

A Critical Evaluation of how technology has changed the music industry
from a product to a service sector.

New Technology in Music: SBTY7004

The music industry landscape is constantly changing and is almost unrecognisable from its early days in the beginning of the 20th Century. Since the beginning of the commercial music industry, it was primarily an industry providing high quality products to the consumer. In the early days, if a person wanted to play their music, they also needed to buy the products to make it possible. But in the modern music industry, with the higher use of streaming services, artists have had to come up with new ways to make money, due to the much smaller amount they make from their streams. The music industry has moved much more towards becoming a service sector in the last few decades, and in this essay I will critically evaluate how this has happened and what it may tell us about the future of this industry, looking at the development of the industry through the 20th Century and into the 21st, how we've moved from physical to digital, and the rise of tours and selling merchandise as a form of income for the artists of the modern day.

What we would understand as the modern music industry came into existence at the beginning of the 20th century, although gramophones and phonographs had been around since the late 19th century, they were expensive to own so many ones were coin operated and people would go to them to listen to music, as opposed to owning one of their own. However, as disk records and record players became more widely available and more durable, "Between 1901 and 1920, record players became a part of most households, whether rich, middle-class or poor. Some models sold for very cheap even for the time, while other phonographs were deluxe models for the rich only, made of fancy milled hardwood and gold or brass parts."¹

¹ medium.com

By the 1920s where most people owned or had access to a record player, buying music was more common than it had previously been. In the 19th Century, many people had access to a piano and they bought the popular music of the day as sheet music and took it home to play and sing themselves. When it changed to record players, this allowed more people to have access to higher quality recordings this started what many of us now understand as ‘Jazz Standards’ songs such as *Putting On The Ritz* by Irving Berlin reached global audiences and were played by live bands as well as in people’s home’s.

In the latter half of the 1920s ‘Talkie’ films were created and immediately popular, this gave another burst of energy to the record industry as people were now interested in buying the music that they heard in the films.

Over the 1920-30s there wasn’t a huge amount of change in how people accessed their music, although the technology was improved, it remained fairly unchanged. Sales dipped as a result of the great depression and the onset of the Second World War, and it wasn’t until the 1950s that record sales climbed back to the same level as their previous peak in 1929.

In the 1950s, with a higher standard of living available to more people, the sales of records grew again and with the improved technology of microgroove records, people were able to play more music for longer.

In the 1960s, there was another large shift in the physical music industry, “Pre-recorded cassettes and cartridges and cheap cassette players were introduced in the late 1960s. cassettes soon became very popular and, especially in Asia and the Arab countries, sound recordings now reached a much wider audience than ever before.”²

In the 1980s and 1990s CDs came into wider use. They have had a long standing part of the music industry since their inception and are still being sold in large numbers today. This Chart from statista (Fig A.)³ shows the rise and fall of the various physical music mediums through the last four decades with the rise of streaming and downloads appearing in the latter part of the 2000s. This is where the music industry needed to change to start to lean

² International Association of Sound and Audiovisual Archives Online

³ Statista Online

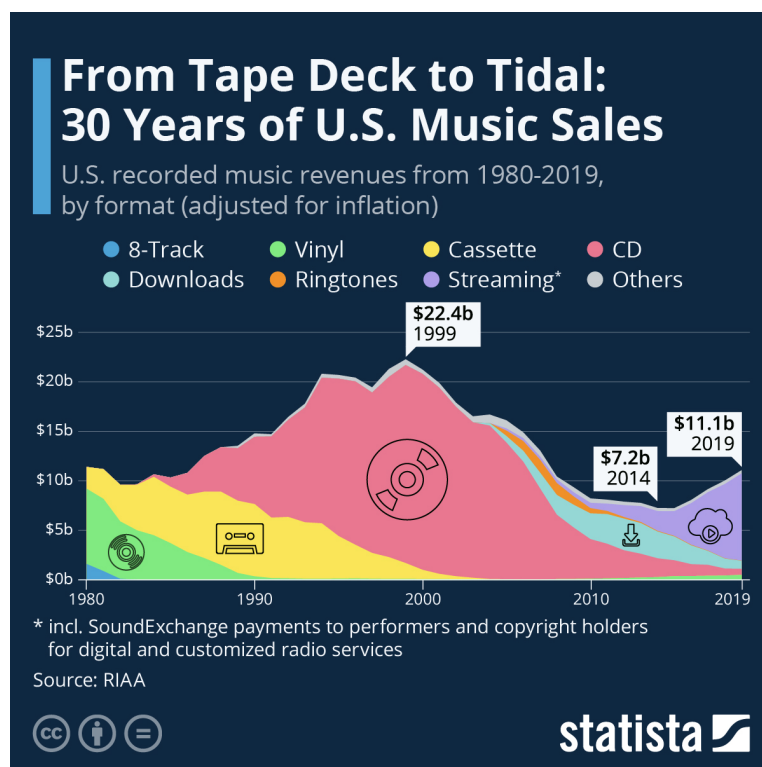


Fig. A

more heavily on the service aspect of their music as downloads and streaming brought in much less money than physical sales.

As The 20th Century moved into the 21st, the World Wide Web was becoming more readily available to people which gave people access to a much bigger variety of music that they would have traditionally been exposed to. In October of 2001 apple sold the first iPods, their iconic portable MP3 players. Although the very first MP3 downloads became available in the 1990s, it was the rise in popularity of MP3 players at the turn of the century that pushed music downloads towards the mainstream.

With the rise in popularity of the Apple iPod, their download site, iTunes soon rose to becoming the most popular method for people to access their preferred music. MP3 players also allowed for people to have access to thousands of pieces of music at just a touch. As with the record player in the early 20th century there were several different models and they ranged from the top end ones made mostly by Apple to much cheaper non-brand specific ones that could be bought in supermarkets and shops such as Woolworths.

During the 2000s, many people had their MP3 player and their phone, as smartphones were still in their infancy. One of the biggest phone brands at the time was Blackberry, due to their larger screen, full keyboard and internet access. In 2007, Apple launched their first

iPhone, hoping to combine the music holding capacity and touchscreen technology of their newly introduced iPod touch. The original iPhone didn't have any other features other than being a traditional mobile phone that could now access iTunes.

However by 2010, the iPhone 4 had been released and by this point, there was 3G connectivity and apps available. This meant that streaming services such as Spotify (which was created in 2006) were now much more easily available and people could not only access music through the download websites, but also stream their music straight to their devices.

The 2010s saw a huge rise in streaming or downloading music rather than buying the traditional physical copies. With other technology companies developing their own smartphones and app developers creating more streaming services that were available on both the operating systems of Android and IOS. This ready access to music, on people's smart devices, contributed to the decline in physical music sales. But despite this, the physical music market has not completely gone away as many people still want to own a physical copy of the music they listen to, but this is in more of a collector's way, so often, people will only buy the physical version of an album if they are a fan of that band and want to buy it as a form of memorabilia in the same way that someone might buy a band t-shirt.

As streaming and downloads have become the dominant way to consume music over the last 10 years, artists and their companies have needed to diversify their income streams. Merchandise and tours are not only additions to the artist's income but are curial parts of their income streams. Many fast fashion brands make deals with larger artists to be able use their images or band logos on their products. From rock bands to K-pop, retailers such as H&M⁴ (Fig. B) and ASOS⁵ (Fig. C) have made deals with various music artists in order to put their images on their clothes. While this is beneficial to the larger artists who are able to make deals with these international clothing brands, independent or smaller artists also need to make their money from similar methods but do not have the large following or big label support that larger artists have. This means that they need to look elsewhere, drop-shipping

⁴ H&M Online

⁵ ASOS Online

merchandise online shops are a good option for artists with little additional capital, however, it does require them to promote their own merchandise line which may incur additional costs to the artist.



Fig. B.



Fig. C.

Touring has also become a staple of many artist's career in order to make money. According to the Medium website "when someone streams one of your songs on Spotify, your profits are between \$0.006 and \$0.0084. So if you're a relatively new artist and 1) don't have a lot of songs to stream and 2) don't have a lot of fans to listen to those songs, then you're not going to be making a living from that alone. Some artists, such as Drake who made \$23.7 million last year from streaming, can still make a lot of money. And still, he made more from his last tour—the Summer Sixteen tour with Future grossed \$85 million."⁶

Many bands also make merchandise that is exclusive to their tours. Encouraging people not only to buy the tickets to their tours but to buy the more expensive option that will include a merchandise bundle. These can range from a t-shirt and/or a CD to whole goodie bags filled with branded items. It is entirely reliant on the investable money that the artist's team has at

⁶ Medium Online

the start of the tour and how much the artist's fans are willing to pay to get hold of this exclusive merchandise.

As well as including merchandise in tickets bought for an artist's tour or concert, many tickets can also be upgraded for early entry to the venue, these are mainly used where the audience will be standing, allowing people to pay more to guarantee a good view of the stage, giving a higher quality experience to the viewer.

Another aspect of live music performances becoming more than just watching a performance and far more about the overall experience that the consumer has when at these concerts, is the rise of the 'meet and greet'. As with the merchandise bundles and early entry tickets, it is also possible to purchase a ticket that allows a fan to meet the artist, have a brief conversation with them and to take a picture with the artist. This is one of the biggest ways in which the current music industry environment has changed from a product to a service. The experience of a concert is about a much wider experience for the consumer.

However, the views on the meet and greet experience are divided. Many artists view charging for the after-concert meet and greet as a necessity to keep the tour running and their incomes flowing. However, there are also those who do not see it in this way. Some artists feel that the fans paying to see an artist is insincere and is exploiting the fans' desire for a personal connection with the musicians that they idolise.

In an article in 2019, MTV had these discussions with musical artists:

"Emmy Levine, a tour manager currently working with rising artist Lauren Sanderson, believes that the prices of many VIP packages are fair when you consider the often overlooked costs that go into putting on a tour. Artists are creatively involved in the development process, but entertainment companies such as Live Nation are tasked with organizing the packages themselves. In exchange for their curation and coordination, these companies take a percentage of the income, Levine told MTV News. ...

In short, tours are expensive. And one way to recoup some of those costs is to charge music fans hundreds of dollars, in addition to the price of a ticket, for a chance to interact with their favorite artist.

“It is hard to turn down the kind of money you can make by charging people to shake your hand,” drummer Pat Kitch, who plays in pop-punk band The Maine, told MTV News. “I can only see it going more and more in the direction it is headed now.” But not for his band. In The Maine’s more than 10 years on the road together, they’ve never charged fans an interaction fee. Instead, they make an effort to stick around after their shows each night to meet as many people as they can manage.”⁷

With the changes that have been made over the last few decades, it is easy to see how the music industry is evolving from a product to a service sector. But knowing where this will go in the future seems almost impossible. The way that technology has changed the entire layout of the music industry in just two decades is incredible. Many people think that the music industry will completely become a service sector, that with the very small amount of money that can be made through streaming services, artists will have to diversify their income streams and this will push the industry even more into providing services that the music fans can pay for that are more based around the interaction between the artist and the fans than the fans purchasing the physical copies of the music.

Others however, believe that there is no way that the music industry could become wholly based around a service sector model, and that no matter how much the industry diversifies its income streams, the fundamentals of the music industry is that it is providing a product and that because the music can never be taken away from the music industry, it will forever be primarily a product sector.

In conclusion, the music industry has moved far closer to being a service sector than the product sector that it was in its earliest inception at the beginning of the 20th Century. As

⁷ MTV Online

far as looking to the future goes, I think that the value of physical music as a collector's item will stay constant but the music industry will need to lean far more heavily into its service sector side as general listeners become less inclined to buy physical music. The music industry of the future will be a new balance between the selling of physical albums and the service sector aspects where merchandising and meet-and-greets are just as important as each other.

2,401 Words

BIBLIOGRAPHY

Medium. History of the record industry 1877-1920s. [ONLINE] Available at: <https://medium.com/@Vinylmint/history-of-the-record-industry-1877-1920s-48deacb4c4c3>. [Accessed 3 March 2021].

International Association of Sound and Audiovisual Archives. A Brief History of the Record Industry. [ONLINE] Available at: <https://www.iasa-web.org/sound-archives/brief-history-record-industry>. [Accessed 1 March 2021].

BBC. 2018. How Spotify Came to be Worth Billions. [ONLINE] Available at: <https://www.bbc.co.uk/news/newsbeat-43240886>. [Accessed 3 March 2021].

Pocket Lint. 2020. Apple iPhone history: Look how much the iPhone has changed. [ONLINE] Available at: <https://www.pocket-lint.com/phones/news/apple/135231-the-apple-iphone-is-10-years-old-look-how-much-the-iphone-has-changed>. [Accessed 3 March 2021].

Medium.com. 2018. Why Touring Will Be Your Biggest Source of Revenue. [ONLINE] Available at: <https://medium.com/bandbasher/why-touring-will-be-your-biggest-source-of-revenue-2464fd47b655>. [Accessed 9 March 2021].

H&M. 2021. Short Printed Sweatshirt - Charcoal Grey/BlackPink. [ONLINE] Available at: https://www2.hm.com/en_gb/productpage.0949853001.html. [Accessed 14 March 2021].

ASOS. 2021. Bershka AC/DC band t-shirt in black. [ONLINE] Available at: <https://www.asos.com/bershka/bershka-ac-dc-band-t-shirt-in-black/prd/22116274?colourwayid=60374815&SearchQuery=band%20t%20shirt>. [Accessed 14 March 2021].

MTV. 2019. Paid Meet-And-Greets Are A Staple Of Concert Experiences - But For How Much Longer?. [ONLINE] Available at: <http://www.mtv.com/news/3125415/matty-healy-the-1975-meet-and-greets/>. [Accessed 8 March 2021].