

Assignment: BMTY7004 - New Technology in Music and Creative Entertainment

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Signed:

Essay

BMTY7004 - New Technology in Music and Creative Entertainment

MA Music Industry Entrepreneurship

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1.0 INTRODUCTION

Over the years, technology has vastly developed, and many industries have been affected in some way or another by it. The music industry in its entirety, has particularly seen major shifts and changes in its culture and business frames due to the power of new technology, and have been forced to adapt and mold with the changes.

It seems now as though new technology is the driving force of many agendas in today's world and the successful music companies will be the ones who understand that it is crucial to strategize around the behavior of their consumers.

This paper critically evaluates the development of new technology, referring to the methods, systems and devices that are being used for practical purposes in today's music world, and presenting the affects it has had on the music industry and how it has turned the music industry from a product into a service provider.

2.0 NEW TECHNOLOGY AND THE MUSIC INDUSTRY

Technology has drastically changed and just as it has changed, so has the nature of the music industry. The escalation of the internet, online distribution platforms and social media has undoubtedly led to some of the major changes in the music industry.

Historically the music industry creates, manufactures and distributes music. The products that they were primarily known to sell were Cassettes, CD's and Vinyl's. However, at the end of the 90s a group of "teenage Internet hackers", led by a student named Shawn Fanning, created a detrimental platform that eventually shook the foundations of the music industry. (Wikström, 2014). Shawn Fanning launched Napster, a file sharing service that allowed users to access, download and share music for free without complying to copyright procedures and compensating the rightsholders. Although Napster was legally handled and shut down it did not stop other versions of this type of service from being birthed. Following the footprints of Napster were file sharing services such as: Kazaa, Limewire and The Pirate Bay, which were highly sophisticated platforms that not even aggressive technical or legal methods could control and as soon as one was shut down, another was created. (Wikström, 2014).

The evolution of technology created a shift and by the early 2000s there was a rise in filesharing, MP3 players and a sudden outbreak in illegal downloading, later causing the sales of physical recorded music in the form of CD and Vinyl to decrease. People were no longer consuming music the traditional way, via buying products like CD's and owning it but they were instead storing music onto computers and transferring the music onto digital MP3 players.

Even today, CD album sales in the United States continue to fall and have dropped by 94 percent since peaking in 2000 (Richter, 2019). This further supports the claim that music is no longer being provided and consumed as a product. The development and distribution of information, material and communication is having a weighty effect on modern life. With the developments in technology we are now able to bridge interactive gaps and provide a many-to-many service without being affected by quantity, space or time and at an affordable price.

New technology has now created a path for content to be produced and distributed on a level that was once unthinkable. (Warschauer and Matuchniak, 2010).

Some people argue that the changes in the music industry are good, whereby others believe that it has put the industry in jeopardy. Regardless of what is believed, it is evident that technological development affecting the music industry has its advantages for other sectors as well as creatives and consumers. The music technology advancements have given more leverage and power to the mobile device and now mobile has changed the way that people can create, share and promote their music and even more beneficially makes it easier for fans to consume music. With the developments in technology, mobiles can now be used to record singles and albums through apps, albums that once upon a time would have needed huge and costly studios to create. Mobile apps that provide music streaming services such as Amazon Music, Apple Music, Google Music and Soundcloud, are also revolutionary in making it easier for musicians to control, upload and share music and for consumers to engage. (Barnes, 2017)

The lead singer of the band 'The Jive Aces', said that "being able to create quality recordings and video with inexpensive equipment has levelled the playing field for musicians by removing the industry's gatekeepers" and Isaac Mao, the creator Musicoin, believes that "tech can help create a self-sustaining music economy" (Scrimgeour, 2018). This is evidence that new technology has changed the music industry but that the change is not all negative. Although revenues from physical recorded music has dramatically decreased because people are not listening to music the way they did pre-internet via physical means, people are not listening to music any less, but they are in fact listening to music more, just through alternative platforms. (Wikström, 2014).

2.1

FROM A PRODUCT TO A SERVICE

New technology has changed the way in which music is being created, manufactured, marketed and distributed, completely reshaping the music industry. Before the prevalent development of the internet, music companies were principally thriving off their ability to control distribution but now the internet makes digital distribution difficult to control and physical distribution pretty much redundant and for these companies to survive they have had to redefine themselves.

Apple computer was the first company that was able to "create a successful online service for legal sales and distribution of music" and although they were not at the time a music industry company, they were able to convince major record labels that "music consumers would buy music legally if they were offered an extremely simple service that allowed them to buy and download music for less than a dollar per track. The service was called iTunes Music Store." (Wikström, 2014). Other more controversial platforms were then created which offered their users an easy access to a great catalogue of music that they could listen to at their own freedom and as often as they liked. This began the process that shifted the music industry from a product into a service.

An example of one of these controversial platforms would be one of the most popular music services of today - the platform Spotify, which was founded in 2006 by Daniel Ek and Martin Lorentzon. Spotify was created with the desire to provide a 'free for listeners', legal, ad-supported music service that generated licensing income to copyright holders. However, after

years of negotiating with the music industry, their platform was able to move forward by implementing a subscription scheme that would boost funding (Wikström, 2014). Although initially, many of the music industry's leading rightsholders were skeptical of the platform, Spotify have done well to compete with illegal filesharing and have millions of subscribers who pay for their service (Porter, 2019). This is revenue going back to the copyright holders and the industry, revenue which they were once being robbed of by illegal downloading. It may not be as great as before the pre-internet era, but it is arguably better than nothing.

New technology has made music extremely easy to access and there is a bountiful of free music ready and available for the world to engage in. The ease with which people can access music, either legally or illegally has its disadvantages, particularly when it relates to compensation for property rights holders. However, new technology has made it affordable and easy for artists to access digital recording equipment and has created opportunities for artists to distribute creative work globally and independently – opening new and exciting doors for artists in the industry.

Overall, the music industry is grounded on “the creation and exploitation of music-based intellectual properties”. However, the music industry is made up of a few different industries that all relate to one another – live music, recorded music and licensed music. The structure and relationship between these industries were challenged and changed when the internet and new technology took force. Recorded music was greatly affected because of the loss of distribution power but the other two sectors gained strength and distinction. Music companies had to reevaluate their framework and make the losses they were facing from the decrease in recorded music sales. (Wikström, 2014)

Things have changed so much now that “two of the records nominated for album of the year at the Grammys (H.E.R.'s self-titled debut and Cardi B's *Invasion of Privacy*) weren't even released on CD in the US” and this is the first time that this has happened since 1984 (Savage, 2019). This is evidence that record labels and artists are beginning to no longer see the relevance or value in physical distribution and are focusing more on digital distribution, streaming and marketing. Artists are now live streaming band announcements, rehearsals and live shows from their mobile phones and are buying live-streaming cameras that enable them to stream directly to Facebook and YouTube, which are effective and affordable ways to market themselves and engage with preexisting and potential new fans. (Scrimgeour, 2018).

There are still people who disbelieve in the digital and streaming era of the music industry and feel as though the royalty splits are unfair and devalue professional musicians. (Meyer, 2019). However, there are artists who are going with the flow of the times and taking advantage of some of the features these streaming platforms have to offer. For instance, Spotify allows you to discover and share music through their platform with friends, family and social media followers and they don't necessarily have to be members to listen. This means that artists can reach a wider audience and gain new followers much easily. Also, with music now being a digital enterprise, platforms like Spotify, YouTube and Apple Music can be hugely advantageous as they are rich with data and can leverage tour plans, social demographics, release dates, marketing plans and help with knowing where to invest more time, more money and helps artists to better understand their audience (Meyer, 2019). By exploring the profile of the user, “streaming services can more strategically execute in-app advertising campaigns and create an increasingly personalised user experience which, in turn, increases loyalty and engagement.” (Barnes, 2017)

Research makes it evident that streaming has outshined radio, CD and even digital downloads, “becoming the prime channel of music consumption, especially for millennials”. Research tells us that 67.2% of the time millennials spent listening to music was on mobile apps. (Barnes, 2017). This is evidence that music is now more predominantly provided and consumed as a service. Consumers are happy to have unlimited access to music within the service providers space rather than purchase more expensively as a product to own. Purchasing as a product means that you must choose and buy wisely, in the same way you would with other physical objects, such as books, souvenirs, and furniture. They’ve abandoned physical collections and have sought new ways to engage with recorded music - a way that would propel their social lives. Music consumption has “shifted from ownership to access and from the collection to the now playing.” (Wikström, 2014).

2.2

THE FUTURE

Chris Maples, the VP of Europe at Spotify said that “the generation of today will hear a track and share it instantly” and that “their desire and requirement for immediacy is the thing that’s driving the industry” (The Organic Agency, 2013). The music industry has been through many trials and tribulations. It has succeeded, failed, revolutionized and seems to be constantly changing. One thing research has highlighted is how mobile is changing the world. “The app economy is forecast to be worth \$6.3 trillion in 2021, with the same report revealing that, in 2016, 1.6 trillion hours were spent in apps.” Which is “approximately 2 hours a day spent in apps”. (Barnes, 2017). It is recommended that the music industry should focus their attention and strategizes around this environment. Apps have great potential in turning potential customers into paid subscribers because the mobile service providers have linked accounts with the app store – meaning they do not have to enter account details and transaction are easy and smooth. Besides that, mobiles are such an important aspect of our daily lives. We stream movies, read books and engage in social media apps from our mobiles. The device is becoming more and more powerful and media consumption on the move is common for most consumers.

However, Chris Maples did also make a point to highlight that there are still “vinyl junkies” out there (The Organic Agency, 2013), which supports the claims that vinyl has had a revival (Kane, 2016) – it is recommended that they music industry put some power back in this product and push the vinyl agenda.

Above all, it looks like the real winners in the music industry when it relates to the use of streaming and new technology in general is the consumer. This is suggested because there is now “more music creation taking place” and more opportunities for the consumer to engage in music freely, easily and creatively (The Organic Agency, 2013). This report finds that this may be the growing case for the future of the music industry. A world where consumers are benefitting more greatly from the industry than ever before.

3.0

CONCLUSION

The rise of the internet was and still is problematic for the music industry. Vinyl’s and CD’s were at a point in time a strong product and record labels were profitable. However, illegal downloading prevailed and hit the industry hard. Nevertheless, music streaming services have

had a positive effect on the music industry. It helped to cut down the number of illegal downloads and has in fact pushed labels into profit. These music streaming platforms are now not only providing clean recordings for consumers to experience and enjoy but they are creating further features that involve them in the creative process and that allows them to do things with the music. Mobile technology has also been able to revive the industry and still has much more great potential for the future of the industry. (Barnes, 2017). As the industry continues to adapt to new technology it will have a better standing for the future. Only by harnessing the technological move, insights and measuring its results will the music industry avoid moving blindly into new and increasingly competitive environments created by technology.

4.0

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