

DOLLARS AND SENSE

Without advertisers or major investors, Bandcamp turned a profit helping musicians at all levels make a living. Now, as payment models in the streaming era come under scrutiny, will its influence grow?

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Ethan Diamond
(left) and Josh Kim
photographed March 15
in San Francisco

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DYLAN BALDI, THE FRONTMAN OF THE CULT favorite garage-rock band Cloud Nothings, has a new favorite holiday. "I don't care about Christmas anymore," he jokes over the phone from his home in Philadelphia. "In a way, this feels like 'Music Day.'"

He's talking about Bandcamp Fridays, when the online music marketplace Bandcamp waives its cut of sales — 15% of digital, 10% of physical — and passes along all revenue to artists and their closest stakeholders (like labels and managers). Originally launched as a single-day effort on March 20, 2020, to help artists at the start of the COVID-19 crisis, the event stuck around as it became clear the pandemic wasn't going anywhere either. So far, the platform has held 11 Bandcamp Fridays, directing \$48.3 million toward artists and labels from over 800,000 customers — and that's on top of the \$148 million it has paid out from normal sales during that time frame.

With touring off the table for now, Baldi speaks for countless other acts when he says that Bandcamp is "honestly the only way" that his band currently makes money. Last July, Cloud Nothings launched a subscrip-

tion offering fans a monthly EP available exclusively on Bandcamp at two price tiers (\$5 and \$9 per month). With around 600 current subscribers, the program brings in between \$3,000 and \$5,400 monthly. The band, which in February released its seventh album, *The Shadow I Remember*, makes an additional \$50 to \$100 per day from Bandcamp sales, which jump to about \$600 on Bandcamp Fridays. (The money is split among Cloud Nothings' four members and their management, Monster Artist Management, which waived its cut during the early stages of the pandemic to aid the group's financial stability.)

Bandcamp Fridays have also been a lifeline for independent labels, like Philadelphia-based Get Better Records, which brings in four figures each time around. "Losing out on that, where would you be?" says founder Alex Lichtenauer, who started Get Better in 2009 to promote LGBTQ artists and also performs in post-punk trio Control Top. "If you're a label like us, that's how you've been surviving this past year." Even so, Get Better is one of many labels (including ANTI- and Merge Records) that have followed Bandcamp's lead by waiving their own earnings on some Bandcamp



Fridays or donating them to a charity.

In a time of great isolation and fewer communal music experiences, however, the tradition hasn't only benefited creators — it has become a beacon for fans, too. Twitter and Instagram are alight with cheery announcements of new merchandise and music, while the jokey webpage IsItBandcampFriday.com broadcasts a resounding yes. "It's nice to have this thing people can all share on one day," says Baldi, "like a TV show everyone's watching."

The now-monthly event, which will continue through at least May, has also sparked more serious conversations. The loss of touring laid bare the shaky economics of most music careers and forced the industry to grapple with an uncomfortable truth: Although music streaming has revived the business as a whole, artists are often the last to earn a profit. Over the past year, artists and executives have increasingly called out streaming services like Spotify for its paltry royalty rate (approximately 0.0038 cents per stream) and pro rata payment model, which pools subscriber revenue and doles out earnings based on rights holders' share of total streams — a system critics say unfairly benefits superstars over smaller artists.

Comparing the two companies may be too simplistic, but many of those same critics point to Bandcamp, often in the same breath, as proof that — yes! — paying artists what they're worth and making money needn't be mutually exclusive. Dreamed up by tech entrepreneur Ethan Diamond in 2007, Bandcamp says it has been profitable since 2012, a milestone it achieved without running ads and with taking only one small initial investment from True Ventures. The company says it earns 80% of its revenue through the cut it takes from sales, with the remaining 20% coming from services like Bandcamp Pro (\$10 per month) and Bandcamp for Labels (\$20 or \$50 per month, depending on roster size), which offer additional tools and analytics. To date, it has paid out over \$702 million to hundreds of thousands of artists and more than 9,000 labels that can receive the money relatively quickly: Bandcamp payments are delivered through PayPal within 48 hours.

In achieving all this, Bandcamp has perhaps become the tech world's biggest ally of working- and middle-class musicians. Acts of all levels use Bandcamp, but it has particularly suited those artists with few resources simply looking to make a decent living off their work, filling a void that has become more pronounced as the music industry has gone digital. The company's biggest cheerleaders speak of their love for Bandcamp as if it were a band itself or an institution of a bygone era.

"Bandcamp, to me, is that great indie record store," says Matt Pollack, GM of Monotone, a management company whose roster includes Jack White and Margo Price. "It's like in [the movie] *High Fidelity*, where you walk in and there's other like-minded people. It's not, 'I got here because of an algorithm.'"

Bandcamp, in fact, had already opened its own record store and headquarters in Oakland, Calif., in 2019. But it has recently strived to be much more than that. Last year, the company expanded its vinyl pressing service, added a livestream tool and grew its head count by 40% to 80 staffers — the company's biggest hiring year yet. So far, Bandcamp has been particularly successful at upending conventional industry wisdom about

Baldi (left) and Dupuis

"HELPING ARTISTS GET PAID IS A CONVERSATION I WANT HAPPENING ACROSS ALL BUSINESSES IN THE MUSIC SPACE."

— DIAMOND

what fans will pay for and why. Now, as the company balances its ambitions with the values that have shaped its slow and steady path to profitability, Bandcamp will find out just how far good intentions can take it.

IN 2007, ETHAN DIAMOND WAS TRYING TO BUY a download of an indie band's album when he ran into some issues. First, the band's webpage wouldn't load. Then, the download failed. Finally, Diamond sent a message to the band's general information email address. The lead singer wrote back with an apology and a zip file of the album — one filled with mislabeled, low-quality MP3s.

"This was like all bands in 2007 of a certain level," recalls Diamond, chatting over video from his home in San Francisco; he's wearing a T-shirt for local funk-rock band The Bluchunks. "I thought, 'This band should be really successful.'" he continues, looking a little peeved at the memory. "The idea that something was preventing that from happening really bothered me."

He had a hopeful thought: Maybe fans had turned to piracy not because of the cost of music but the method of buying it. "The real problem was that people were so distanced from the creators," says Diamond, who sold his first company, the email service Oddpost, to Yahoo in 2004 for reportedly close to \$30 million. "You go to iTunes to buy a record, and you're buying it from Apple, and maybe your money eventually gets to the person you want to support. With streaming, it has gotten even more abstract. You're not even having that moment of, 'I am buying this record.'"

He envisioned a better, cleaner version of Myspace geared toward musicians who could personalize their pages and sell music directly to fans — all without having to "completely give your identity over" to the platform, he says. Diamond took the idea to his former Oddpost colleague Shawn Grunberger (co-founder and current chief technology officer); they hired Joe Holt and Neal Tucker as founding engineers, and together the four launched the website in 2008. "It was like, 'OK, let's do this,'" recalls Diamond. "Let's make this thing that I really want to exist."

Musicians have good reason to be skeptical of the many businesses that brand themselves as "artist first." But with his earnest enthusiasm and habit of talking about the music business in conceptual, almost philosophical terms, Diamond, 49, does not come across as the average Bay Area tech bro. At one point in the conversation, he refers to an anecdote from a years-old *New Yorker* article about Prince, in which the artist



Diamond

instructed the co-writer of his memoir to write down the phrase "music is healing" before anything else. "I love that story," says Diamond, who grew up playing saxophone in a jazz band. "That's the first thing that came out of his mouth!"

Bandcamp's commitment to ethical business is what attracted Josh Kim to sign on as COO six years ago. "I was like, 'Let me see if these people are for real,'" says Kim. A friendly, polite 35-year-old who joins our first call with a bandanna tied around his forehead and a mic stand in the corner of his room, he had been disillusioned by the music business as an indie-folk artist himself. "Within five minutes of talking with Ethan and Sean, it was clear."

At first, though, Bandcamp did not look like a game-changing startup. In its earliest days, it was a haven for niche subgenres like video game soundtracks (still popular on the platform today), field recordings from faraway places (like *The Golden Flowers of Channel Island* by Dolphins Into the Future) and music for subcultures like "furrries" (people who dress as animals) and "bronies" (male *My Little Pony* enthusiasts). Diamond remembers a week when a student-produced college

musical was among the top sellers.

Bandcamp also wasn't making money, having launched as a site that was free to use. But as its community grew, Diamond began to view profitability as a bigger issue. "If we're presenting ourselves as an important way for artists to build careers and make money," he says, "for us not to be operating as a company that is going to be here for the foreseeable future — how can you have those two things next to each other?"

So in 2010, Diamond introduced the revenue-share model that Bandcamp uses today, explaining in a lengthy, candid blog post his company's motivations. Diamond calls this "the hardest part in Bandcamp's history" because he feared disappointing the community, and indeed, some disgruntled artists left the platform. But the switch was widely met with support, and within two years, the company processed enough sales to become profitable. "If you're making money from fans and advertisers, and then out of that money you're having to pay the artists, music is actually your cost — and you want that cost to go down," says Kim. "But we want our artists to sell more music and make more

money because that's the only way we do."

The tradeoff of this approach, they say, was the speed at which Bandcamp could — or couldn't — evolve. Unwilling to give up control of the company in exchange for more investment capital, the team had to tick off milestones slowly: the ability to sell merchandise in 2012; user accounts for fans in 2013; similar accounts for labels in 2014. ("I think there was an assumption among labels that Bandcamp was anti-label," adds Diamond, "when really, four of us were working on the site, and we didn't have a chance to make [label pages].") In 2016, the company launched its editorial division, Bandcamp Daily, which features artist interviews and covers such far-flung topics as the disco-flavored "bubblegum music" of 1980s South Africa.

Human curation is not unique to Bandcamp, but it is behind one of its most notable success stories. In 2011, Austin-based folk musician Alejandro Rose-Garcia, who records as Shakey Graves, released his debut album, *Roll the Bones*, exclusively to Bandcamp with a pay-what-you-want system and zero promotion. A Bandcamp staffer added it to the website's homepage rotation anyway, though. "I wanted to take

a more anti-capitalistic and DIY approach," says Rose-Garcia. "Bandcamp just stumbled into my vision."

Over the past decade, *Roll the Bones* has sold more than 100,000 copies exclusively through Bandcamp at the same flexible price point, with fans paying an average of \$5.94 for it. To date, Bandcamp sales of his albums (not including merch) have made up about a quarter of his income from music sales. For the album's 10th anniversary in April, Rose-Garcia put it on streaming services, but he still makes his entire catalog available at Bandcamp on a pay-what-you-want basis for 72 hours starting every Feb. 9, which Austin's mayor declared Shakey Graves Day in 2012. "This is the organic way that I really did want my music to bleed out onto the internet," says Rose-Garcia. "Bandcamp sort of has that in its code."

The site's community culture, which includes reviews and public profiles with wish lists and purchase history, translates to hard dollars. "Bandcamp is very much a fandom platform," says MIDiA Research managing director Mark Mulligan. "Fans go there to express their support for artists." Those interviewed for this story all say the majority of fans pay the suggested prices or

more for pay-what-you-want items. Sadie Dupuis, of the rock band Speedy Ortiz and the solo project Sad13, marvels that fans often calculate credit card processing fees and pay extra to cover them. "I've had people tell me they wish there was a check box to cover the fees for the artist," she says. "Those are the kinds of fans that Bandcamp is attracting."

It also attracts like-minded employees, to whom the company's emphasis on transparency, accessibility and corporate responsibility also appeals. Although Bandcamp has an office, it has always been the norm for employees to work remotely from across the globe, and about three-quarters of them do, signing on from locales like Paris, Tokyo and Nairobi, Kenya. Its "careers" page has an unusually detailed breakdown of its hiring process and the timeline on which candidates can expect to hear back about an application. Each year, Bandcamp invites employees, artists and labels to meetups where they can discuss ideas for future projects, plus do karaoke. The company also makes its politics clear: In addition to organizing other fundraisers, it now allocates \$30,000 annually to partner with racial justice organizations.

And although Bandcamp has staffed up significantly, Kim says its revenue-share model serves as a kind of compass since Bandcamp's income is directly tied to that of its artist and label users. "Our goal is generally to prioritize the things that are going to have the biggest impact on the overall sales for each artist," says Kim.

Half of Bandcamp's revenue-share dollars come from physical sales, so in 2019, the company began testing a vinyl pressing service that would make it easier for artists to cash in on the ongoing vinyl resurgence. U.S. vinyl sales grew 46.2% between 2019 and 2020, to a record 27.54 million records sold, according to MRC Data — and Bandcamp alone sold 2 million records globally, nearly doubling its count from the year before. The service allows artists to crowdfund vinyl projects, after which Bandcamp coordinates production, shipping and customer support. After testing the offering with 50 pilot vinyl projects, Bandcamp sent invites to 10,000 more artists this past January.

Two months earlier, as the industry was still learning the best ways to monetize digital concerts, Bandcamp launched Bandcamp Live, a ticketed livestreaming platform that also lets artists sell music and merch during streams. Growing that tool, along with duplicating the vinyl pressing service for other physical goods, are among Diamond's next priorities.

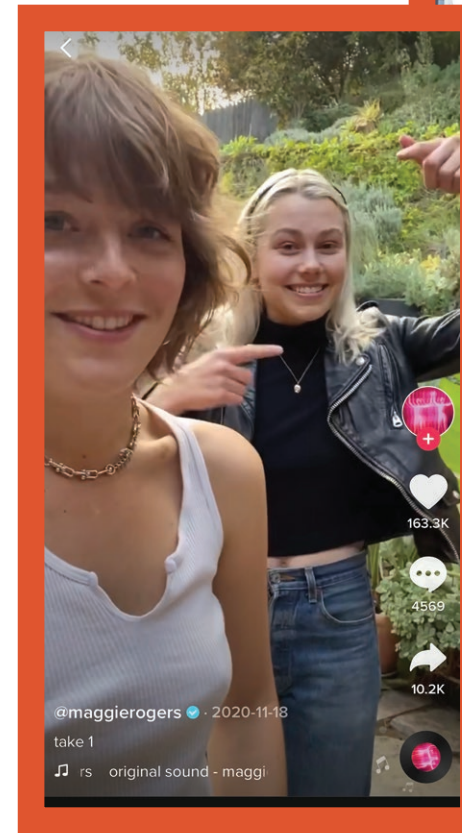
"Being at a point now where [Bandcamp] is working, and all we have to do is expand the ways for fans to directly support artists, it's just a pleasure," he says. "We're at a point where it's really, really fun."

ON ELECTION DAY THIS PAST NOVEMBER, Grammy Award-nominated singer-songwriter Phoebe Bridgers blurted out a semi-serious promise on Twitter: "if trump loses I will cover iris by the goo goo dolls."

What seemed like a joke got real after Maggie Rogers offered background vocals, the Goo Goo Dolls gave their blessing, and Joe Biden, of course, won. But rather than release the cover widely on streaming services, Bridgers and Rogers put it on Bandcamp, where it was available as a pay-what-you-want exclusive for just 24 hours on Nov. 13.

If that already felt like a music fan's pandemic-time

From left: Rogers and Bridgers on TikTok celebrated the success of their "Iris" cover in November; Rose-Garcia (center) onstage in Austin in 2020.



Dupuis, who lives with Baldi (they're a longtime couple), tweeted that she made 500% more money in November from Bandcamp than she did that month from Spotify. She sees sharing that information as central to her work as a member of the Union of Musicians and Allied Workers (UMAW), which last fall launched a Justice at Spotify campaign to raise the service's per-stream rate to a penny. "The more we talk about this stuff, a couple more people find out and maybe buy [music in] a different way that compensates people more adequately," she says.

On a "really good" Bandcamp Friday, Dupuis can bring in \$5,000, but she says she still struggles to make up for lost touring income. (For artists with several band-

music business, SoundCloud in March became the first major streaming service to implement a so-called "user-centric" payment system for some artists, who will be paid based on the revenue generated by individual fans, not how many streams the artist accrues compared with the overall pie. Even Spotify seems to be feeling some pressure. On March 18 — days after UMAW held an international protest at Spotify offices in 31 cities — the company launched a "Loud & Clear" website breaking down its payment process.

In the meantime, Bandcamp's influence is being felt in smaller but no less significant ways, says Monotone's Pollack. In January, singer-songwriter client Pete Yorn independently released the covers album *Pete Yorn Sings the Classics* on Bandcamp ahead of it hitting streaming services — a move Pollack believed would better monetize the album as well as give fans a moment to gather around. "That changes the whole outlook from how we were doing music a year ago," he says. "All of a sudden, we're radically rethinking the release schedule. I do think Bandcamp is going to change things going forward, and it already has."

For all the talk of how much Bandcamp could reshape various corners of the music industry, Diamond is surprisingly modest about the company's future. He is not interested in replacing labels, making flashy acquisitions or becoming an alternative streaming service — all the things one could imagine the company reaching for. Of course there are more features he would like to add. But the most powerful thing Bandcamp can do, in Diamond's eyes, is not much at all. "The vision for the future of the company is really not that different from what it has been all along," he says. Stray too far, and it risks losing what makes it work.

And for many of the artists who rely on it, that is more than enough. "Having Bandcamp around is peace of mind, in a way," says Rose-Garcia. "It's comforting to know that it works, and it's there." **B**

fever dream, what happened next was even wilder: Despite its limited availability, the cover sold more than 46,900 downloads and earned over \$173,000, all of which went to Fair Fight Action, voting activist Stacey Abrams' organization fighting voter suppression. The track also debuted on the Billboard Hot 100 at an impressive No. 57 (just behind a Travis Scott song), marking Bridgers' and Rogers' debut entries on the chart and the first Hot 100 success exclusively driven by Band-

"WE WANT OUR ARTISTS TO SELL MORE MUSIC AND MAKE MORE MONEY BECAUSE THAT'S THE ONLY WAY WE DO."

— KIM

camp. "When given the chance," says Kim, "fans will go above and beyond and support artists all the time."

With wins like the "Iris" cover, many artists hope the increased attention on Bandcamp will force a shift in the way the music industry compensates them. That's why in December, as Spotify rolled out its annual Wrapped campaign summing up users' listening habits for the past year, some artists and fans used the occasion to call attention to its payment model. "Your spotify wrapped is basically just a list of artists you owe money to lol," Baldi wrote in a semi-viral tweet from the @CloudNothings account. The music blog aggregator Hype Machine even has a tool that analyzes users' Wrapped playlists — and generates links to buy the music on Bandcamp.

mates or large teams, that money can be spread even thinner.) She is optimistic yet frank about how much the company can potentially change the industry around it. "It's not like Bandcamp has made it so that things are normal," she says. "But it has made it so things are a bit less hard."

Diamond noticed the Wrapped chatter too, though he chooses his words carefully and talks about the debate more broadly. "I was happy to see artists talking about this," he says. "Bandcamp's mission of helping artists get paid is a conversation I want happening across all businesses in the music space, and any business that's looking at how to do that better, that's fantastic."

Some appear to be. In a watershed moment for the

