

MA Music Business

New Technology in Music and Creative Entertainment Lecturer: Zohe Mustafa

Essay

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INTRODUCTION

Technology has significantly influenced the music industry over time. Consider how digital recording software and streaming services evolved from the phonograph and analogue tape devices. The music industry has been significantly affected at every level during the past two decades by the rapid growth in digital technologies. (SUU, 2021)

The music industry has undergone several changes due to the introduction of new technologies, including a shift from one where products were the focus to one where services were. This essay aims to clarify the distinction between the product and service sectors, trace the evolution of consumer demands due to new technology, and discuss the ongoing pursuit of innovation. It will then make some predictions about how new technology may further distort the framework of norms currently governing the music industry.

PRODUCT AND SERVICE

In the music industry, a product is any tangible or digital object that includes a musical piece that is copyrighted. Consumers can buy and sell these goods, which come in formats like CDs, vinyl albums, and digital downloads.

A CD, for instance, is a tangible item that contains a musician or band's recorded music. Similar to CDs, vinyl records are another tangible item that includes music and may be purchased or sold by consumers. In recent years, vinyl albums have grown more and more well-liked, especially among audiophiles who value the distinct sound quality and tactile feel of playing a vinyl record. (MMF, 2016)

Digital downloads are another typical type of commodity in the music industry, along with tangible goods. Digital music files, such as MP3 or WAV files, are referred to as digital downloads. These audio files are available for online purchase and download for listening on a computer or mobile device. (R. Evans, 2012)

Basically, the key feature of a product in the music business is that it includes a musical composition that the user may purchase and use for personal listening as well as other activities like DJing or making remixes. (R. Evans, 2012)

On the other hand, in the music industry, a service is often defined as a non-tangible product that adds value to the customer's experience through access, knowledge, or experience.

Live performances in the music business are a service that offers audiences a live performance, concert, or festival experience. Fans have the chance to witness their favourite musicians play live at these events, which can lead to an emotional

connection with the performer and their music, as well as a memorable experience. (Mazing, 2015)

Streaming is a service offered by the music industry that gives users internet access to a sizable music library via websites like Spotify, Apple Music, or Tidal. Customers can instantly access a variety of music through these platforms, which can be heard on-demand or through specially crafted playlists. Recent years have seen a dramatic shift in the music industry as a result of streaming, including the emergence of playlist culture and the fall of physical sales. (M. Harris, 2021)

In these situations, the consumer is not buying the music or the product; he is “renting” it as a service.

So, in this essay, we will consider that service is an intangible offering that offers value to the consumer through experience, performance, or access to a platform. In contrast, a product is a tangible asset the consumer can own.

HISTORY OF MUSIC

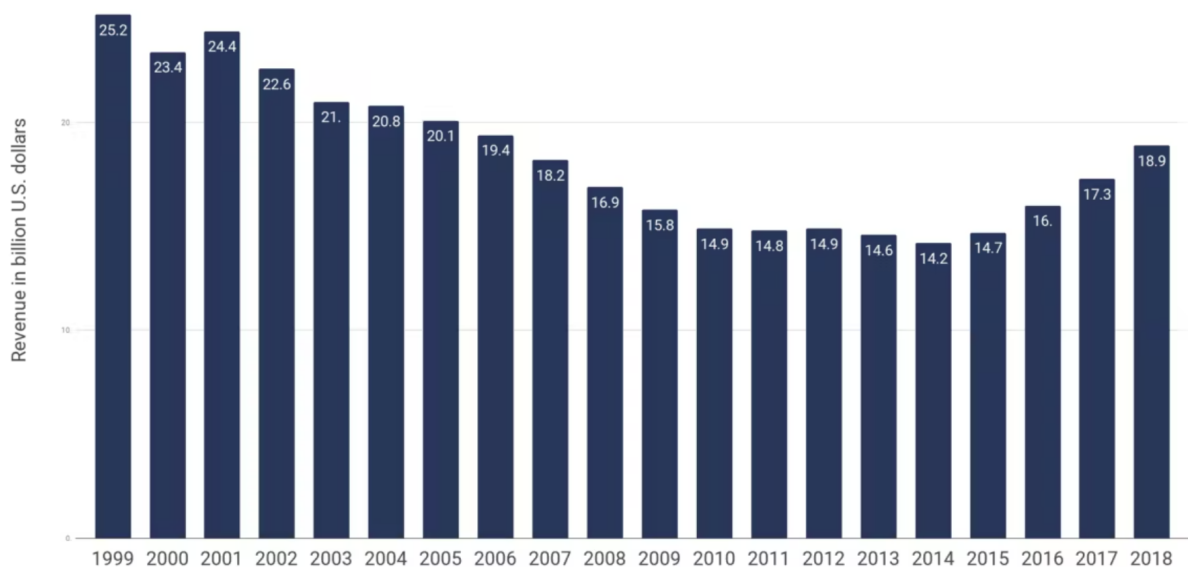


Figure 1: Global recorded music revenue from 1999 to 2018 (MIDIA Research)

1960's to 2000's

The second part of the 20th century saw the music business go through a number of apparent phases. Technology has transformed how music is experienced by listeners, starting with the introduction of the first vehicle tape players in the 1960s and continuing through the introduction of the Sony Walkman and the emergence of

personalised listening in the 1980s. The heart of the music industry, however, endured changes in recording formats, genres, and generations. (D. Pasthukov, 2019)

Labels, who at the time controlled the industry, had first to find performers. Infrastructure was given by record labels, but the connection to the media was even more crucial. The primary means of promotion for musicians were radio and television, which allowed them to reach vast audiences. A musician may become an overnight sensation thanks to prime-time rotation on a major radio station, catapulting them into a life of unrestricted earnings and widespread renown. Yet, only a small number of artists benefited from that system, leaving the majority behind. (D. Pasthukov, 2019)

The MP3 Revolution

The balance began to change by the turn of the millennium. The MP3 technology, created in 1993, allows for a 95% reduction in the size of digital music files. In the early days of the internet, MP3 sparked a boom in the digital distribution of music. As Napster (1999) pioneered music piracy and popularised digital downloads, the early warning signals of the impending crisis emerged. (SoundCharts.com, 2019)

Online Piracy

Even though it was a part of Apple's ecosystem when it started in 2001, iTunes was unable to match the allure of unlimited, free music. Physical distribution and download-to-own services were failing to compete with internet piracy, and the old sector was crumbling. According to IFPI estimates from 2008, 95% of all digital music was illegally downloaded. Other digital platforms, including Myspace (2003), Facebook (2004), Youtube (2005), and Soundcloud (2007), also started to appear around this time. They introduced fresh methods for measuring success and brought play counts and likes to the industry's notice. In that chaotic environment, the first musicians of the digital era began their careers.

According to Antoine Marcel's case study on the video streaming platform Youtube:

"In 2011, Spotify investor Sean Parker said: "Spotify is the answer to piracy.". However, even if Spotify and equivalent platforms have reduced the number of pirate downloads considerably in music from the early 2000s, the problem is not entirely solved today. (Parvez, 2022)

In 2017, 300.2 Billion users visited piracy websites allowing them to download Music, Films, Series and Software. (MUSO, 2018)" (A. Marcel, 2022)

THE ADAPTATION IN THE NEW WAY OF CONSUMING

So, as seen above, due to a number of causes, including changes in consumer behaviour and technological advancements, the traditional music industry had to adjust and transition from selling a product to selling a service. (M. Lopes - P. Coelho, 2021)

First of all, during the past few decades, there has been a significant change in how people listen to music. Digital downloads, which were later superseded by music streaming services, have steadily displaced physical music formats like CDs and vinyl albums. Instead of buying physical copies or downloading individual songs, consumers increasingly choose the convenience and accessibility of being able to stream music on demand from anywhere. (P. Wikström)

Secondly, developments in technology have made music streaming possible and more efficient. The increasing use of mobile devices and high-speed internet has enabled smooth streaming experiences, while advancements in streaming and data compression technology have made it simpler to stream music with little to no buffering or interruption. (P. Wikström)

Ultimately, the music industry has shifted to streaming as a more lucrative economic model. Whereas distributing music to a global audience through physical sales and digital downloads frequently required hefty upfront production and distribution investments, streaming services enable this to be done with much lower overhead costs. Moreover, streaming services earn revenue through membership fees and advertising, creating a more steady and predictable revenue source for the music industry. (M. Lopes - P. Coelho, 2021)

RELEASING MUSIC IS EASIER

The democratisation of music production and distribution, technological advancements, and the rise of social media and online platforms all make it simpler to release music now than it was before streaming services were developed. (T.Hodgson, 2021)

Firstly, the development of digital music production tools has made it easier and more economical for musicians to generate high-quality recordings from their homes or personal studios. This has reduced many conventional obstacles to entry, such as the requirement for expensive studio time or professional equipment, making it easier for independent musicians to record and release their own music. (A. Dixon)

Secondly, the emergence of digital distribution platforms like streaming services has made it easier for artists to get their music in front of a global audience without the requirement for a traditional record label or distribution network. This has made it simpler for independent musicians to reach their audience directly and has created new chances for specialised genres and forms of music that may not have been commercially feasible in the past. (J. Wilson, 2022)

Thirdly, new channels for musicians to promote their music and engage with listeners have been made possible by social media and online platforms. Artists now have new opportunities to share their music with audiences and interact with them thanks to platforms like YouTube, TikTok, and Instagram. This enables them to gain a following and independently promote their work. (S. Cole, 2019)

Finally, the rise of digital marketing and data analytics has made it easier for artists to target their marketing efforts and reach the right audiences for their music. As a result, artists have been able to grow their fan bases, promote their work, and advance their careers more successfully.

Overall, it has become simpler for artists to produce and release music independently, without the need for conventional record labels or distribution networks, thanks to the democratisation of music production and distribution, technological advancements, and the rise of social media and online platforms.

All of the above explains why there was a shift in consumer behaviour. On one side, consumers would have to pay less for unlimited new music. On the other hand, artists would be able to produce and release their music without going through a conventional and expensive system and be able to focus on their fanbase with the analysis of their data and demographics.

Both parties win from the development of streaming services created by technological innovation and improvement.

LIVE EVENT

According to Patrik Wikström, the money generated by record labels has been significantly impacted by the switch to streaming platforms. Due to the growth of streaming services, the music business has expanded recently, while record companies' income from physical sales and digital downloads has decreased. (P. Wikström, 2014)

While the move towards streaming has caused a drop in the amount of money record labels have made from physical sales and digital downloads, record labels have changed how they do business to concentrate on discovering fresh talent and exploring new revenue streams.

Indeed, live performances give musicians a chance to perform in front of sizable crowds and generate income from ticket sales, item sales, and sponsorships, which can be beneficial for the music business. Popular musicians with a sizable fan following who can fill enormous venues with their performances can make a lot of money from live performances.

However, live events have always existed, but the impact of technology may even develop this service even more in the near future. Indeed, with technological progress, such as holographic concerts, even if their favourite performers are deceased or unable to tour live, fans can view virtual renditions of them performing timeless music. This can bring fresh cash for the music business while giving fans a special and unforgettable experience. (K. Ifeanyi, 2019)

According to James Parket from the website The Atlantic: “ABBA Voyage is a success, artistically and neurologically. The pop star as pure illusion, pure imago, pure energy state.”

But holographic technology is not the only way for people to attend new generation Live Events. For instance, a new option for singers to connect with fans in a virtual setting is through concerts in Fortnite, a well-known online video game. These events take place within the game, enabling users to take part from the comfort of their homes and engage with the virtual world and other players. (A. Viridi, 2021)

Millions of players have attended concerts in Fortnite because they are so well-liked. For instance, almost 12 million gamers participated in the Travis Scott virtual concert over its five-day run in April 2020. Travis Scott appeared at the performance in a virtual form, performing on a number of different stages and interacting with the virtual set in various ways. Custom animations, lighting effects, and other visual components were also used during the concert to give audience members an immersive and engaging experience. (A. Viridi, 2021)

BLOCKCHAIN

According to Caseay Newton from the Verge (2021), the problem of proper pay for musicians is one of the major challenges the music business faces in the digital era. While digital streaming services have increased consumer accessibility to music, they have also upended established business structures and raised questions about the compensation that artists are receiving for their creations. (C. Newton, 2021)

The music sector has already seen the emergence of a number of blockchain-based platforms, including Ujo Music, Mycelia, and Choon. These platforms make direct payments to artists possible, make payments for licences and royalties easier, and increase the transparency of how money is made and distributed. (S. Daley, 2022)

Music streaming services may benefit from blockchain technology in a number of ways. Blockchain's potential to enable direct transactions between artists and consumers, cutting out middlemen like streaming services and record labels, is one of its key attractions. More transparent revenue generation and distribution processes and more equitable revenue distribution for artists may result from this. (M. Tengblad, 2022)

Obviously, blockchain technology will implement in the future new ways of consuming and sharing music, driving the consumer even more to service-based audio consumption.

CONCLUSION

In fine, the music industry has undergone a significant transformation from a sector centred on products to one based on services. As digital streaming platforms and other online music services have grown in popularity, consumers' access to and consumption of music has changed. As a result, the industry's focus has shifted from selling physical goods like CDs and vinyl records to offering digital services like music streaming, virtual goods, and online concerts.

While this change has given musicians and business professionals new opportunities, it has also presented considerable difficulties. For instance, questions regarding fair artist pay and a reduction in revenue for conventional music sales channels have arisen as a result of the expansion of streaming services. Moreover, new ethical and legal problems, including copyright infringement, data privacy, and algorithmic bias, have emerged as a result of the growing focus on digital services.

Overall, the transformation of the music industry from a product-based to a service-based industry demonstrates the constant influence of technological innovation on the creative industries. It's evident that musicians and industry professionals will need to continue to adapt and innovate if they want to succeed in this quickly changing environment, even though the full effects of these changes are still being felt.

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