

The technology impacts on music industry

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Although the mainstream of production in music industry changes a lot, live performance of music is still an important part of industry as it allows performers to establish new fans and give old fans a chance to hear the music in a live venue. Besides this, music radio still typically plays a major part because they have traditionally been as a platform for new songs and performer showing and promoting. However, the influence of digital contribution in the music radio industry is also obviously.

In this article, I will analyze the impact of digital evolution on music recording and selling industry, and music artists' career. I will focus more on the influence of digital towards the record labels. In the end, I will give my recommendations on how the future of music industry should be like to be better off. Digital convergence and record labels "The traditional business model in the music industry includes the mass production and distribution of physical goods" (Hughes & Lang, 2003).

In this model, for the better part of a hundred years the recorded music business had an impressive track record of staying on top of the freshest technology, "up until 1980, recorded music was an ecosystem totally run by the major record labels" (Bobby, 2014). Record labels are selecting artists and signing with them, manufacturing the products, such as CDs, and distribute through music stores and artists will sell it at concerts as well (Valerie & Deborah, 2004).

The main revenue comes from the sales of the products, including CDs, cassettes and concert tickets and so on. They are promoting the product via print media and radio mostly. The music industry was enjoying low

manufacturing and high price of products. The high cost in music made music such luxurious and the spread of music is not very wide compare to nowadays. The record label was in the centre of the industry and each activity in this industry must get its approval before progressing. The money in the music industry flowed mainly to the record labels.

They are the master of their own domain. However in the last few years, the recording industry has gone through great changes because of the introduction of digital technology. " In 1999, Anapest, a piece of software created by Shawn Fanning, brought about a major change in the industry' (Pablo, 2013). " Anapest as the pioneer of semi-centralized services, operated in a client server peer-to-peer model, where a central server system facilitates communication among peer clients" (Kate, 2005).

The appearance of Anapest revised a tool to share the music files through the internet directly among fans and without any kind of payment by fans, it provides a tool to help them and other enthusiasts find and discuss music on the internet (David & Starling, 2005). It can be say that Anapest was changing the music industry by permitting almost anyone to reproduce and distribute digital content at close to zero marginal cost over highly decentralized peer-to-peer computing architectures (David & Starling, 2005).

This, in my own opinion, is because of the demand for the cheap or free music by the consumers. Anapest had more than 60 million users worldwide before it was shut down by the U. S. Court system (Valerie & Deborah, 2004). The market research submitted by the Aria's expert showed that 41% of the people said that Anapest decrease or displaced music purchase (David &

Starling, 2005). Anapest was sued by ARIA for illegal, unauthorized peer-to-peer music file trading via the internet. However, the law of copyright was only effectively regulating the publishers at that time (Lawrence, 2001).

In the situation that the law of copyright was not consummate, the court could not accuse Anapest for infringing copyright at first because Anapest argued that " its users' practice of 'sampling music as a way to inform purchasing decisions was a legitimate fair use" (David & Starling, 2005). At that time, the music industry had no guidelines for how to charge licensing fees for sample music, so that it made challenges for court to charge Anapest. However, the win of the ARIA did not stop the free music sharing in the internet and the law of copyright still has vulnerabilities exist.

Part of the reason Anapest was vulnerable to legal action was that it represented a centralized target, and its status as a company meant that ultimately it had to take responsibility for activities taking place via central server(Kate, 2005). Because of the pressure from external, the internet is forced to general changes and makes innovations, both legal and illegal. After Anapest, the decentralized peer-to-peer networks appeared. " This model has no central server, communication on the network traverses the peers themselves, and these individual computers are then linked together to form an advertisement hoc ratable network" (Kate, 2005).

For illegal network for example, Neutral is Just a program but the company to offering particular service through system, and they avoiding sues by attempting sue individuals using network to download unauthorized content, which makes it hard for ARIA to protect its rights and revenues. And later on,

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networks seeks to safeguard their users by hiding its users' details using techniques such as encryption. For legal network it includes legitimate online digital music services through PEP services. For example tunes, it pays to the record labels to get licenses and sold the digital music file on their web.

It priced \$0.99 per song, \$0.75 goes to the record label, and \$0.5 goes to the credit card companies and left only \$0.20 for company to cover all of its cost (Kate, 2005). Initially, "Apply tunes does not expect to raise its revenue by selling music files but to stimulate the purchase of pod" (Kate, 2005).

Revenue model Both legal and illegal networks can raise their capital by 3 ways. The first source is from advertising of course (Kate, 2005). The second one is that music sharing networks can collect download rating data and sell it towards record labels as big data (Kate, 2005).

This useful information guides the record labels to produce music which is more preferred by the customers. Additions to this some illegal networks will track the consumers' Web browsing history and send promotional messages (Kate, 2005). And the last source is that collecting capital by selling licenses to independent artists who wants to post their content online (Kate, 2005).

The annual global music sales declined by more than \$2 billion from 1999 to 2002 attribute to unauthorized online PEP file trading, and offline piracy (Valerie & Deborah, 2004).

And the revenue and sales of record labels fell more than 40% since online music sharing was introduced. But the PEP music file trading not just change the situation of record labels, ultimately, it also changes the career of music artists. Digital convergence and independent artists In the past, the artists

were controlled over by the record labels. They don't have many options to fund their recordings, tours or projects in general without signing up with record labels (Pablo, 2013).

The most important reason is that the artists do not have the equipment to record high quality music and distribute them without the supply of record labels. " However, in nowadays, the innovation of digital tools aromatically changes the horizon of access for those who would like to create new music" (Lawrence, 2001). For example, Apple technology can create music by the computer instead of instruments. Its advertisement said: " rip, mix, burn, after all, it's your music. " And again, the copyright law has to be mentioned. Just because you recreated the song doesn't mean that is your music!

For distribution, by paying low membership fees to the music distributing website such as MPH. Com. AU, these independent artists can upload their music file to public. Within the easy way to compose and distribute music, independent musicians have heir own way to make a living and many of the people following them because they are more " free" to create the music they like. The future music industry To respond the decrease of sales, record labels should shift their attention from suing the piracy to promotion and marketing (Freedman, 2003).

The record labels had more than one crisis because they have difficulties to accepting new technologies and styles of sale. In my view of point, maybe they should totally change their revenue structure. Till now, the main income of record labels is the sales of music in form of both physical and digital. They ignore the income from derivative industry of music, for example the

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photo albums of their artists, the tickets of the concerts, the product that contain the element of artists. Animation industry can collect money by selling their cartoon toys and cups printed with cartoon characters.

How about music industry? Record labels can freely supply the music to the popular music website and share the advertisement revenue with these websites. By promoting the song in the internet, the influence of the song will increase and then the artist will get more famous, and ultimately, the sales in derivative industry will increase too. Additional to his, if the popularity of the artist improves, companies can seek higher advertisement fee from websites. By shifting from selling the music to selling the influence of artist, record label can raise more capital.

Conclusion " The introduction of new technology is always disruptive to old markets and particular to those copyright holders whose works are sold through will-established distribution mechanism" (Kate, 2005). Yet, all the activities are driving by the demand of the market. The record labels will end if they do not seek new ways to make an opportunity. According to most of the experts, the music industry created it own estimates because it refuse to adopt and adapt the new digital innovation until it was too late.