

Critically evaluate how new technology has turned the music industry from a product to a service sector

In recent years streaming has become ubiquitous. Apart from the recent vinyl revival, the majority of music consumption is done via streaming platforms. You no longer ask the average consumer how they consume their music, but rather which platform they use to do so. The entire industry has moved away from a model based upon acquisition to one based purely on payment for use. With platforms such as Spotify and Apple Music requiring their users to pay monthly subscriptions, gone are the days of the audience owning a product. Rather they now rely on labels to produce, and streaming platforms to provide music to us as a service. As a result, the entire industry has experienced a substantial reduction in its revenues as the substantial income of selling physical media has disappeared. Interestingly the advent of streaming platforms is perhaps the most surface level example of this transformation. The industry as a whole has had to exploit every revenue stream it can as a response to its downturn. And so we have also seen a rise in B2B services such as sync libraries or services provided to artists as means to support or exploit them. In this essay I am to discuss and evaluate how new technology is the root of this industrial upheaval. In order to do this I will firstly chart the music industry's evolution from a product into a service sector and subsequently discuss the positive changes and ramifications that occurred as a response to this change. Due to the word count, I will be limiting the scope of this essay to mainly focus on streaming with occasional references to the other services I have briefly touched upon.

For the last 40 years the music industry has been led by disruptive technological advances. Each advancement has resulted in the consumer being offered the opportunity to purchase and own more and more music, this being in part due to lowering costs as well as the methods of consumption becoming less space intensive. From the vinyl player, music playing technology shrank to the size of a portable walkman. This continued period of innovation and sales is quite fondly remembered by the industry as 'the Golden Age of Music'. However, as technology advanced so too did the opportunity for bad actors to circumvent the necessity to part with their money. It is not solely the fault of music pirates that the revenues for recorded music dropped dramatically, but also of the industry as a whole which did nothing to react to the wants of their audience. Terry McManus argued that the industry's biggest mistake was not finding a suitable alternative for the 7" single. Many consumers were put off of the prospect of having to purchase

an entire album just to listen to the one song they wanted. (It must be noted that CD singles were prevalent in the UK, however they were less common in the US). Therefore McManus argues that upon the advent and popularisation of the MP3, it was only natural for a service like Napster to appear. Music piracy allowed millions to find '*the* song by *the* artists they love', in a move he termed 'The Revenge of the Single'. (McManus, 2001).

Napster could not last long under the constant pressure of legal challenges from the entire industry and so in its place Apple cornered the market by developing iTunes in 2001. Central to its business model was the unbundling of albums resulting in the sale of 99p singular tracks. This saw a continued drop in recording revenue which, coupled with piracy that was still rife, saw the entire industry find itself in a tailspin (Lakhani and Iansiti, 2014). The digitalisation of music appeared to be the death knell for the music industry until further global technological advancement provided it with a lifeline. By the mid to late 2000s internet connectivity became ubiquitous and the ability to stream content online became commonplace. As a result the music industry made tentative steps towards accepting its place as a service industry as it placed its trust in the subscription based model of streaming platforms. While the revenues were much lower, many studies showed that the majority of music pirates had a positive attitude to Music as a Service and would be willing to stop pirating as a result. (Dörr et al, 2013)

One major benefit of the industry's drastic change is the democratisation of both creation and distribution. With the rapid technological advancements in home computing and digital audio workstations, many more artists have found it easier to record, produce and master their own work. Previously this was only a luxury afforded to those who could afford to pay for studio time, or those with label support. However, the ability to self-produce records is worth nothing if there is not a way to distribute it. Streaming has allowed artists the ability to release their work to the masses. As with any newfound opportunity and subsequent gaps in the market, businesses have been formed to offer what we could call business to creator services. Companies such as CD Baby offer services for artists to be able to distribute their music onto streaming platforms for incredibly affordable prices. Unfortunately, ease of distribution appears to be where the democratization stops as there is an inherent imbalance in how artists are rewarded on streaming platforms. A point I will further explore later on in this essay.

In regards to the user, consumption has never been easier. Streaming platforms have offered consumers the ability to listen to almost any song they want. No longer are they constricted to the size of their collection or their wallet. Interestingly enough the subscription based model has encouraged the average user to spend more than what they were historically paying for when the main source of music was purchase driven: \$48 per year compared to \$120 (Pakman, 2014). However, through curated playlists and ease of sharing, listeners are being exposed to more artists than ever before which in turn has encouraged an increase in live performance attendance. And so the live sector, which is perhaps the only sector that can't be classified as a service, has seen a dramatic increase year on year since, with the whole sector being worth almost \$28 billion as of 2019 (PricewaterhouseCoopers, 2019).

Therefore, from a purely business standpoint music as a service has saved the industry from what looked like an insurmountable decline. Recorded music revenue has continued on a growth path that started in 2016 after an 11 year slump (Rosenblatt, 2019). Streaming services have resulted in 63% of that revenue, whilst digital radio has contributed another 12%. As mentioned previously this is in direct reaction to a decrease of music piracy. The ease of streaming has turned the majority of those who previously pirated back into legitimate forms of consumption. As of 2018 only 10% of Britons admitted to piracy, down from 18% in 2013 (Shepherd, 2018).

For major labels, the evolution of music into a service has pushed them to view their artists in entirely new ways. Due to the dramatic decrease in revenue streams from more traditional routes, the entire industry has had to look for opportunities to diversify the value of an artist and their music. Now more than ever, artists are being used to boost the reputation of brands through partnerships and sync deals. Labels can tap into the idea of their artists and their releases being a marketing commodity and sell them on a cultural marketplace (Hesmondalgh, 2013, pp.30-32). Brands who use their image or songs are hoping to tap into an amazing amount of cultural capital by partnering with popular artists. Therefore, labels are aiming to license their recordings in lucrative advertising deals just as much as they are hoping to hit one million streams. The artists themselves are becoming a service, rented out by their label to the highest bidder. With artists becoming increasingly tied to 360 deals, you only have to look at Justin Bieber's deal with Universal's Def Jam to understand why the release of his 2015 album *Purpose* was built off of the efforts of nearly 1,500 marketing experts. (IFPI, 2016,

p.12). While revenues from recorded music decreased between 2000 and 2016, branding and sponsorship deals more than doubled (Mulligan, 2017).

Whilst the industry's move towards that of a service industry has offset the damages of piracy, it has caused one major crisis. The financial viability for smaller artists to pursue a full time career in music. Despite the widening access for recording artists due to the democratization of distribution, there is nevertheless an uneven distribution of career opportunities: investment, marketing and promotional agreements with brands. (Meier, 2019) This is in part due to the fact that pay-per-stream widely benefits the major artists, as their songs make up a higher proportion of the revenue streams. For many smaller artists the amount paid per stream is barely enough to cover costs. Though there is a chance that the amount of streams could add up to a substantial sum over time, there is little chance they have the financial reserves to allow for such time to pass (Johansson, 2019).

One major criticism of streaming platforms themselves is the lack of ownership. As the industry has, in a wider sense, moved away from selling products to providing music as a service, listeners no longer own the vast majority of the music they consume. By no longer purchasing their records, music has become somewhat 'immaterial' (Bartmanski & Woodward, 2015). Even though songs purchased on iTunes were purely digital, consumers still curated their own collection. Currently there is a reportedly lesser sense of ownership as users of streaming platforms can create their own playlists, which results in an 'investment of self' (Danckwerts & Kenning, 2018). Yet this sense is dismantled when songs are taken off the selected service without notice (Johansson, 2019).

Relationships with music have gone from being innately emotional to widely disposable. That is not to say that devoted music listeners have ceased to exist, more streaming has created a broader listener base. Many of whom are less engaged and take music for granted. In a qualitative study of music use, the participants, young adults from Stockholm and Moscow, described music as 'air' or 'breathing', not as a focal point for devoted fandom (Johansson et al., 2017). Streaming platforms, and not just those related to music, are developed in such a manner that they become central to daily life.

As a result of streaming's ubiquity many listeners have begun to rely on algorithmically manufactured playlists to influence their tastes. Tastemakers have far less sway than they used to compared to recommended songs based on previous listening habits. Whilst this not only takes away another emotional aspect it has proven to be damaging to representation. Drawing from a series of 'bot experiments' with different Spotify profiles, Maria Eriksson and Anna Johansson (2017) reported that there was a drastic overrepresentation of male artists in Spotify's recommendations. Algorithmic sexism is well reported across all industries, nevertheless it is still alarming to see it present in the world of streaming (Gupta, 2019).

Finally, and perhaps this is a more personal criticism, streaming is directly responsible for the new trend of releasing bloated albums, a trend that has begun to dominate the marketplace. With the ease of consumption and 'return of the single' previously mentioned in this essay, the way the majority of listeners consume music has once again been radically changed by technology. We are now in an era that Dj Spooky calls 'post-playlist'. (Hogan, 2017) Listeners' primary method of appreciating music is through playlists. This has resulted in a decrease in importance for the LP. A prime example of this comes in Drake's 2017 release *More Life*. A release he described as a playlist rather than an album. It comes in at 87 minutes long, a decision that is easily explained by the more recent changes to streaming rules. In 2014, Billboard changed the rules to reflect how the wider public listen to music, this meant that they now incorporate individual song plays into the chart progress of an album. (Sisario, 2014) This in turn has encouraged the strategy of releasing overlong albums to increase their chart performance. As Jeremy Allen puts it 'It's fairly simple arithmetic: the more songs to stream, the higher an album charts, hence the heft.' (Allen, 2016)

In conclusion, streaming is here to stay and the industry's evolution into a service industry is complete, in an age of digitalisation there is no feasible alternative. However based on the majority of this essay it is safe to say that it has encouraged a host of problems. Yet this is entirely dependent on where you place yourself in the music ecosystem. For those on the business side, while recording revenues have dropped dramatically, the industry's new status as a service industry has opened up entirely new revenue streams. Whilst also encouraging the growth of existing sectors due to a newfound dependence on them, such as the live sector. Conversely, if you find yourself on the creative side you may see your opportunities becoming more and more limited. Streaming offers little in terms of financial gain, whereas the industry's

current reliance on marketing metrics pushes artists into working further out or the realm of what is initially expected. I could cynically be argued that it was never just about the music, but now more than ever artists are having to find ways to make themselves stand out. Due to service industries reliance on data, the surest way to stand out is to ensure you have the numbers behind your name.

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