

How Technology Has Turned the Music Industry into A Service Industry

Student Name: Alexandru Madalin Oprisanu

Student Number: 2009554

Module Title: New Technology in Music and Creative Entertainment

Course Code: BMTY7004_LON

Tutor: Zohe Mustafa

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Summary

The paper will investigate the factors that have changed the music industry from being a product industry to a service industry. First, there has been a change from using C.D.s and Vinyl discs to using digital streaming sites such as Spotify. With the existence of smartphones, it has become easy to access different genres of music. Second, there has been a change in music distribution. Initially, distributors did music marketing to get them to the physical music stores, but technology has facilitated the distribution of music digitally through digital aggregators. Through digital distribution, the collection of royalties and music reachability has been made easy.

With technology, data and its access has become a crucial aspect within many industries. In the music industry, lots of information is generated and analysed to aid stakeholders in making informed decisions. Companies such as Spotify have developed data analytics platforms to analyse such data (Vondreau, 2019). Moreover, technology has allowed musicians to widen their revenue base by offering musical services such as corporate functions and merchandising. Technology has further improved the musicians' brand and their ability to connect to their fanbase in more meaningful ways.

Despite the positives, the industry has suffered setbacks because of technology. The significant one being piracy, which has tainted the industry and affected the musicians and the industry's income revenues. The upcoming musicians seem to be the ones who are majorly affected by the vice. Other drawbacks include the degradation of musical cultures and more artificial music than natural songs of before. Nevertheless, the music industry needs to continue maximising the positives of technology while minimising the negatives.

How Technology Has Turned the Music Industry into A Service Industry

Technology has revolutionised the face of many industries today. One of the sectors to experience a rapid change in a short period is the music industry. As technology relentlessly evolved, the industry was forced to adapt to it and remain flexible at the same time, for those who failed to adapt to the technological winds crushed out along the way. Those that embraced the technological change were able to withstand and are currently reaping the benefits (Walzer, 2017).

Music companies and artists used to make money by selling music albums through physical music stores and global tours. Some of the famous bands back then included the Beatles and Motley Crue. Now the situation has changed due to the fast integration of technology into the music industry. The biggest driver for this rapid change is that technology has taken root in the contemporary world (Walzer, 2017). Daniel (2019) showed that in 2018, the revenue sales from C.D.s were \$245 million, down from \$420 million in 2017. Additionally, the same study showed that digital streaming platforms attained a growth rate of over 40%, making them one of the largest revenue sources within the music industry.

For all the positives and negatives, the changes have been for the better. Technology has changed how music lovers and businesses operate within the industry. Therefore, this paper will explore how technology has changed the music industry from a product industry to a service industry. The most evident change has been transforming from using physical C.D.s and Vinyl records to streaming services such as Spotify and iTunes. Other changes that have brought this shift from product to service industry include distribution channels, music production, digital equipment, elaborate productions, expansion of revenue streams, artist accessibility, and access to data. The paper will also look at the negative impacts of technology in the industry.

Change from Physical Album Sale to Digital Sales

In the past, buying and selling record albums formed a significant part of the music industry's income. The albums' selling was done at the physical music stores in the cities and towns (Moehrle & Caferoglu, 2019). Today that has changed drastically as musicians no longer sell their albums on physical C.D.s and Vinyl discs. Selling of Music is done digitally, and fans across the globe can also access them digitally. Fans only need to log onto the streaming sites, pay the subscription and download their favourite songs directly onto their smartphones whenever and wherever they want (Webster, 2020). Unlike in the past where fans had to buy a whole CD album, now they can download the songs they like from a musician's album and listen to them without visiting the music stores (Gray et al., 2017).

According to a 2018 report by the Recording Industry Association of America (RIAA), the industry generated \$9.8 billion in estimated retail value. The revenue chunk was from Music streaming services that accounted for 75 per cent, equivalent to 7.4 billion, \$5.4 billion from paid subscriptions (Daniel, 2019). But even with the positives, technology integration in the industry led to the loss of many jobs. Many people who owned music stores had to close shop due to dwindling sales as people switched to digital online stores. Internet Underground Music Archive was the first music company to offer the digital selling of music when it started in 1993, presenting an entirely new form of service that people were willing to take up (Webster & Williams, 2018).

Webster (2020) explains that the change is because of increased need for customisation. Music listeners want to select the type of music they want to listen to and do away with what they do not wish to hear. Besides, they also want to gain access to create their unique playlists from the songs they love. The streaming services have allowed previous genres to flourish on the mainstream media.

Establishment of Digital Music Distribution

The traditional music distribution structure was very straightforward. Musicians would create the music and take it to the publisher or record company. In case the music has the potential for revenue generation, the musician is signed, and the record company proceeds to produce the music and then use music distributors to sell to the music stores from where the consumers would access them (Arbatani et al., 2018). However, technological transformations within the industry have lessened the functions of distributors and record labels. It led to the rise of digital music distributions and marking an end to music transportation on C.D.s and Vinyl records using cars (Urbinati et al., 2019)

There has been the rise of digital aggregators who distribute music through online platforms. Digital aggregators help assist musicians in submitting their music across several online streaming and digital distribution channels. They manage and report on the streams and downloads alongside other metrics to help artists get their royalties and themselves to take their share for their distribution work (Nakano & Fleury, 2017). The new trend has allowed music to reach a wider audience since many people use smartphones and other internet devices. Urbinati et al. (2019) add that technology has widened the distribution channels and offered employment opportunities for many people; another reason it is a service industry. The distributors provide the service of distributing music on behalf of the musicians who subsequently earn royalties and other associated fees.

Artist Accessibility and Connection to the Fans

Way before technological advancements in the industry, it was not easy to produce music and, at the same time, distribute it (Gullö & Thyén, 2019). Likewise, the only connection that the artists had with their fans was minimal, meaning it would take a long time for an artist to attain fame locally or internationally. Haynes and Marshall (2018) argue that

technology has fast-tracked artists' and musicians' recognition using social media platforms. The platforms have helped artists to attain relevance within the industry and with their respective fanbases. MacLennan (2019) emphasises that artists' relevance is how they manage to connect with their fans. Listeners of the music want to listen to music and connect to the artists differently. Social media has made this connection possible. The strong impact that technology and social media have had on the industry is immense. In that regard, many artists have now been able to curate an online social media presence to reach their fans in more meaningful and purposeful ways. Khamis et al. (2017) state that the rise of social media has also allowed the artists to develop their own unique individual brands that some have managed to monetise. Such has given them an edge in monetising their music and adding value to themselves and the industry.

On the negative side, social media has been a downfall for some artists who have experienced abuse from their fans when they produce music that they deem is below par or when they get involved in other activities that tarnish their names. Lumsden and Morgan (2017) state that many artists have experienced negative forms of abuse online over the years to catastrophic levels, with some opting out of their music careers.

Diverse and Innovative Music Productions

Artists can now diversify their productions in several ways using the industry's existing technologies. Many artists and music companies have organised many live and virtual concerts using the latest technologies to give fans a more immersive experience (Rendell, 2020). For instance, drones are used to provide eye-catching views from different angles. For this reason, artists have tried to incorporate relevant technical innovations in their work. One significant example has been the rise in virtual musical concerts. During the current COVID-19 pandemic, artists and entertainment companies have teamed up to deliver virtual shows to fans now that they cannot attend physically. Such is another highlight of how

technology has transformed the music industry into a service industry. The industry has done its best to keep the world entertained to beat boredom and loneliness during this period of the pandemic.

Expanded New Revenue Streams

Before the internet and technological advancements, musicians' only way of getting money was selling their albums or performing at night clubs and locally organised events. For the few who had attained some reputable status, they would arrange for world tours. But with the rise in social media, musicians have been presented with the opportunity to diversify their revenue streams (Naveed et al., 2017). Pentina et al. (2018) explain that social media has given artists a platform where they can reach a broad audience, and this bodes well with companies that need to advertise their services and products. The artists act as brand ambassadors, using their music brands to offer related services such as merchandising at a fee. For instance, through the YouTube partner program, artists can monetise their content on their channels by showing ads. Furthermore, artists can also offer different musical services, thus earning extra money (Eiriz & Leite, 2017).

Use of Data and Data Analytics

Data is very integral in any industry, and many industries are tapping into that area to boost revenues and improve their services. Daily, data tracking is done by streaming services for several reasons (Sitonio & Nucciarelli, 2018). Streaming services like Spotify have started to use data analytics through its Publishing Analytics platform to provide relevant stakeholders with a detailed overview of artists' radio airplay, streaming playlist, their positions on the music charts, and social media engagements and characteristics of the listeners' demographics. Artists can access the data to assess themselves and see how to improve themselves and give their respective fanbases what they want. Park et al. (2019)

explain that, for financial reasons, music streaming services can sell the data to third parties and offer data services to earn money that they can reinvest back into their businesses and support the artists within the industry.

Establishment of Corporate Musical Services

Music has become a very integral fabric within the society that no function, whether corporate or home function, can go on without music (Welch & McPherson, 2018).

Technology has allowed for the development of new high-tech musical equipment allowing musicians, and music companies to offer musical entertainment services to corporate functions at agreed rates. It further supports the argument of the industry-transforming from a product industry to a service industry. According to Baym (2018), for one to hire a musician, factors such as their experience level, travel, accommodation, season, and timings need to be considered. For instance, during peak season, such as national holidays, hiring musicians or artists can cost more than when hiring them during the off-peak season or regular functions (Baym, 2018).

Negative Impacts of Technology on The Music Industry

First, piracy has been a nightmare for many musicians across the globe. The practice has been there since 1920, but it was only after the invention of the mp3 music format in the 1980s that it become rampant (Ullman & Silver, 2019). The mp3 development meant that music could now be read, copied, and transferred between devices. The vice has become increasingly rampant with the availability of the Internet. According to the Recording Rights Association of America, close to \$12.5 billion vanishes through piracy and its related activities (Ullman & Silver, 2019). Wlömert and Papies (2019) explain that Piracy will continue to evolve and become more sophisticated with increased technological integration.

The upcoming musicians are the ones who will continue to bear the heaviest brunt of vice now and in the future.

Second, as much as technology has significantly simplified a lot for the industry's producing quality music, its overreliance has also affected the quality of music produced. Today, it is challenging to come across musicians with pure originality and finesse, making music a powerful force. The good old days had musicians who viewed music as a calling, and though they had limited resources, they still managed to produce music that has been listened to throughout the generations. They appreciated and wanted to create songs in the most natural form (Welch & McPherson, 2018). Today's simplicity in production and distribution has led many musicians who do not have any real purpose apart from gaining fame and money. For this reason, the current music has suffered degradation of character and quality, justifying the shift from a product industry to a service industry.

Finally, music is all about cultures, so there are numerous types of music genres globally. However, cultures vary, and the more powerful cultures tend to dominate and overpower the less dominant cultures. Technology within the industry has facilitated this cultural gap and change, resulting in some genres dying and being irrelevant. Webster (2020) explains that Millennials adopt new musical genres that they consider cool and exciting. The shift in cultural genre change by the young people has been facilitated by the latest technology, allowing the current crop of musicians to develop new artificial sounds that appeal to them.

Conclusion

Based on the above analysis, it is right to say that technology has changed the industry from being a product industry to a service industry. The said technological advancements have dramatically changed the music landscape in recent years in both negative and positive ways. Nevertheless, technology is not going anywhere, and it will continue to impact the

industry for years to come. Therefore, it is for the industry to continue maximising the benefits while minimising the negatives to make the industry a strong service industry.

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