

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

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New Technology in Music and Creative Entertainment

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Music has traditionally been seen as a product, a service and valuable asset to any culture or society. But in the last 20 years this has shifted to music being consumed as a service, a part of everything we do and as a result its value is cheapened by mass consumption through free or low-cost streaming platforms such as YouTube, TikTok and Instagram. Furthermore, in recent years people have begun to question the real value of music, what they are willing to pay for it and the role it plays in their lives. Technology has converted most of the industry into a service-based industry, an industry that is becoming increasingly diluted by the rising number of artists in the industry all seeking the attention of consumers. This attention is sought out primarily via social platforms including but not limited to Instagram, TikTok, Facebook and Twitter.

The other issue is the consumer, who has become so used to paying as little as £10 per month to access all the music in the world, and in some cases, consumers don't pay at all and simply choose to access their music via ad funded platforms such as YouTube. This low price point has been bred from competition, with so many DSPs and companies competing for valuable subscription service-based revenue, it has bred competitive pricing which has been set, arguably too low. This current model has been created by the industry leader's reaction to no longer shipping out CDs, putting up posters, no longer having a monopoly over what is being recorded and ultimately, having to adapt to a streaming world. This essay will examine and explain the impact that new technologies are having on the industry, the growing pressures and concerns as well as the insurmountable number of unique advantages and benefits.

The music business has seen a substantial transformation as a result of new technologies, becoming a service-based sector where customers have access to a variety of music services on demand. This change has been fuelled by a variety of significant technical advancements.

Consumers are finding it simpler to find the music they love as digital music is the most shareable, portable and low-cost option to the consumer and the seller. Downloading, streaming, and sharing digital music files over the internet is simple. This has led to the rise in popularity of streaming music services such as iTunes, Spotify, and Amazon Music. Subscribers of these services get access to an unlimited and constantly expanding music library including millions of tracks. Streaming technology's instant on-demand accessibility has revolutionised the music and entertainment industries. Streaming services like YouTube, Apple Music, and Ariel, which are available on any device, allow access to a massive song

catalogue. This has made it simpler for music lovers to get to know different musical genres and artists, artists they may never have heard of before if it weren't for streaming services.

“Independent record labels and other smaller music organizations have benefited from the digital music revolution, which has affected the larger music companies’ sales and leveled the playing field.

Musicians can now record at a minimal cost thanks to changes in home recording software. Distribution methods controlled by the music business can be circumvented by artists and small labels using digital distribution platforms such as iTunes.

Musicians don’t have to spend money on public relations campaigns because they can communicate directly with their fans through social media and video streaming platforms.”
ⁱ (Iahn, 2022)

New technology has made it simpler for musicians to connect with their audience and promote their music. Instagram, TikTok, and Facebook have grown into important promotional platforms for artists, making it possible to communicate with fans worldwide that they otherwise may never have met. Many people around the world enjoy content and spend hours a day consuming it, however when their phone battery dies the service they are enjoying comes to an end and that ultimately, is the difference between a product and a service, a service’s consumption and delivery is dependent on the provider, a products utility is dependent on the owner.

Social media has had an important role in turning the music industry into a service-based marketplace. The following are a few effects social media has had on the sector:

Social media has grown into an effective instrument for music promotion. Musicians can communicate with their followers and update them on their music through platforms like Instagram, Twitter, and Facebook. They can advertise and promote their latest releases, upcoming concerts, and other music-related news and updates on these platforms.

In an industry where artists once had to print and fly post their own posters, find their fans and rely on physical means, social media is a god send.

Fan involvement has become simpler thanks to social media for artists. Artists can reply to messages and comments, post unique material, and even host live Q&A sessions. Increased music sales and performance attendance are also possible outcomes of this degree of involvement, which helps develop devoted fan bases.

Social media has evolved into a major resource for music enthusiasts looking to find new songs. Users often share their favourite songs with their friends by tagging tracks in posts or using them to make their own content such as TikTok dances. Fans have the opportunity to engage with and follow their favourite musicians from the bands they love, offering a valuable new layer to any brand or artist. They can also find new musicians through suggestions based on algorithms tasked with keeping users on the platform for as long as possible. As a result, a greater variety of music is now being listened to on these platforms and emerging musicians are getting more attention or even blowing up over night thanks to the miracle that is going viral.

Social media networks gather a variety of information about their users, including information on their musical interests. The music industry benefits from this information since it enables businesses and artists to better target their consumers and to build an

understanding of their target audiences. Social media networks can run targeted ads based on this data and sell the exposure to the highest bidders.

AI and advanced self-adjusting algorithms are being used to tailor music suggestions and produce more personalised musical experiences for each individual user. Music streaming services also use algorithms to examine and map customer listening patterns and offer tailored song suggestions depending on their tastes. Comparatively in the early days of the music industry, they weren't awarded the luxury of such data and insight into who was buying their product. As this product has slowly become a service (physical to streaming) it has allowed for more data to be collected than ever before. Arguably this is one of the advantages of the music industry operating more as a service-based industry.

The music business has switched its emphasis from goods to services. Consumers are ready to pay for monthly subscription-based music services instead of buying songs or albums individually. As this is the case, monthly fee business models have become increasingly prevalent, with users willing to pay a regular price in return for unlimited access to, say, a music streaming service. There has been a shift towards a more data-driven strategy in the music industry as well, with companies increasingly using analytics to get insight into consumer habits and refine their products accordingly.

Consumers no longer buy a bunch of physical records and then hit the road, not to be seen by the record store for a few months. Rather, today consumers hit the road and take their record store with them, in their pocket. Data can be collected on exactly how long consumers are listening to each track and the DSP can provide a better service based on this data with relevant new information being provided to the consumer, it will continue to provide more accurate recommendations the more you listen.

The benefit of operating as a service is your consumers have to come back again and again, each time offering a valuable customer to business interaction, an opportunity to sell, recommend and sway. When someone buys a physical record no data can be collected on how much they are listening to it, and the seller is much more distant and unable to tailor an experience like that of an algorithm based DSP.

One issue with a strong grip on the music industry is money and the supposed lack thereof. The music industry value peaked toward the end of the 90s, when CDs sales were at an all-time high and the profit margins for record labels were enormous. However the industry today remains 30% smaller than when it was at its peak. With more music being released than ever before, and more people listening to it than ever before, why is the industry not showing clear year on year growth and why are artists not making enough to survive?

According to the IFPI 2023 report,

“Music continues to grow globally, and artists are increasingly interconnected with fans as a result of the worldwide infrastructure and investment from record companies.”ⁱⁱ

This is true, with a 9% rise in global revenue, and a 10% rise in those consumers choosing to pay for a monthly subscription. However, this rise in subscription based revenue will increase the level of precedent around the normality of this system, and consumers paying more than £10 a month for all the music in the world will continue to be unacceptable.

The true cost of this system however isn't only on the bank accounts of musicians and artists, it has a direct impact on the livelihood and practices involved with being an artist. This is touched on by Frances Moore, the chief executive of the IFPI.

*"However, as the opportunities for music continue to expand, so too do the areas in which record companies must work to ensure that the value of the music artists are creating is recognised and returned. This challenge is becoming increasingly complex as a greater number of companies seek to benefit from music whilst playing no part in investing in and developing it."*ⁱⁱⁱ

Artists today have an immense level of pressure placed upon their shoulders, the first thing that a label, investor or promoter will use to quantify an artists success and value is their numbers. This can be a godsend for artists as it means that they can prove their success and the potential value of their consumers. However not all artists have these numbers but still have a talent worth investing in. This means that artists spend a lot of their time navigating social media, creating content to bring in followers on platforms such as Instagram, and they spend less time making music and developing themselves as artists. Technology has allowed for companies to have exactly what they want today and now, there has been no need for artist development or investment in growing a singer into a star for a long time as there are so many artists competing for commercial success and attention from the companies that can potentially make that happen for them. It can therefore be argued that as a result of streaming being facilitated by new technology, it has increased access, lowered the price point and created an unstable and unsustainable model for the future of the industry.

"I love streaming. I stream a lot of music myself. The access we have to all kinds of music from all over the world is incredible. But I believe streaming must be fixed. The three major labels are bragging about record profits while thousands of musicians are seeing virtually nothing coming back to them. Streaming is here to stay, as it should. What then can fix it and make it better for artists? A user-centric system whereby the artists you choose to play see direct payment from your subscription fee?"

.^{iv} (Shah, 2021)

Technology has not only offered transparency for businesses and labels, it has also been able to use that very same technology to do the very opposite and navigate circumstance and fact in the direction of its own favour, often at the expense of artists and musicians. The technology behind the distribution of music is getting more complex every day and with so many systems in place major labels and DSPs are able to collect fees for all sorts of things, and there is a lack of transparency as to where artists are getting paid from and if the amount is correct. Tom Grey from the broken record campaign that lobbied for equal remuneration for artists, and for an examination of streaming to take place to bring into question its feasibility for the future of the UK industry and potentially the international music industry.

"Many performers currently receive no income from much of their streamed work. We change this by closing a loophole in UK copyright law to give an unwaivable right to equitable remuneration. The major rights holders were able to define the market on their terms without thought for balancing the rewards. This is market failure."^v (Grey, 2021)

One of the main failings of the music industry was the failure to introduce legislation that prevented its product being sold entirely for free and in the cases where it is sold it's done at an extremely low price point. The system in place has fully evolved from a product to a

service-based operation. New technology has offered the ability for major companies to undercut industry standard pricing to attract consumers. Large corporations like Apple and especially Amazon can afford to lose money or make less in order to set their monthly subscription rates lower. This puts pressure on everyone, from the labels to the artist, to radio and live music, everyone is feeling the pressure.

ⁱ Iahn, B. (2022) *The impact of technology on the music industry*, *The Music Universe*. Available at: <https://themusicuniverse.com/impact-technology-music-industry/#:~:text=Musicians%20can%20now%20record%20at,distribution%20platforms%20such%20as%20iTunes>. (Accessed: March 23, 2023).

ⁱⁱ IFPI (2023) *2023 IFPI Report*, https://cms.globalmusicreport.ifpi.org/uploads/GMR_2023_SOTI_V11_b99dcdf3a6.pdf.

ⁱⁱⁱ IFPI (2023) *2023 IFPI Report*, https://cms.globalmusicreport.ifpi.org/uploads/GMR_2023_SOTI_V11_b99dcdf3a6.pdf.

^{iv} Shah, nadine (2021) *The music streaming debate: What the artists, Songwriters and Industry Insiders Say*, *The Guardian*. Guardian News and Media. Available at: <https://www.theguardian.com/music/2021/apr/10/music-streaming-debate-what-songwriter-artist-and-industry-insider-say-publication-parliamentary-report> (Accessed: March 23, 2023).

^v Grey, T. (2021) *The music streaming debate: What the artists, Songwriters and Industry Insiders Say*, *The Guardian*. Guardian News and Media. Available at: <https://www.theguardian.com/music/2021/apr/10/music-streaming-debate-what-songwriter-artist-and-industry-insider-say-publication-parliamentary-report> (Accessed: March 23, 2023).