified as coming from a computer (65% on Deezer and 31% on Qobuz) and **the family plan amasses 54% abnormal streaming activity on Deezer**.

On Spotify and Deezer, the most popular genre in the top 10,000 most-listened to tracks is **hip-hop/rap** (more than 50% on Spotify and 40% on Deezer). In terms of distribution, **the majority of streaming fraud detected therefore comes from this genre** (84.5% and 27.7% respectively). On Deezer, **the share of streaming fraud detected is higher for ambient music (4.8%) and non-music tracks (3.5%).** The data from distributors also confirms this trend.

On Spotify's top 10,000 most-listened to tracks (supplemented with data from distributors), **96% of streaming fraud detected comes from new releases and 93% from the local catalogue**. **The share of streaming fraud detected on local new releases amounts to 0.46%.** This figure is at 1.18% on Qobuz's top 10,000, and 0.75% on Deezer.

Certain qualitative interviews conducted highlighted the extent of streaming fraud that went undetected, with participants communicating their concerns:

- The methods used by fraudsters are evolving and continue to improve. The practice seems to be becoming more widespread and some industry professionals are even approached directly by artificial streaming services to increase their streams figures.
- Some rights-holders and lawyers mentioned the likelihood that this practice is part of a strategy to "launder" income from illegal or even criminal activities.

Legal action

Different legal actions and remedies are possible and have been identified and detailed in the study, in particular based on the fraudulent behavioural patterns already laid down in the law and likely to be sanctioned: fraud, unauthorised access to automated data processing systems (STAD), and unfair commercial practices under criminal liability; but also tort liability, non-compliance with contractual conditions or general conditions of use, trademark infringement, and unfair competition under civil liability.

Nevertheless, the main legal difficulty lies in the stream manipulation process whereby **the initiator (actor initiating the request) is rarely identified and identifiable.**

Recommendations

The CNM recommends developing an **inter-professional charter for the prevention of and fight against stream manipulation**. If the recorded music industry were to adopt the charter, it would help to define and outline precisely what these practices are; raise awareness amongst industry professionals and artists of the legal risks associated with stream manipulation; and finally to formalise and standardise warning processes and graduated penalties.

In addition, with the same reasoning applied and in close collaboration with all industry actors concerned, the CNM proposes to continue **work on data analysis and detection methods**, with support from a trusted third party and to examine the possibility of setting up regular audits. At the same time, a **transparency assessment of platform procedures** (detection, signalling, sanctions) could be set up in collaboration with the *Pôle d'expertise de la régulation numérique* (PEReN – the French national centre of expertise in digital regulation), a service within the French Ministry of the Economy and Finance. The General Directorate for Competition Policy, Consumer Affairs and Fraud Control (DGCCRF) could also be called upon to highlight the possible existing clampdown measures before considering implementing or defining new industry-specific measures.

The CNM will regularly meet with a monitoring committee made up of industry figures impacted by stream manipulation to ensure that measures to prevent and combat such fraud are effective and adapted as necessary. Furthermore, a new study will be carried out in 2024.

To find out more → read the study on stream manipulation on music streaming platforms