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A Critical Evaluation of how New Technology has changed the Music Industry from a
Product to a Service Sector

This essay will discuss the history of the music industry in regard to how it has changed from products to services. Since technology has helped the whole world in general, from televisions to mobile phones, it certainly has helped the music industry develop along with it. Not only this, the challenges and complications that companies and record labels have had to face and overcome over the years to stay relevant and keep up with the ever-evolving industry. Such as, recording studios only being available to musicians with a record label behind them, to musicians now having access to affordable recording equipment all within the space of their own homes. The essay will also include an evaluation of various distribution companies and applications that have helped transform the way the music industry operates.

‘The past two centuries have witnessed advancements in technology that were not thought of before’ (Deaux, 2017). What is meant by this is that the technology has advanced so much that it has changed the way music is produced, distributed and accessed in positive and negative ways. The main significant change has been the digitalisation of music, changing products from being physical and tangible items to now being somewhat invisible. In 1857, the original phonograph was ‘invented and patented by Edouard-Leon Scott’, but it wasn’t until Thomas Edison’s invention in 1877 that really made a difference in being able to play back recorded sounds and music (Electrohome, 2021). The music would be recorded using a needle and a cylinder with tin foil, and the problem with this was the tin foil would wear out quickly and complications with the device grew rapidly. This resulted in changes like using wax instead of tin foil from Alexander Graham Bell in 1880. From 1913 onwards, the device progressed to using discs and finally into record players where music was listened to on vinyl.

In 1962, Philips released ‘the compact cassette (aka. cassette tape)’, this made recording easier for those ‘without high technical skills’ (Fung, 2017). Even though cassette tapes were originally just for voice recordings because of the low sound quality, there were 2.4 million players sold by 1968 in the United States. After the quality improved, Sony’s Walkman adapted the technology and made cassette tapes portable, which was the first time music became portable (Fung, 2017). However, showing how quickly technology changes, in the late 1980s the cassette tape’s popularity ‘drastically dropped’ as a new technology swiftly came out called compact discs (CDs) (Fung, 2017). CDs had bigger storage, reacted better with humid conditions, they had enhanced audio quality, lasted longer, and were cheaper to produce. But once again the hype around CDs didn’t last long with MP3 becoming high in demand. ‘There were 132 million CDs sold in the UK in 2008, by 2018 this figure had fallen to 32 million’ (Cole, 2019). The physical product of music was nearing its end as downloads became the new craze. Apart from the obvious physical products of merchandise and concert tickets, CDs were the last tangible products for music before MP3 players, and later on streaming millions of different music on mobile phones took over.

With the start of MP3s everyone, especially labels and music companies, was excited about the new transition of technology to make it easier to sell records and music. But with great ambitions there comes great costs. 'Napster in 1999 provided a straightforward peer-to-peer file-sharing system that gave you access to millions of tracks – for free' (Grannell, 2018). It wasn't long before Napster had come face-to-face with lawsuits from all over the music industry. Nevertheless, learning to grow with the situation, 'Apple's iTunes Music Store, launched in 2003 to complement the company's digital music player – the iPod' (Grannell, 2018). This was then the beginning of turning the product into a service with the streaming audio service called 'Last.fm' that provided consumers with recommendations based on their music taste and what they had been listening to. It was the first time a 'machine [was] suggesting new music for you to try' rather than an actual person sending the suggestions, 'and often [did] a good job' (Grannell, 2018).

In 2008, Spotify came to light with all the main important points of the past situations and made a working system for those who want to stream music directly and quickly, whenever they like. For example, lossy streaming audio, 'improved consumer internet connectivity made ongoing high-quality audio playback viable [and] the more you listened, the more Spotify's recommendations improved' (Grannell, 2018). Spotify and Apple made sure that discoverability was important by using playlists to expand consumers listening tastes. It shows that streaming is the way forward because in 2016, Spotify's 'number of paid subscribers globally was 30 million but by 2019 it had more than tripled that figure to 100 million' (Cole, 2019). Apple Music is the same after launching in 2015 and now has '60 million paid users globally' (Cole, 2019). After all, why wouldn't anyone be tempted by quick access to copious amounts of music for just £10 a month?

With technology changing the way music is delivered, there are also challenges and complications for those trying to stay relevant, or survive, in the music industry. 'Over time the rise of home computer technology has led to the decline of the traditional recording studio' (Dixon, 2021). There was a time where musicians had to be signed to a record label in order to record their music, but now with how far technology has advanced anyone can purchase recording equipment and record a whole album in the comfort of their own home. The positives of this are that it has helped musicians new to the industry create and distribute music at a cheaper cost. The negatives are that it means the surge in music posted and shared has made it even harder to stand out. Not only that, it has affected record labels and recording studios massively.

The Grammys made a streaming-only album award in 2017, and Chance the Rapper was the first artist to win and he did it all without a label. Chance the Rapper is described as 'the most talented rapper of his generation and a pioneer in the music industry' (Shamsian, 2017). His album 'Acid Rap' 'was downloaded over a million times' and was in many 'best-of-2013' playlists. Chance the Rapper was also the first unsigned artist to perform on 'Saturday Night Live' in 2015 and collaborated with Kanye West on a couple of songs. His album 'Coloring Book' was about how much he hates record labels and wants to keep them away. Even though the album was 'streaming-only, it became a top-10 Billboard hit' (Shamsian, 2017). Record labels now have to prove to artists that they are still important and have to try to stay relevant among artists like Chance the Rapper, who has shown artists can make it without labels.

YouTube has helped towards streaming music as 'their streaming music traffic is growing by a staggering 109.2% every year' (Seydel, 2015). Creating a music video by oneself

and uploading it for free at no cost has greatly benefitted those unsigned musicians that are trying to be successful in the industry by themselves. Now promotion and marketing can be done without the use of a full team to do it and paying them a lot of money for their work, and instead the marketing skills can be learnt instantly from the internet. Social media platforms like Instagram and Facebook both have promotional features that help boost content over a certain amount of time with a small price to pay. These features have enabled musicians everywhere to reach their target audiences and create an awareness of them and their music.

TikTok is another social media platform that has helped artists become noticed and also generate some more royalty payments to already established musicians. The way to get a song noticed on the platform is by making it a trend. This is usually done by adding a dance choreography and hoping that the TikTok algorithm picks it up and puts it on the 'for you page'. An example of this working successfully was Doja Cat's song 'Say So', a 'Teenager named Haley Sharpe... debuted a short dance set to the breathy chorus' (Zhang, 2020). The song made it in the Top 10 and then had a remix featuring Nicki Minaj that hit number one on the 'Hot 100' playlist. It gives 'new artists a chance instead of a label just going 'Ok let's blow this song up' data on user num

Graph 1 – Extracted from BBC News article

TikTok doesn't publish their the summer's biggest tracks



[have] more than 6.5bn video views in the UK alone between 1st June and 12th August' (BBC News, 2020).

A 17-year-old producer called Joshua Stylah, or Jawsh 685, has seen first-hand how TikTok has the ability to 'boost unknown acts'. He uploaded an instrumental track created from his own bedroom in New Zealand which quickly caught 'millions of hits' (see graph 1) as well as the attention of well-known artist Jason Derulo. Jason Derulo then sang over the track that swiftly 'became the UK's second-biggest selling song of the summer' (BBC News, 2020).

Although Stylah eventually signed to Columbia Records, he had the choice to continue on his own without the help of a label.

The way music has been distributed has changed over the years so much that it proves, once again, that there is no need for a record label. 'Record labels were once the gatekeepers of the entire music industry...[they] secured deals with distribution companies who would then deliver physical music to stores', but this has changed now as artists can do all of this by themselves using distributors (Hynes, 2019). In 2019, it is said that 'on average, 40,000 tracks' were uploaded every day through digital distributors. Instead, centuries ago this wasn't able to happen as the internet was a thing of the future and no one thought it would take over and change the industry from a physical product to a service. Now, the main question artists have to decide on isn't which record label to help them release music, but which digital distributor is the best to help them release music and get the best rewards back.

Ditto is one of the most used distributors and has worked with well-known artists like Sam Smith, Ed Sheeran and You Me at Six. Ditto not only works with artists, but they also work with 'aspiring label owners' and offer them different 'tier' packages with 'great value'. Their most expensive package includes 'taking care of tasks such as official business registration with the government... handling [the] neighbouring rights set-up and label registration with PPL for royalty collection' (Hynes, 2019). They also provide their clients 'with a free domain name, contract drafting software and a dashboard to track sales'. Not only this, free distribution to 180 DSP's, but the price varies between what package is chosen.

CD Baby is another distributor that is well-known to the music industry. They are slightly different because they are 'proactive at helping artists tap into all revenue streams' (Hynes, 2019). Their services include publishing, administration but also Vinyl and CD distribution. Now that they have a partnership with Music Gateway, they offer sync for film and TV placement, and all of this starting at \$9.95 or \$69 per release.

TuneCore has a friendly user interface because it is easier to understand and navigate through when releasing music. It is better used for new up-and-coming artists compared to more established artists, or labels as they need specific information like an 'extensive label copy and info such as barcodes and ISRC's' because these have not yet been added to their services (Hynes, 2019).

'Distrokid was one of the first non-major distributors to strike a deal with...TikTok'. This allows artists an opportunity to have their music used in videos worldwide. Their services include pre-save links to help fans and consumers get notifications once the song has been released and the opportunity to add it to a playlist on Spotify. Distrokid's services are priced at \$19.99 annually for unlimited uploads, which helps them stand out as the other digital distributors have prices for each song or per album released. To add on, artists get to keep 100% of their royalties. These digital distributors have greatly helped new artists and labels in the music industry by making it easier for consumers to access their music.

Even though the music industry has changed from a product-based business to service-based business, the companies involved like Spotify have been losing money rather than gaining; 'these companies have been giving away music at a loss...there's no reason to expect any of them to achieve profitability' (Gerber, 2017). Because the industry is growing rapidly, musicians are having to use their music 'as a form of advertising to hook products and services for companies' and have to focus more on branding than the music itself (Gerber, 2017). The revenue streams that were once generated just by record sales and concerts

created an unceremonious infrastructure that frequently bred new artists. Without the same revenue streams, or something to replace the revenue streams, then a time will come when musicians will struggle with no practical way to survive and make a living off their own music. This then means that 'the music business may not be much of a business at all before too long' (Gerber, 2017). However, musicians do make most of their revenue from performing live, and since Covid-19 has made that impossible, live performances have also taken to streaming. Not only this, virtual concerts and festivals were also held. In 2020, Glastonbury Festival's Shangri-La area did a virtual reality festival called 'Lost Horizon'. 'A real festival in a virtual world: a fully interactive and multi-stage event to explore via PC, VR or mobile app' (Moore, 2020). Since it has been hard for the music industry without concerts and festivals bringing money in, this is a newfound way to keep this section of the industry from collapsing. When it seems the music industry is failing, someone somewhere thinks of something creative to keep it going and in some respects improve it for the better. The world will continue to evolve, and the music industry has shown that it will also continue to evolve with it.

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