

New Technology and Music Entertainment

How has technology turned the music industry from a product to a service?

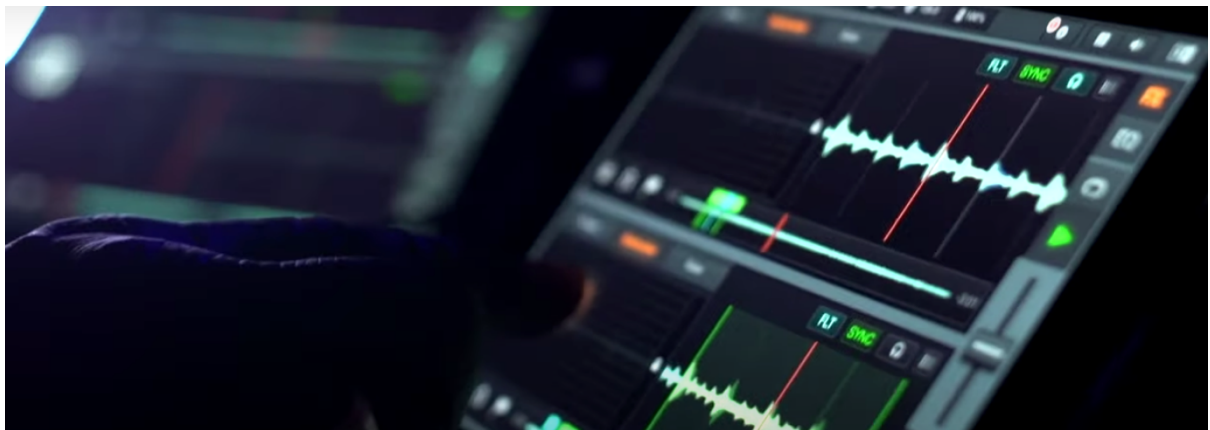
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1. INTRODUCTION

In this essay, I will be analysing how new technology has shaped the music industry in which we operate in. We will discuss how music was consumed, shared and promoted to how it currently is. Labels and artists have been trying to adapt and the ones unable to do so have been left behind. The music industry is a fast ever-changing industry and technology is greatly impacting every corner of it.

How did we get to where we are now?

2. EVOLUTION OF STREAMING PLATFORMS

Back in the early days, before the phonograph was invented by Thomas Edison in 1877, people use to listen to their favourite song in concerts. Some experts believe that music has emerged 30,000 to 60,000 years ago. (Albright,2015). Later on, phonogram was invented which was a machine that could record and play the sound back. Edison created an all wax cylinder which in 1889 hit the market. Flat discs records began in 1890 which we also all recognise it today although it is not as popular as it used to be.

Moving on, after shellac discs were released, they got replaced by vinyl after World War II, which also brought big changes to the music industry as more songs could be recorded in a single disc. Radios started to develop and play music in the air and they also had its golden age from the 20s to the 50s and more families started to buy them at home. The first radio advertisement was done in 1922 and today it is one of the most important platforms to advertise on. Radio technology has played a significant role to how the music industry has changed today and has been an influence since then.

Additionally, one of the greatest products to be invented which you could also take it with you home, was the tape in 1958. It changed the way of music consumption where you could now listen to 60 minutes of high-quality music. The cassette's ensured their way into the industry but after a short time we have an innovation by Sony in 1979: The Walkman which was the tiny portable stereo tape player. It fundamentally changed the game for music consumers since they could take this wherever they wanted to alongside with the two headphone jacks. "The Walkman name is so iconic that it's been used for a range of devices, from cassette players to CD players to video MP3 players, and is still in use today." (Albright, 2015). The first commercial compact disc or otherwise known as CD's launched in 1980. The audio technology massively evolved as now the data could be read by a laser. This invention hugely exploded in popularity and saw a massive increase in sales with different albums being released and also dominating the market for decades. In 1985, computers had CD-ROMs which you could just insert a CD and it would play your favourite songs.

Graphs taken from RIAA.

FIGURE 1

U.S. MUSIC INDUSTRY REVENUES 1H 2018

Source: RIAA

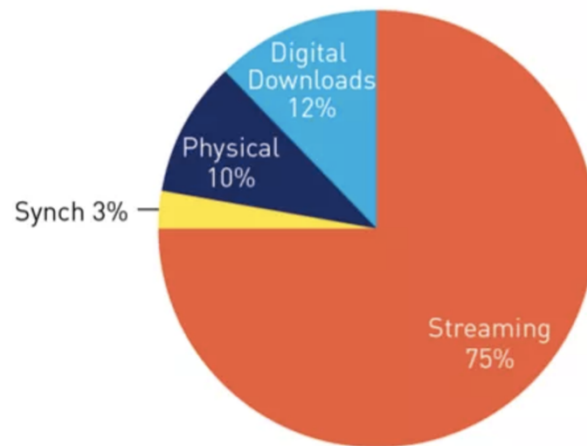
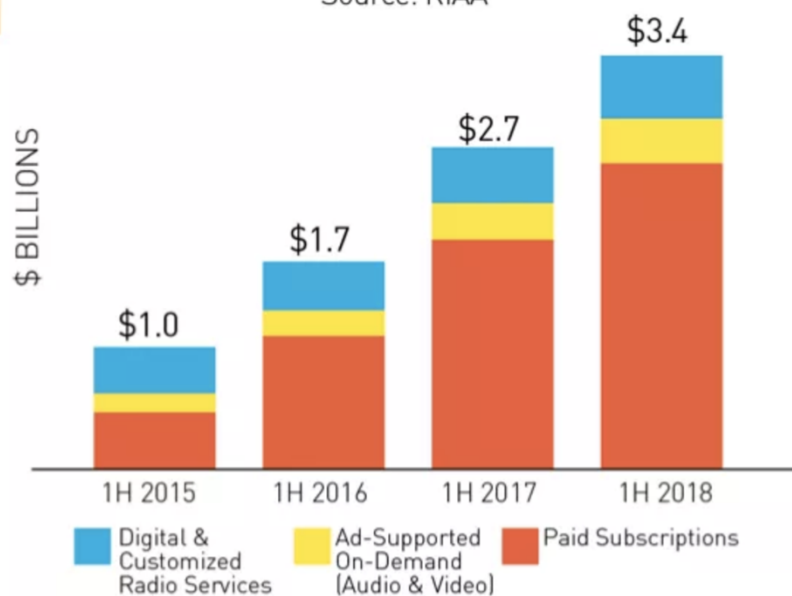


FIGURE 2

U.S. MUSIC INDUSTRY STREAMING REVENUES

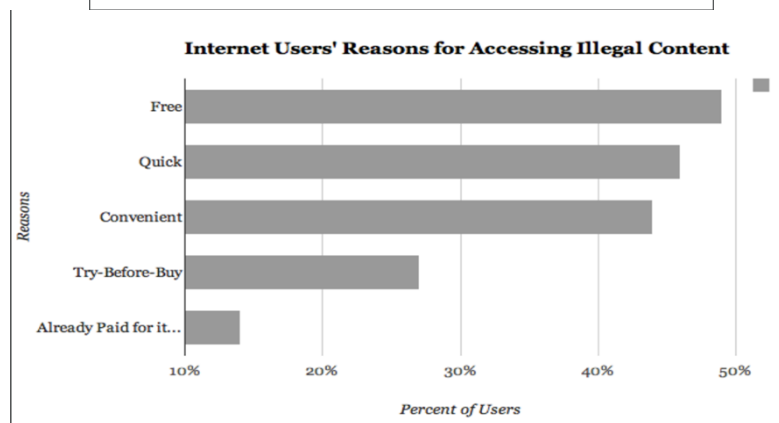
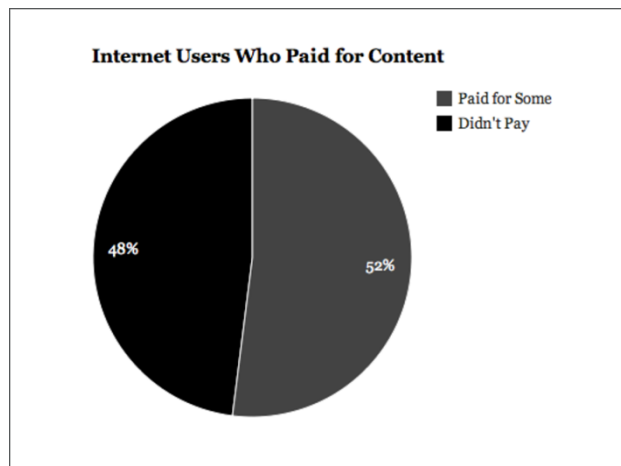
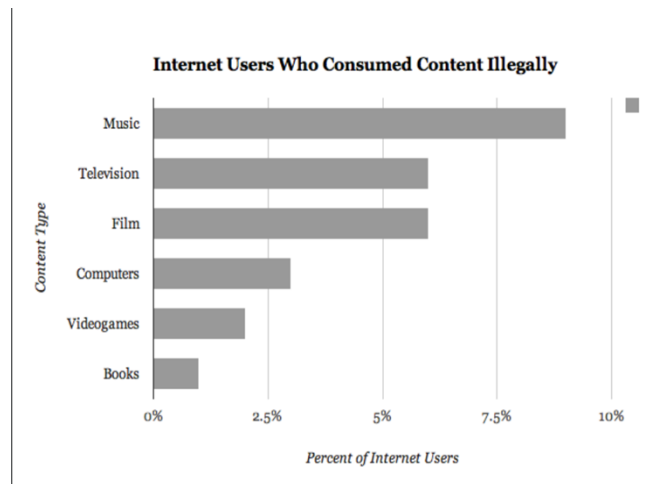
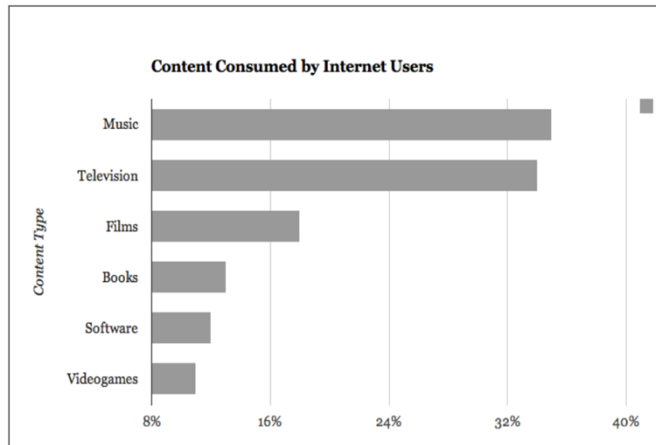
Source: RIAA



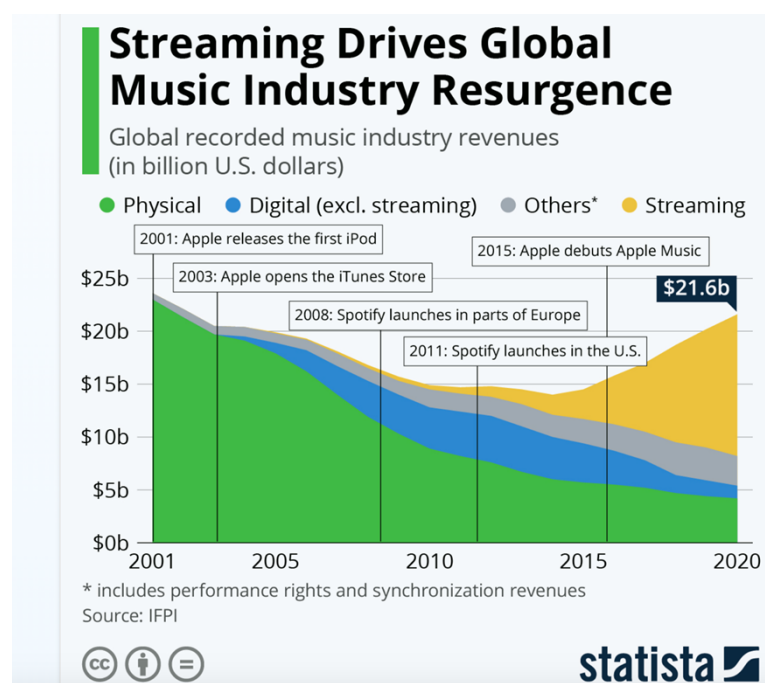
An electrical engineering PhD student, in 1982, had a thesis of how to transmit music over to digital phone lines and that is when the history of MP3's started. After years of trying to perfect the sound on those electronic devices in 1995 the MP3 was invented. Technology was rapidly evolving, and peer-to-peer music sharing became popular through Napster. Napster is a set of three music-focused online services founded in 1999 by developers Shawn Fanning and Sean Parker. (Wikipedia, 2021). This free music distribution did not last long as it has massive attacks from the music industry for copyright infringement. Lawsuits were filed against this service and unreleased songs started to get leaked in there. The music industry and the market was greatly destroyed, changed, and amazingly shifted when Apple released the iPod in 2001 which could contain 1000 songs and was sold for \$400. After it was released, it saw a massive increase in sales and different versions started coming out such as iPod Mini, Touch, Nano, Shuffle and in 2012 a report by Apple, stated that they had sell 350 million iPods worldwide. Later on, iTunes put their foot into the industry in 2001 with an update in 2004 of iTunes Music Store. Currently, iTunes has developed into a sophisticated multimedia content manager, hardware synchronization manager and e-commerce platform. (iTunes, Wikipedia, 2021).

Streaming is now more popular that it has ever been (Mn2s, 2020) and it has greatly impacted the music industry and shifted the way that we consume music. Currently, you can stream any song, anywhere at any time and from any device, offline and online. A small fee paid monthly, yearly or one off, can give you access to large set of songs without having to download it on mobile phones, so it does not take up space. Those engaged in music streaming are also heavy users of computer technology, software downloading, and digital sharing-factors that facilitate the conditions for music piracy. (Borja, 2015). In the streaming evolution, the first streaming service that was released was Pandora which launched in 2005. Currently, Pandora is an American subscription-based music streaming service and in 2019, in a report, they stated that they had about 63.5 million active monthly users and 6.2 million subscribers. (Pandora, Wikipedia, 2021). This is when all the battles with copyright infringement started and artist and labels were complaining that they were not getting paid enough from the streaming platforms. With the launch of Spotify, which is a commercial music streaming service, I strongly believe, that the technology had definitely shifted the music industry for good.

Streaming has impacted artists in many ways since illegal downloading has become easier which concludes that the artist does not get paid. Furthermore, the income from streaming is way little than it used to be for physical products which has led to shifting the industry to live performing being the main source of income for artists. Although the technology has had a great impact so far, an important factor not to forget, is that, producing and recording music has become easier than ever which leads to more music being produced. This also links back to the fact that emerging artists number will rise up and so will the competition in this digital era. Streaming has also had a big impact on charts since currently, 150 streams are equated to one sale. It is estimated that more than 28 million paying subscribers and many more free-service music streamers had access to 37 billion digital songs in 2013. (IFPI, 2014). Students, always try to find a way not to pay for the services so the music piracy is most likely to be a young audience that are possibly in a very low income that also get influences by their peers.



Moving on, one of the biggest differences that technology has invented is that the consumer cannot own a copy of the song like they used to when CD's were out. Currently, they only have access to the song. Spotify, which is a major streaming platform, offers two different versions for their consumer which one is a free version that get supported by ads and another one is the premium version where consumers can also download music to listen to them offline. They are able to create personalised playlists which has also offered new job opportunities in the music industry such as music curators, playlist plugging and so on. Spotify uses algorithms to curate these playlists which has led to them becoming an important way of artists discovery. You are able to also pre-save a song before release which has also led to different artists using this a marketing strategy. The top 5 playlists around the world, thanks to Chartmetric are Today's Top Hits, Global Top 50, RapCaviar, Viva Latino and Baila Reggaeton. (Houghton, 2020). As a conclusion, this implies that the technology has created various digital job offers in the music industry sector and many more will be created eventually.

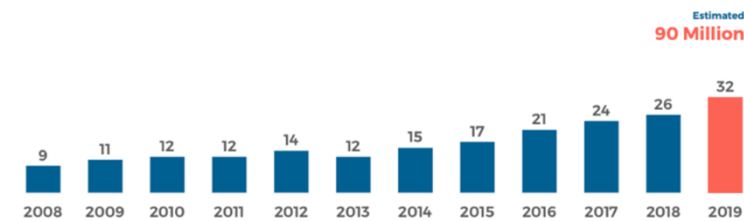


Podcasts can still be considered to be in its infancy, with the medium only really beginning to hit the mainstream around 2005, (Stillman, 2021). Podcasts are quickly raising in popularity, where you can find a range of different genres such as educational ones to comedy and literature. A breakthrough in Real Simple Syndication made that podcasting to become available. Podcasting is a simple audio blogging and came from people trying to find a way to record their thoughts on a microphone. You can also now subscribe to an audio blog as well as download it. "Apple is taking Podcasting mainstream by building it right into iTunes" said Steve Jobs in 2005. According to some figures from Edison Research since 2006, the percentage of Americans who have listened to a podcast has tripled from 11 to 33 per cent. This is a great platform to also discover artists as they can invite guests and put on different shows.

Monthly Podcast Listening

TOTAL U.S. POPULATION 12+
% LISTENED TO A PODCAST IN LAST MONTH

THE INFINITE DIAL 2019



#InfiniteDial

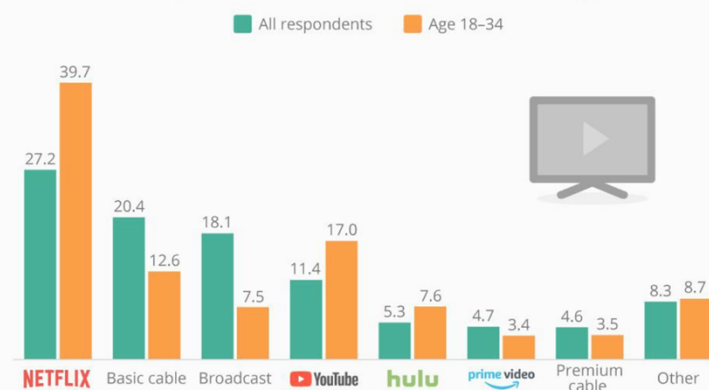
THE INFINITE DIAL © 2019 EDISON RESEARCH AND TRITON DIGITAL

Sometimes, not every song that is available on YouTube is available on streaming platforms as some platforms are not as evolved in some countries. Streaming has risen in the past several years as a viable alternative to pirating, and more and more relationships are being built between streaming platforms and labels, between musicians and their fans. (Thomas, 2020). The agreement between the labels and streaming platforms is that it needs to hold exclusive rights so that the song is not available worldwide and so that the artists can get some sales before the song is released for free.

Technology has also changed the way how we watch TV. Netflix that started initially as a DVD rental service, is now established itself as a successful streaming platform and it is amongst the most popular platforms. Currently, has 150 million global users. (Rogers, 2019). New devices are always evolving such as smartphones and tablets that now have very high-resolution screens, virtual assistants, smart TVs that support streaming apps, smart speakers and Bluetooth connectivity that connects a TV, car radio, a phone and so on. Since consumers are also in a high demand for content, producers also have to create more content to satisfy their needs. The near future holds a lot for us, and I strongly believe that most of the major networks will launch their own streaming services.

Netflix Is Americans' Platform of Choice for TV Content

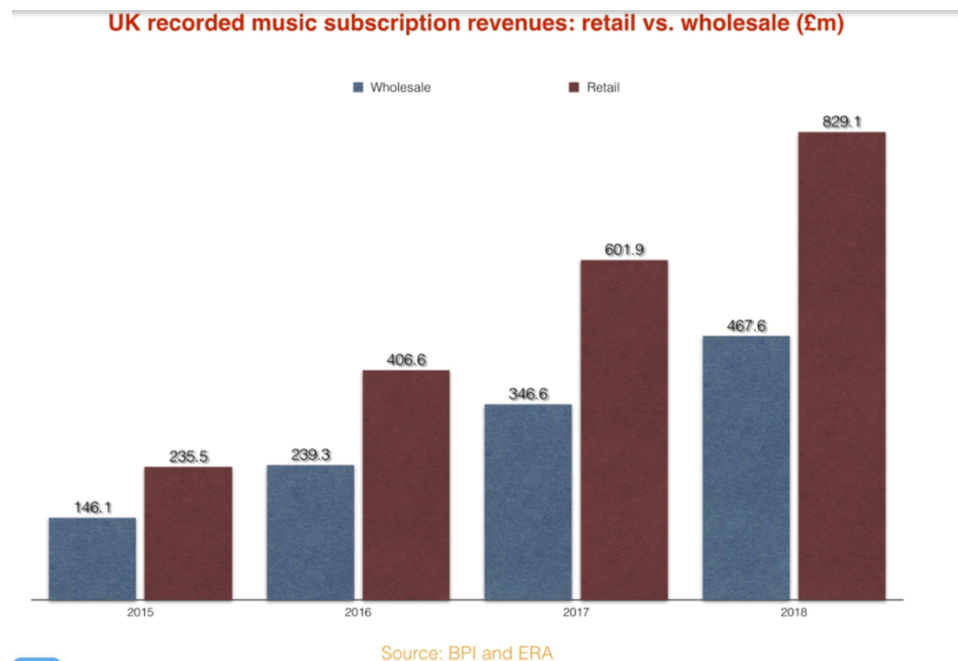
% of Americans who prefer to watch video content on TV on the following platforms



Based on a 2018 survey of 2,500 U.S. consumers
Source: Cowen & Co.

statista

The relationship between artists and streaming services has always been shaky although Spotify has worked tremendously hard to improve their reputation amongst artists. Thom Yorke publicly harangued Spotify to pay artists per stream but that did not go so well. It shows that, in 2018, 67% of the US record industry's total \$9.8 billion retail revenue, a \$6.6 billion sum, was paid out to labels and artists. And on the other hand, record stores, download stores and streaming services held on to 32.7% of the money. (Ingham, 2020). The deals between Spotify and independent labels are that they have agreed to lower the share of pro-rated net revenue they received from this platform from 55% to 52%.



Music streaming services are also tapping into artificial intelligence vibe by implementing the use of programs, machines and systems to exhibit human intelligence. According to a McKinsey & Company study made in 2016, companies invested \$26 to \$39 billion in artificial intelligence. Since 2013, investments have increased by three times. (Koppula, 2018). Adding on, overall and around the globe, the technology has advanced by a rate of 200%. Big streaming platforms such as Pandora, Amazon, Apple and Spotify have started to experiment by adding AI into their platforms to better understand their consumers tastes so they would be able to personalise the recommendations. In 2014, Spotify with the music intelligence platform 'The Echo Test', created the 'Discover Weekly' playlist by analysing their subscriber playlists worldwide. The results from this playlist, were successful which has led to another playlists using AI which is 'Release Radar'. Another platform is Apple, which uses AI with the app 'Shazam' that identifies digital audio by playing a short sample of that same audio. Pandora, the American radio/streaming service, through AI, analyses attributes to the song to match users tastes so they could then personalise it. Amazon, has also heavily invested in AI by inventing 'Alexa' and 'Amazon Echo' that through a voice recognition software can find you songs that you most likely have forgotten about. This implies that AI will quickly become the new norm so these streaming services and big networks, could offer the consumers more personalised and tailored contents.

3. SOCIAL MEDIA

Social media has fundamentally become the way in which we communicate and stay informed and updated. Using social media as an artist is extremely important and they must learn how to master it. Most of the emerging artists create content themselves but more established artists get a team to manage it as they might be too focused on the creative side of the music. Social media helps artists to be aware of new trends so they can jump on, to get more recognition. An artist nowadays, has to create a strong business as well as build a meaningful brand which will help to differentiate them from the rest. A strong brand is invaluable and serves to communicate credibility to your prospective customers and business associates. (Lori McNee, 2019). Social media is also important for marketing and is gradually changing all of the rules. Having a website for artists today is a must and an artist must be everywhere their fans are and easy reachable. The more steps and clicks consumers have to go through, the more they will lose interest. Through social media you can also network and expand your target audience by attracting new costumers worldwide. You can get instant feedback on your music, learn or get inspired from other musicians that are doing same thing as you.

4. CONCLUSION

Although most people consider digitalisation as a thread, I strongly believe that has opened many doors and opportunities in the music industry sector. Artist discovery has become easier and streaming services have generated a new source of income for artists. Online presence plays an important role in an artist career and consumers want to find all of the information in a matter of seconds which leads to the fact that the artist must be able to provide it.

We cannot assume that the physical industry has totally disappeared because in some countries the physical sales are still increasing such as India, Japan, and South Korea and still hold a significant percentage on the market. However, I believe that there is no escaping that the physical products in the music industry have heavily declined in sales and are dying. Streaming now accounts 75% of music industry revenue. (Hernandez, 2018).

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