

New Technology

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Summary

Technology has changed how music consumers listen to music worldwide. The music industry has gone from being product-focused (vinyl, cassette, CD, physical format, and distribution etc.) to service-focused (Spotify subscription, YouTube, digital aggregators etc.). This essay will discuss and evaluate how new technology has facilitated the development of the music industry and will provide examples of the effects of the industry moving from a product to a service sector. In the past, creators were primarily reliant on record labels to create and release music, but with the rise in service-focused models, consumers can now access music on demand, which provides convenience for both listeners and creators.

Streaming platforms, such as Apple Music, Spotify, TIDAL and YouTube, have transformed and revolutionised the music industry in many ways and areas. For example, an evolution in music marketing and new promotion strategies has been instigated, and opportunities have arisen for independent artists. Undoubtedly, the music industry has been positively impacted, but what are some concerns created by new technology? This essay will also focus on how the music marketing aspects of the industry have been affected by new technologies.

Background

What is music distribution?

Music distribution is basically the process of delivering the artist's music and making it available to the public. This can, for example, be in the form of a physical store or digital music retailer, streaming platform, or social media app.

“In short, music distribution is the ‘distribution’ (i.e., the sharing or releasing) of music to a collection of physical and online platforms and marketplaces” (Ditto Music, 2023)

How has music distribution evolved?

Music distribution has developed in response to the way that people consume music. A few decades ago, in the age of physical music consumption, CDs, vinyl, cassettes and even any kind of printed score or sheet music were transported physically by music distributors into every record shop, outlet and wholesaler selling music.

Today it can almost seem hard to believe that the industry back then was almost entirely physical unless you were born before the 90s. However, in 2023, physical sales have declined significantly and only make up a quarter of all recorded music sales (Ditto Music, 2023). This makes the digital music market the most significant contributor to the music industry overall.

What are some of the music distributors' main roles?

As more than 90 per cent of the music industry today is digital and this includes listeners, distributors are adopting different roles than before and one of the main jobs is releasing music to online platforms such as Spotify, Apple Music and social media platforms like Instagram and Tik Tok. This involves distribution contracts between music distributors and music services.

Most sizeable digital streaming providers such as Spotify will not permit artists to upload their music directly because they do not want to deal with millions of artists' pay-outs for streams individually (Ditto Music, 2023).

“For DSPs, their main priority is the end listener. For music distributors like Ditto, the main priority is the artist. That’s why we act as the middleman, taking out all of the stress of what

would otherwise probably be a very complex (and pretty much impossible!) process.” (Ditto Music, 2023)

Another role involves paying out streaming royalties. When an artist’s music generates streams through online music services, they get money in royalties. The distributor’s job here is to transfer these royalties back to the copyright owner of the song, for example, the artist. Some distributors will take commission, whilst many music distributors, such as Tune Core or Ditto Music, allow an artist to keep 100% of all the royalties generated. Most music distributions make money by either taking a percentage of the revenue earned by the music they distribute or by charging the artist an upfront fee for their services. For example Tune core will now have unlimited release plans(costs), meaning no annual renewal costs and in return, you keep 100 per cent of your rights and 80 per cent of the revenue earned from the store (TuneCore, 2023)

Lastly, another helpful position a distributor might take is to promote and support a release as it has become essential for a distributor to be a part of a good promotion strategy for an artist’s music to reach fans.

“Many music distribution companies have started to act like record label hybrids, offering much more than simply ensuring music is available” (McIntyre,2023)

Web Evolution

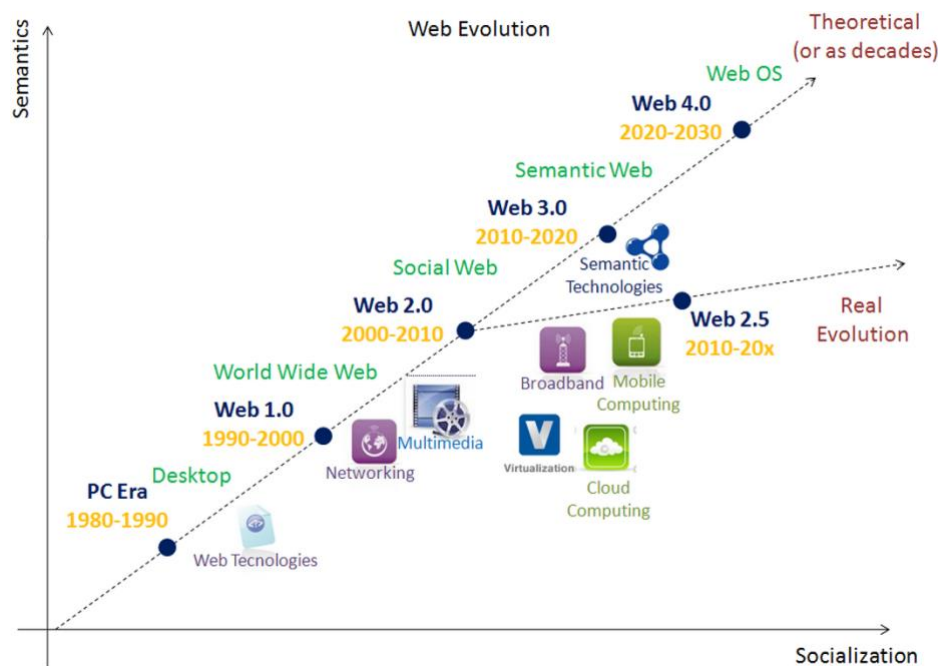
Music distribution has gone from physical to digital over the past 20 years because the process has naturally mirrored the evolution of the world wide web, adapting to meet the needs of consumers and the needs of artists in the modern music industry.

Billions of people are interacting with others through the web, which has become the primary tool on the Internet to read, share and write information. Below is a summary of how the web has evolved in just over two decades.

Web 1.0 is described as the first version of the web era (1990-2000) and was limited to reading information only, for example, static websites and personal sites.

Web 2.0 is “The second stage of development of the internet, characterised especially by the change from static web pages to dynamic or user-generated content and the growth in social media” (Dictionary, 2023). The era of (2000-2010), also known as the Social Web, continues even now and helps to bring interaction between users on the internet and allows for communication with others. Examples of 2.0 web applications are Facebook, YouTube and Instagram.

Web 3.0 which is the 2010 and later era and is referred to as the future of the web. “In this era, computers can interpret information like humans via Artificial Intelligence and Machine Learning. Which helps to intelligently generate and distribute useful content tailored to a particular need of a user.” (Madurai, 2018).



(Madurai, 2023 (https://www.mdpi.com/futureinternet/futureinternet-04-00852/article_deploy/html/images/futureinternet-04-00852-g001.png))

There is also **Web 2.5** which is the era we are currently in (2010-2020) and which concentrates on the concept of the natural evolution between Web 2.0 and Web 3.0. “Web 2.5 is majorly focussing on mobile computing and evolution in mobile technologies. As we all know mobile computing plays a major role in engaging larger audiences via native apps as well as mobile web apps, we can find more and more apps getting into the mobile market to establish their presence by addressing mobile users.” (Madurai, 2018).



(Accessed via Ditto Music, 2023)

Since we predominantly use our mobile phones today to consume music, create, distribute, read information, and navigate our everyday life, where does this leave the music industry and market to promote music?

Evolution of music marketing and promotion strategies

Artists that want to get their music to the public and reach an audience will have to make it available online, as almost 100 per cent of the music industry has gone digital. Because of this, many companies today provide music marketing tools and services. Moreover, music distributions known as “the middlemen” have also established tools to build a more service-focused model rather than a product-focused one. Several distributors, such as Ditto Music, offer different options to promote music online through their services, for example, promo campaigns, playlisting, music synching, pre-save links, chart registration and music industry advice and guidance.

“In the age of digital music, distribution is a really critical part of every artist’s music promotion strategy.” (Ditto Music, 2023)

This has created an opportunity to reach fans all over the world. “As the early 2000s set in, the power dynamics started to shift. Mobile phones became more popular, and music streaming sites started to mean business. Consumers now had access that physical record stores no longer defined. The supply pool got bigger, putting the listener in charge of what was hot or not, but the relationship was still tilted” (Fountain, 2022). This meant that increasingly artist engagement and interaction with fans only happened at live shows, tour venues and meet and greets.

In 2010, when social media was booming, it opened many doors of opportunity for both listeners and creators. “Social media introduced a level of music promotion that I believe had been unprecedented in earlier years. More and more platforms were vying for people’s

attention, so they introduced unlimited features to keep audiences entertained.” (Fountain, 2022)

The rise in the DIY / independent artist

For a long time, the music industry was primarily supported by traditional record labels and relied heavily on their decisions in terms of musical preference, music budgeting and even tour dates, etc. Today it is recognised that there are new market opportunities for traditional entertainment contributors now that we have and can stream music on demand.

Due to this, a rise in independent artists such as ‘Chance the Rapper’ flourished and set a trend in the music industry to follow. “DIY and independent musicians are the fastest-growing segment of the music industry, with income growing from 1.7% of total music revenue in 2015 to 4.1% (US\$873 million) in 2019, when US\$2.15 billion income went to independent artists without a recording contract. Nevertheless, major record labels still accounted for 67.5% and indie labels for 32.5% of income.” (Houghton, 2020)

“How technology has changed music over the years is how recording labels connect with fans and consumers. There are more opportunities than ever for independent and up-and-coming musicians to promote their work through crowdsourcing and social media marketing. In today’s world, artists don’t even need to release a full studio album to attract new listeners. It’s not uncommon for new artists and independent musicians to start a YouTube channel or perform their music on Instagram live streams to build an audience and test new music. It’s the digital version of the coffeehouse open mic and passing out mixtapes at bars to attract new audiences. The online world is a crowded space, so quickly adapting is one of the greatest skills to make in today’s music business.” (Victrola, 2020).

Moreover, due to this, there is a more extensive music collection circulating globally and creating more visibility for artists, but this has also created challenges. Those challenges include finding ways to target your audience as an artist and how to promote your music best.

“After you release your music, you can also run ads on social media and hire influencers to promote your music. Ensure you know how to target your audience, however properly, or else you could waste a lot of money and see no return on investment” (Fountain, 2022).

Pros and cons

In former times, music marketing had limited options and relied on traditional outlets such as radio, printed posters, ads, and DJ's. However, one can use many marketing strategies to promote music today. These days, music marketing mainly uses social media to target and influence fans and an audience. Social media has allowed artists to build a strong online presence and engage with their followers by posting regularly. Social media has as we know become critical for music marketing because it has given a platform to connect with fans directly and effectively has instant access to tons of potential fans.

Even though the potential is excellent, there are challenges to consider such as there now being greater market competition and new gatekeepers for example streaming platforms and music curators that combine editorial algorithms to form playlists and influence listeners.

“Gatekeepers still exist, such as streaming algorithms and online music PR, affecting music visibility and success. DIY artists must recognise these gatekeepers and their influence.”

(Frenneux, 2023)

Many cases of streaming manipulation by artists and labels have often been identified which resulted in the entire industry suffering and being affected by these practices but ultimately

the independent artist and labels the most. Music streaming manipulation involves being able to boost stream counts artificially increasing improved royalty payments and even placements at the top playlists and chart positioning. Methods and other practices of using bots to enable larger stream counts have been found. For example, “To paraphrase the incredible investigative work of fellow panellist Markus Tobiassen: Beyoncé’s and Kanye West’s streams on TIDAL were manipulated to the tune of several hundred million false plays... which has generated massive royalty pay-outs at the expense of other artists. Earlier this year there were reports that Norwegian criminal justice unit Økokrim had opened an investigation to learn more”(Houghton,2019)

Also, although new technology has made music more easily accessible, it has come with the problem of piracy, where music can now be copied and easily transferrable without legal permission.

“Piracy is the main culprit in economic losses incurred by the music industry over the past decades amounting up to 12.5 billion dollars every year according to the Recording Rights Association of America. Several measures Have been put in place, but with technology evolving daily, the musical world still awaits a miracle. Those who still make it to the top are usually those who have established enough recognition to outplay the damage done by today’s modern and sophisticated musical pirates” (Deux, 2017).

Conclusion

Overall technology has chiefly affected the music industry by allowing and facilitating platforms that have changed distribution, endorsed more flexibility, increasing opportunities in the music market for developing artists to gain access to resources, streaming services and market themselves. The modern digital industry has been positively disrupted by reducing the barriers for artists.

The ongoing transformation of music consumption from product-focused to service-focused models has been enabled by technological advancements, particularly the internet, mobile connectivity, and streaming platforms. While the shift has brought numerous benefits, such as convenience and access, there are valid concerns regarding artist compensation because of ongoing challenges within piracy and streaming manipulation today amongst a few. By being critical and examining both the positive and negative sides of this transition, continuous work towards a more equitable and sustainable music industry needs to happen. Technology will continue to shape the future of music consumption and industry, requiring ongoing research, adjustment, and collaboration between everyone in both the music industry and the music consumer to work together against the issues plaguing the music industry.

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