

New Technology In Music *BMTY7004*

Lecturer: Karma Bertelsen

Element 1: Essay

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

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Introduction

This essay will discuss the ways in which the development of technology has impacted the music industry. It will explore the notion that the music industry has changed from a product to a service sector, and will include opposing arguments where appropriate by using a range of secondary sources.

Entrepreneurs and inventors have always endeavoured to capitalise on popular services. Music, arguably having always existed, would naturally be monetised and commercialised, this was inevitable. The constant development of technology has served to bring music to a wider audience and find new sources of revenue within the industry that exist, generally, to boost the sale and consumption of music. However, perhaps the production of music is far less important to music businesses currently, as it is not as profitable as it once was. This creates a grey area of what is technically considered the music industry, if music is no longer the main product, then the music industry no longer exists, and should perhaps instead be considered the entertainment industry.

The History of the Music Industry

It could be argued that the music industry began as a service sector. Historically, music was performed live, and only through the creation of the phonograph in 1877, did it become a physical product (Pinch & Bijsterveld, 2004) (Dov, 2017). As technology advanced, this was improved with the creation of vinyl in the 1930s. Around this time Frank Sinatra, who can be seen as the first 'modern pop star' rose to fame (Savage, 2011) (Plastic History, 2018). This was not a coincidence. Vinyl, as well as other media outlets, allowed artists to be seen and heard by the masses, and therefore accrue levels of fame, success and wealth that had not yet been reached. This is why the mass production of vinyl and recorded music can be seen as the transformative point in history, that transitioned music from a live service to a physical product. As the focal point was expanded from resting on music alone, but to also the artist's image and brand, recognising that these factors also have the power to heavily influence record sales and increase other revenue sources. The development of video services like MTV only served to aid this. Artists like Madonna, who were able to be visually appealing, thrived from this development, however, artists who relied solely on their music struggled more. Despite this, the quality of music was still very important if a long-term music career was desired.

However, it cannot be ignored that the main product of the music industry is the music itself, whether it is streamed or a physical copy, it is the main product created. Perhaps the shift was a natural occurrence due to the creation of digitalised music which led to the consumer expectation of cheaper or completely free music. Because of this development, there was far less money to be made from music, and the artist and label would suffer, in order to combat this other methods of generating profit were necessary, hence the new focus on other aspects of the music industry.

Whilst it could be argued that the music industry will always be product-focused first and foremost, as music is a product regardless if it is in a physical or digital format, and music is supposed to be the main creation of the music industry. In recent years, there is more focus on framing the artist as a product, and less on the music they are creating. Music consumers often purchase their favourite artist's music because they believe in their message, and buy into the entire brand that is the artist. The rise of service-based businesses has placed the release and consumption of music as less important to the artist as a whole.

Digital Music and Streaming Services

It could be argued that there is not as much attention given to the creative aspects of a song nowadays, sound quality is still important, but the substance of the song is less so. This is a critique many music fans have expressed, that "they don't make music like they used to" (Milner, 2019). This could be because so many songs exist in the present day. There are 60,000 songs uploaded to Spotify a day (Benitez, 2023). Perhaps, as technology has become more accessible, there is simply far too much music in the world and it is harder to create unique sounds that have not been heard before. This may be true, but within the pop genre, it seems more likely that many industry professionals have figured out that there is a certain formula that works to sell music, and they will continue to use it until consumers lose interest, at which time a new artist will pave a new path to success, and this will then be copied continually until consumers lose interest, and thus the cycle repeats.

Ultimately, however, there is not enough money to be made from streaming alone currently. As many artists cannot survive on the money they make from streams, they often have to maintain other jobs at the same time. They simply do not have time to spend making music the way that artists used to. This is due to the royalty rates that streaming services offer, and could be seen as one of the main reasons that music is different nowadays.

The digitalisation of music that took place in the late 90s completely changed the perceived value of music. Music could be downloaded illegally for free, streaming platforms were created as a way to combat this, and whilst offering very little to the artist, it was better than the alternative of nothing. Resulting in the sale of music becoming far less profitable, and the perceived value lowered. People were not willing to spend their money on music the way they used to, therefore new ways for music businesses to earn money had to be created. Additionally, there became far fewer barriers to who could release and share music. There was, and remains, less need for record labels who once served as gatekeepers to music distribution. This has made record labels far less relevant and profitable, therefore they were also forced to expand their services in order to stay afloat. This proves that the product, physical music, was no longer a sustainable source of revenue, so the digitalisation of music forced companies to create business models that could offer new income opportunities. This changed the landscape of the industry for many businesses.

Multi-Functional Technological Devices

The music industry has previously delivered music in a physical format that the consumer buys and then plays on a device specifically created for music to be played on. Products continue to be created, yet they are often multifunctional and are not specifically designed for music the way they used to be. To see how the needs of the consumer are reflected in the development of increasingly complex technologies, one only needs to review the evolution of Apple's products over the years. The original iPod has now been fully integrated into an iPhone, there is no need to carry two different devices as the iPhone now does it all. Apple's business model began product-focused, but through the development of software, is now also service-based, however, their main products remain their physical products, services being responsible for 19% of revenue in 2022 (Curry, 2023)

In contrast to this, Google has expanded their business from service-focused, to also creating products (Hall & Hosch, 2023). It seems as if the ideal business model for any company in the creative and technological sectors, is to sell products with fully optimised internalised systems that are compatible across all of their products. This increasing perceived ease of use, which is very important to encourage the adoption of technology, in combination with the perceived usefulness of an item (Lee & Chang, 2011).

The direct impact that this has had on the music industry, is that there is no longer a need for multiple musical devices, a modern smartphone is capable of doing it all. It is hard for companies to create products that can compete with conglomerates like Google and Apple,

so there remains a gap in the market, mainly, for new software that can be integrated into existing hardware.

There is simply no need for new products to be created specifically for the consumption of music as the smartphone does it all. There remain only the need to enhance the listening experience like headphones and speakers. However, amongst the younger generation who desire nostalgia, there remains is a consumer demand for vinyl, and even the once-popular Walkman still exists to make a fashion statement. However, it can be argued that very few vintage lovers actually use these products on a daily basis the same way they use their smartphones. There is a distinct lack of usefulness to be found in one-dimensional products designed for only music playing, and this creates a barrier to technological adoption, as established by Fred D. Davis (Davis, 1989).

A good way to encourage the use of a service is to offer it free with a product. This is often done with music-creating hardware like audio interfaces, but also with the purchase of Apple products, often a free 3-month subscription to services like Apple TV is given. This allows the consumer to begin using the service and grow accustomed to it, perhaps then keeping the subscription, and allowing the streaming service to compete with the likes of Netflix and Amazon Prime Video. In contrast, offering a free product with the purchase of a service is far harder to facilitate and far more expensive for the company. It is also more wasteful, as a free service that is not used leaves, no physical trace, but a free product that is not wanted does.

Subscription Services

The rise of subscription-based services has seen great success in the past decade, as it allows consumers of all income backgrounds to find a package that works for them. It inhibits the need to save money for weeks or months in order to be able to afford new music and instead allows instant access. Perhaps the success of subscription services is due to the lack of patience that consumers have these days. There is so much overstimulation from multiple sources and a constant flow of information and entertainment, that consumers require increasing stimulation, and subscriptions allow the user to consume music or film until they grow bored, and then they can simply cancel their subscription and receive their entertainment from a different source. The lack of commitment to streaming services often provides comfort and flexibility for the user, seeming less of a financial strain than buying a product outright.

Additionally, studies have shown that the attention span of the average consumer is far less than it once was. In 2000, the average attention span of a consumer was 12 seconds, by 2022, it declined to 8 seconds (DevriX, 2022). This increases the need to multitask and many people enjoy listening to music in the background whilst they do other things. YouTube made this difficult, as it was not possible to minimise the app on a smartphone and continue listening to music while doing other things, and even if you play YouTube on your laptop browser the number of advertisements that disrupt your videos has increased. The inclusion of ads is widely understood as being necessary for artists to provide free content, however, too many adverts can cause the user to exit completely from the app and choose to do something else. YouTube Premium is a subscription service that allows an ad-free experience for the user and allows them to minimise the app, potentially encouraging them to keep the app open for far longer than they would have otherwise. These must be beneficial features for many people, as there are 23 million subscribers to YouTube Premium as of 2021 (Shepherd, 2023). In this case, YouTube already provides a free service, but by offering a paid service they are able to further increase revenue, hardware or a physical product is not needed for the success of the business, as YouTube is compatible with every device.

On the other hand, finding ways to turn physical products digital with extra built-in services that can be accessed on one device, is a way to modernise old technology. A kindle mitigates the need to carry multiple books, they can all exist on one device. Further optimising this, Audible allows books to be read to you while you multitask and do other activities. Understanding the needs of the modern consumer is key to creating new technology that is useful and can be integrated easily into daily life.

Conclusion

It seems that the ideal business model includes the combination of products and services in order to hold the consumer's interest. However, this proves difficult when large companies dominate the market and the introduction of new products is often seen as redundant, as there is little need to change a product that is working the way the consumer needs. Therefore new services, such as apps, that can be integrated into existing devices would be far more profitable in the current climate.

In regards to the artist, there is more focus now on them creating services alongside their products in order to entice the consumer. Services like Patreon encourage fans to subscribe to artists and support their creations, whilst receiving something extra in return. In this case, the artist can be seen as the product that provides a service, which is a very efficient model to generate revenue, however, it takes the focus off of music, and the creation, performing and selling of music used to be the main product and service of the industry. Perhaps it is irrelevant the format that music exists in, as a digital product or physical product, as long as it is still the focal point of the industry. If the music industry no longer prioritises the production of music, then the industry ceases to exist.

Technology has made music unprofitable and in order for the industry to exist, services had to be created. In order to combat this, the perceived value of music needs to increase, however, this is largely in the hands of streaming platforms.

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