

ADAD5004 RESEARCH IN PRACTICE

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Introduction

My area of research will be based on a subject known as music consumption, as well as the relationship between the Major labels, the artists involved and most importantly, the audience. As an upcoming music producer, I am interested in questions such as 'Can an artist start a career without signing under and record label and how did this independency affect the music industry? In this essay I will analyze the insights of the music industry and present you how it works today using three keywords. I will begin by investigating the fundamentals of the music industry and explore the development of the binding between the musicians and generally the artists from the beginning of the modern music industry until today as well as take a glimpse into the new peer-to-peer file sharing technology. So, the first keyword will be **Independency**. Furthermore, I will describe the process of dissemination of music around the world through time. How was music shared amongst people from different regions? How far and how fast could it reach to the most distant societies? Would the natives accept the new music? The second keyword for this essay will be **Globalization**. Finally, my third keyword will be **Aftermath**. In this last section I will compare the type of a record deal that an artist would sign in the 1980's with the type of a record deal that an artist would sign today and summarize the advantages and disadvantages of the evolution in the music industry and the future that lays ahead.

Independency

Decentralization

Decentralization in music stands for the ability of the audience to "control" the way that the music industry evolves today. Major record labels have been the leaders of music industry and music evolution since the beginning of the 20th century. In other words, they had an absolute control of what music would people listen, until the upraise of the hip-hop band 'N.W.A.' where '*Parental Advisory – Explicit Content*' was created by the Recording Industry Association of America (RIAA) in 1985 and adopted by the British Phonographic Industry (BPI) in 2011. It has been only over the last couple decades, alongside the help of the internet, that we can see independent artists gaining worldwide fame and recognition. In a major record label company, like any other business, there is hierarchy in the form of a pyramid.

Starting from the top, the founders of the company are the ones to make the final decisions regarding everything that is being published under the company's name. Right below the founders are the managers of the company, each responsible for several artists, and the different activities that take place such as recordings, tours, merchandise and promotion. Towards the end of the pyramid, there is a group of people, the talent scouts, that spend their working time outside the label's office -local venues, street musicians, urban festivals etcetera- seeking for the next talented candidate to perform for the record label and begin a career and earning the company significant profits.

It is surprisingly opaque how music industry makes money today given the fact that album and tour models of the past years are not as applicable anymore. Combining income from gig revenues, copyrights of music to movies and adverts as well as other activities along with the sales of merchandise –for the biggest labels sales of CD’s and streams from online platforms- ensures the continuous income. According to Annabella Coldrick (Jan 9th 2019, Newstatesman) chief executive of the Music Managers Forum, “Music has been through massive disruption over the past two decades but it does seem like it is coming through the other side now”.

Block-chain

For most of the already existing recognized and signed artists, as well as for the major record labels, the record shop owners and the vinyl/CD production companies, the internet -and especially a new type of peer-to-peer sharing technology- the ‘*Block-chain Technology*’ was a financial catastrophe. It was the persistence of the greater audience -in addition with the accuracy and lack of mistakes in the algorithm- that determined the sustainability of the block-chain technology, resulting most of the record labels to adapt to the new technology. ‘Blockchain’ is solving some of the major problems currently plaguing the music industry. But what really is *Block-chain Technology*? In a more modern way, the “*block*” refers to the digital information, which is stored in a public data base, the “*chain*”. The “*Blocks*”, store information like time and date regarding the purchase made from that account, anonymously, using a unique code, “*the hash*”, for each purchase –even if it is from the same person- that acts like an individual “*digital signature*”.

There are four steps before a “*block*” can be added in the “*chain*”. Firstly, a transaction must happen. Then, the transaction needs to be verified from a network of computers, which will then store the data of that transaction in a block. Last, the block responsible for holding the information of that specific transaction must be given a “*hash*”. As soon as a block is added to the chain, it becomes publicly available. With blockchain, artists are able to receive equitable royalty payments, venues are able to curb counterfeit tickets and record companies can easily trace music streams and instantly pay all artists who contributed to songs or albums. In addition to that, since everything is being executed online, the majority of the artists are relieved not to pay for a numerous amount of extra expenses. Expenses such as the printing of vinyl's or CD's, the shipments and their potential damage costs, as well as any form of “middle-man” associated with the artists such as promoters and publishers are struggling to survive the digital era.

Globalization

Diffusion

Before the mass production of vinyl's, cassettes and CD's from major record labels' warehouses to the stores and then to us, music was spread to the world a lot slower and only at live shows such as operas and classical concerts or tours around the local cities. According to Andy Copping, president of the UK touring at Live Nation and promoter of the Download hard rock festival, (Jan 9th 2019, Newstatesman), "Someone had to tour in order to promote therefore sell his records. Over the last few years this has turned completely around. Performing live is crucial for the artists or bands survival. You would see many bands thinking of themselves as touring entertainers that occasionally make a record rather than the other way around. Unsurprisingly, in a world where digital distribution has turned CDs into a legacy format and vinyl into a connoisseur's *object of art*, the biggest change has been the primacy of live performance.

Diffusion is a term often interchangeable with dissemination, but mostly is used in instances of transmission that overcome boundaries such as genres, location, and even ethnic or national identities. Unlike tradition, a term which used to describe the inheritance of one generation to the next, in the same place surrounded by the same culture, diffusion creates a transmission through acculturation and syncretism. For instance, in a 2014 article on Balinese 'arga' drumming for Ethnomusicology, the diffusion of drumming patterns between villages was explained from Leslie Tilley based on three concepts borrowed from sociolinguistics: remnant dialects, proficiency and endocentric/exocentric communities. In the first concept, remnant dialect, speakers keep the dialect from the older generation due to relative isolation. In the second concept, native speakers are more like to create new terms for already existing words, also known as slang, than non-native speakers. Finally, in the third concept is the differentiation between endocentric and exocentric communities, whereby endocentric communities have prioritized the preservation of the local linguistics while exocentric communities encourage external influences.

Avoiding an additional correspondence between music and language, Tilley demonstrates the application of these concepts in cases of musical diffusion that not only maintain the genre but also embrace musical innovation. Concluding, according to Laura Risk (Diffusion, 2019: p737), the very last but not least point, involves the complexity of innovation, the possibility that a chance will be given to the innovation by potential adopters and be tried out, the advantages of that innovation during time and the ability to reconstruct that innovation to their own particular needs.

Online-Platforms

If you wanted to listen to some music two decades ago, you most likely would need a record player, cassette or lately, a CD. With that being said you would have to go to the local music store and after investing quite some time trying to decide which record to buy -given the fact that not every music records' store had a gigantic range of artists, you would probably purchase that record based only on a couple tracks that you like. Now, with the online platforms' things have quite changed, as 'single mode', meaning that the purchase of a single track instead of a whole album is possible. But how did this start? Since the beginning of the online era, people have been sharing and using music online -for various purposes- without paying the appropriate royalties, causing the music industry billions of dollars of damage, something also known as piracy.

At start, quite an effort from different perspectives was required for someone to download or stream music online, as websites were not as accessible as today and in addition to that, the internet connection speed was significantly lower which meant that the downloading time was much more. While illegal file-sharing and CD burning effectively reduced the price in the market, attempts to prevent piracy with anti-copy CD's and "digital rights management" was "just an expensive way to annoy your fans" according to Annabella Coldrick. The price proved heavy back in 2003 when founder and CEO of Apple, Steve jobs, offered a solution with the legal downloads from 'iTunes Music Store'. The record labels had reached a point where they had to accept that people didn't want to pay the price of the whole album only to listen one or two songs they liked from that album, so the revenue was reduced from \$26.6bn in 1999 to \$14.97bn in 2014 according to the International federation of the Phonographic industry figures.

Artists in cooperation with online platforms such as 'soundcloud', 'myspace', 'spotify' etc., had the ability to build a career with no commitments to record labels, provide their fans with work directly from them, at significantly lower prices, while at the same time keeping the audience happy by providing new material much more often thanks to the 'single mode' track sale. In a few words, it was time for the online platforms to gain control and be acknowledged as the business's new digital dictators.

Aftermath

The record deals

Record labels invest huge amounts of money to produce, release and promote an artists' piece (album, EP, single etc.). Studio time, production and packaging of audio and merchandise, photos and music videos as well as distribution and marketing are just a few of the areas. Usually the label would cover these expenses, but in some cases, these amounts need to be paid back to the label from the artist's sales. Upfront money that are transferred directly to the artist(s) before the completion of their album, also referred to as '*Advances*', are normally always owed to the label. Once the advances had been paid back to the label, only then the artist(s) would be able to receive royalty payments for the additional sales of their record. The record labels answer to the new digital age in music is the '*360 deal*'.

The '*360 deals*' are contracts that allow the record labels to receive a percentage of the earning from all of the artists activities rather than just earnings from record sales. The '*360 deals*' also called multiple rights deals are contracts where the record labels earn a percentage of the artists ancillary rights. These rights may be the earnings made from: concert revenue, merchandise sales digital sales, streaming royalties, licensing, endorsement deals and any other income stream you can possibly think of. In exchange for receiving a larger percentage of the money made by the artists they represent the labels take a lower cut from music sales.

The labels also say they will commit to promoting the artists for a longer period and aggressively develop new opportunities for them. Essentially the labels now often seek to serve as a manager and look after the artists entire career rather than focusing only on selling the music. The '*360 deal*' potentially solves some of the revenue problems of the record label. But what about the artist? For a new artist the '*360 deal*' is like a double-edged sword, almost any artist would love to be signed to a major record label, but if he must include the label in any additional income he makes, the artists maybe putting more money in the labels pocket than in their own. The artist needs to be aware that he is giving his signature in exchange for a promise from the record label.

Conclusion

I have always been fascinated by the music industry and the way it worked. I could not thus imagine that it would be one of the most ruthless businesses to survive in, until I did this research. I learned a lot of useful information regarding the 'frauds' of the industry and the extent to which the artists were taken advantage of, as well as other potential options one would have today for them to become a worldwide recognized artist. If the proposal is to be accepted, then it would be feasible to continue an informed investigation into whether or not the support of labels actually would do much for the quality of the art being produced by the individual, compared to the level of production before the record deals. There is no doubt that there is extra financial support provided by the record labels, in terms of capital for music videos and signing bonuses which may be used to progress art production, but it is not yet clear if it is just superficially added in terms of extra specialists available on site to mix and master music, more so than a single individual would be able to do.

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