

Is digital music distribution an asset or a hinderance to the overall music industry?
How has music distribution changed from a product to a service sector?

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New Technology- Essay

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In this piece, the growth of music distribution services and channels, and the descent of music as a product in the industry will be discussed and analysed.

Before this can truly take place, contextual information is a necessary prerequisite.

Conventionally, from as early Edison's phonograph cylinders in 1902, right through to the launch of Napster in 1999, the music industry was exclusively product-focused. Historically, there had always been a paywall in front of music. You had to have a phonograph, and then a radio, and then vinyl, cassettes etc. to consume music. If you wanted to listen to a particular genre, song or artist, you would have source and pay for it. Whether that would be at a live event, via portable media(s) or even via sheet music. It is no wonder this is sometimes referred to as the 'Golden Age of the Music Industry.'

However, the dawn of pirated music soon brought about an end to this. It can be argued that the roots of piracy began in the mid-1970s, where consumers had access to tape recorders and would record songs from the radio, creating their own mixtapes. This process was widespread in this era, and the idea never died out, but rather the method of consumption alienated consumers. As the format shifted from cassette to CD the fans were left behind. In many cases, they were left with no other option but to spend £10 on a CD just for one song they wanted, most likely the single. As a result, consumers would pirate the songs they wanted for free, and create their own mixtapes or playlists as we now know them. As McManus wrote in a 1999 issue of Billboard Magazine "here is where the music industry made its greatest mistake. When it stopped making vinyl singles and offered nothing to replace them. It stopped a whole generation from picking up the record-buying habit" (McManus, 1999). At this exact moment, Napster and other P2P software(s) came to prevalence, and McManus christened Napster as "the revenge of the single" (McManus, 1999).

As Napster rose, the music industry came close to a near meltdown with Napster's rise, and the finalisation and the consequent mass-sharing of .mp3 files. However, as Knopper writes, taking from a 2007 interview with Doug Morris (CEO of UMG) "there's a misconception... that the record industry missed this (the rise of .mp3 vs the fall of CD's). They didn't. They just didn't know what to do" (Knopper, 2009). Knopper writes that record labels were employing technologically gifted members, but the teams were often underfunded and not valued in the overarching corporate structure.

As consumers moved towards a downloading culture, and away from the album culture, Apple and Steve Jobs decided to break their 1981 agreement with The Beatles' Apple Corps of only using "its name and logo only in the computer business, while The Beatles' company would use it in the field of entertainment" (BBC, 2006) by moving into the music industry with iTunes. The companion software to Apple's own MP3 player, the iPod, allowed users to purchase singles, albums and collections from the iTunes store. This saw the first real return of the market for single sales. Consequently, Apple initially dominated the legal download market (and took a large percentage of all sales) but piracy was still rampant. A large percentage of the younger population began to own iPods and other MP3 players, and by this point, most users were comfortable with P2P software. As such, most opted to not pay. Many opted to instead pirate their music collections, which far from solved any music industry issue. However, the technological advancements around this time led to a key influence in music consumption. Music was once again portable. Not since the days of the Walkman had the consumer had a leading, high quality, portable music player. However, with the iPod and the concurrent development of competitor models, music could be taken anywhere, anytime.

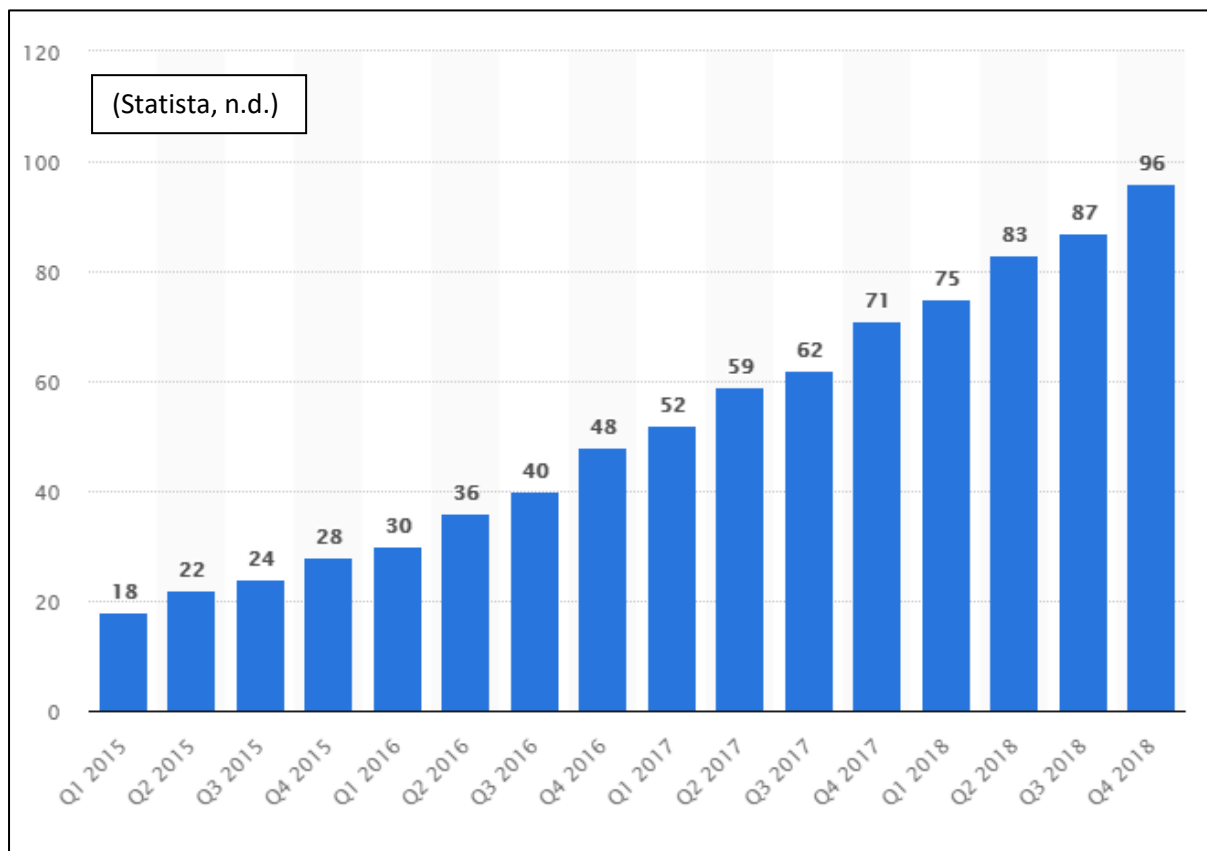
Until the mid-to-late-2000's, not a lot changed until streaming services took hold. Present day giants like Spotify, YouTube, Apple Music and Amazon Music now provide extensive catalogues for a flat service subscription fee. Although we have seen a recent resurgence in vinyl sales, and CD's are at present responsible for "£240.7 million" (Sanchez, 2019) of record label income. If you compare the income from CD's to the fact that streaming is "now worth nearly £500m and (accounts) for 60% of (label) income" (BPI, 2019) the trends are apparent, and the monetary difference is vast. Both the ease for the consumer of paying one fee and the availability of music to the end user, now means the playlist style culture Napster began to create is the way we consume music. "We live in a singles world today. No longer does anyone consistently sit down for 40 or 50 consecutive minutes to listen to an album from front to back like they used to" (Owsinski, 2018).

It is no wonder then, that with the rise of technology we have seen an increase in music distribution services. Charlie Arme, artist manager and partner of the Tileyard Group, stated in an interview that "the industry shifted 5 years ago to fully digital releases. With only limited editions of physical copies made for the superfans" (Arme, 2019). As such, the rise of independent music distributors has been rampant.

One such independent distributor is Distrokid. Distrokid was founded in 2013 by Philip Kaplan, originally a secondary arm to one of his existing business Fandalism. Since their founding, they have gained a wide rapport in the music industry, mainly due to their promise that one can "keep 100% of your royalties" (Distrokid, n.d.). Distrokid solely provides a digital release platform, to upload music directly to Spotify, Apple Music, Amazon Music and other online music-based platforms. Distrokid provides a unique service to its users, allowing them to, like music streaming services, pay a flat service fee from \$19.99 per year. This allows users to upload unlimited amounts of music during their one-year subscription. This obviously provides a large base income for Distrokid and keeps their provided services running. In terms of business strategy, it is also very shrewd. The artists at the top-earning end of Distrokid's clientele will be professional musicians. Acts like Ludacris, Dweezil Zappa and Emma-Lee all gave testimonies to Distrokid on their homepage, and all probably toured in support of their releases. This means that the top earners will only probably release one album's worth of material per year, whilst lower earning bands can saturate the market with as much music as they want to.

Distrokid essentially acts as a traditional record label would, but often gets put into the same realm as label services, which is simply not the case. Label services provide the full assistance and financial backing that a record label does. Label services typically work in marketing, brand development and promotions whereas Distrokid is solely a distributor. Distrokid takes the original music and for a free will process the registration and uploading to various third parties. Distrokid does not supply any physical products, and just solely act as an online, digital music distributor. As the distribution industry, such as Arme states, moved away from physical to digital releases it is no wonder that Distrokid, like many others, only release online. However, this model does provide a host of benefits to the end user. The relatively low entry point and the unlimited uploads appeal to the lower end, beginning artists. Not just as the price is extremely affordable, but the service is extremely useful and versatile in releasing one's music and allowing for one to expand their products reach. Despite this, the lack of physical product in a 'one stop shop' for music distribution is worrying. As Distrokid does not offer any physical products, this leads the industry further away from the physical markets and all the associated benefits. The negative repercussions of this can be seen throughout the industry and the high street. HMV in 2019 filed for bankruptcy for "the second time in the past six years" (Gruenwedel, 2019). HMV's management team blamed "a "tsunami" of retail challenges, including business rate levels and the move to digital" (BBC, 2018) and this shift to digital is

something that shows no sign of changing. As the graph below shows, Spotify subscriber numbers continue to grow, up towards 100 million., and as such consumers switch more towards streaming based consumption.



This model that Distrokid uses to their advantage, is not necessarily to the advantage of the physical and retail sectors of the music, and the service that they provide, may, in turn, be damaging to the wider music industry over time.

One business that could argue to be to the advantage of the wider music industry, is TuneCore. TuneCore was founded in New York in 2005 by a small team of three technologically minded entrepreneurs. Much akin to Distrokid, TuneCore offer digital distribution at varying price points. They offer single releases (£7.49) or an album release (2+ songs at £23.99) alongside other bespoke releases such as Apple Ringtones. Their main difference from Distrokid, despite the company being longer standing in the music industry, is TuneCore's service provisions. With regards to this, TuneCore could be seen to operate as more of a label services company. For a onetime fee (£55.99) they will "register, license, and pitch your songs worldwide. We'll collect your money and give it to you" (TuneCore, n.d.). This is more in line with a synchronisation company but is rather like the services label services companies like AWAL and Kobalt provide. TuneCore also offer the option of physical merchandising via their partner company Confliktarts. They offer "CDs, vinyls and tee-shirts printing manufacturing" (TuneCore Manufacturing, n.d.). Despite this, they cannot be seen to the answer to the problems in the wider industry. Although they are promoting the creation of merchandise, they are conglomerating the merchandise business via their own paywalls. This means that independent graphic designers, pressing plants and merchandising companies lose out to the upper echelon of music industry businesses.

Tunecore interestingly provides a service but have intentionally placed themselves as a hybrid service that offers both a service, but can create the product for the customers. Of course, this provides a heap of positives for the fans of Tunecore based artists. Mainly because the end consumer will own a physical product which provides a mountain of intrinsic and sentimental value to the right people.

Music distribution in the digital age could be seen to be devoid of intrinsic value to the end consumer. And as research states “90% of our decision makings are irrational” (Wolf, n.d.), and losing the physical product and the tangibility could seriously compromise the decision-making aspect the average consumer makes with a tangible product. “Music has always been about selling to the same group of people twice, or even three times if you can” (Arme, 2019). As such the shift away from the product to service sectors could destabilise the music industry for years to come. It is argued that “we are at the dawn of a golden age of music making and discovery, with access to music more democratized than ever – and the old gatekeepers all but gone” (Worldwide, 2018). Jeff Bezos and Steve Boom (Amazon VP) in an interview with Billboard reaffirm this idea as Boom states “I think we’re at the cusp of what I would call the Golden Age here” (Boom, 2017), and Lyor Cohen (Global Head, YouTube Music) again states “We’re entering the golden era of the music business right now” (Cohen, 2018).

Of course, the advantages to both artist and consumer are apparent in music distribution. With almost ubiquitous, instantaneous upload to all major platforms with nearly all distribution platforms, music has entered a democratized state. The abundance of choice to the end listeners, coupled with the ease of access, means music can be consumed like never before. As wearable technology increases, this could open a whole new industry of music distribution and delivery. And as companies like Amazon and Starship Technologies work on automated robot/drone delivery service(s), we could see a resurgence in physical music being delivered.

As we move towards a future where the only gatekeeper is monetary, and not based on talent, skill or professional knowledge like the industry entry points of old, this could see the overall quality of recorded music decrease. If every bedroom producer and songwriter is able to (with a large cash investment) release their music at as quick a rate as they can produce the content, this could prove to be a huge obstacle for the industry to tackle in the not so distant future. Although the removal of the traditional gatekeepers allows for a free market, a free market flooded with low-quality products ultimately can harm the overarching industry.

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