

# [Various new trends in indian music industry media essay](https://assignbuster.com/various-new-trends-in-indian-music-industry-media-essay/)

This report is to analyze of various new trends in Indian music industry. The research is based on Sony Music Entertainment India Pvt. Ltd. It is a wholly owned subsidiary of Sony Music Entertainment, Inc (SMEI), New York. It is one of the most famous recording companies in the world and growing its business in India rapidly, as Indian music industry is famous for its bollywood (Indian film industry) music, and its growing business in Indian market. The organization and the country chosen in this report is to explore its recent trends and the factors which affecting the company as well as the Indian music industry (IMI). IMI is not an ordinary industry, as it is one of the important sources of revenue for Indian government.

The report is focused on the Indian music industry and its new trends and pre and post conditions related to these trends. The main structure of the report is three important parts which includes four trends which are supported by various articles, journals, reports, online information and data and other various literature which support the evidence of all four trends and followed by the scenarios based on deductive approach and finally, the implications of these trends and on the basis on which conclusion is drawn. The report is completed based on knowledge acquired in the class, secondary data and the great support from Mr. Stephen McGrail.

## Industry and market background

The reason to choose the music industry as a topic to researcher is due to the things making our attention in the world like in UK, at least 7 million people use illegal downloads, costing the economy billions of Dollars and thousands of jobs, according to a report. Which reflect that the illegal downloading is robbing the world’s economy with millions of Dollars every year and seriously damaging business, innovation and music industry throughout the world . This is something which really need attention from the masses as well the government in tackling this issues.

Following figure show prominent revenue decrease in music industry from year 1999-2008:

(Figure – Where is the money going? (Reason Number 3 for the Drop in Music Sales Availability – Too Little or Wrong Format 2010)

The issues which is making the set back to the music industry will be the future money machine in the long term prospective if they are considered reasonably i. e. in next 5 years, internet won’t be making sales down it will create more revenue for the government as well as the music industry like Sony, etc. with the use of e-commerce means like iTunes and YouTube.

We are taking Indian music which is full of diversity due to its large population and growing economy. The market size of Indian Music industry is about Rs. 777 Crores (USD 149 million) 2009. Digital market has been expanding rapidly and will lead to a trend of gradual substitution within the next 5 years. Piracy has been a problem since long in Indian market and still remains. Overall, the music industry is estimated to grow at 3% every year for next five years (Music Market 2010 the Indian Music Industry, http://www. indianmi. org/national. htm viewed 30th Sep 2010)

Following figure show that the despite music revenue dropping in western countries, the music industry in India still maintains on steady growth.

(Source: revenues of the music industry in India Figure shows the industry revenue of India in Crores (ten million)

Figure shows the distribution of Indian music market. Film is a critical drive factor in Indian music, taking over 3/5 of the market share. International and local pop music is nearly half-half, respectively 6% and 8%.

(Figure – Genre wise distribution of music sales in India Music Market 2010)

## Organization Background.

Sony Music Entertainment is the second largest recording music company in the world. It counted among the “ BIG FOUR” music companies. Sony music was founded in 1929 with the merger of several small companies. After many acquisition and joint venture in 2008 Sony Music buys all the share of the company. The total revenue of Sony Music is 3. 9 billion U. S$ with a growth of 2. 2% in 2008. Sony Music entertainment signed a deal with you tube and have its own channel on you tube.

Sony Music Entertainment India Pvt. Ltd is the wholly owned subsidiary of Sony Music Entertainment Inc (SMEI) New York. It is the only integrated company in India, with manufacturing, marketing and distribution. Sony Music entered Indian market in 1996, which brings lots of change in Indian music industry mainly Sony creates a transparency in the music industry and focused on quality. And the most important thing Sony music exported Indian music to international audience also. Total market share of company in 2007-08 was 10 % which is, much higher than other music companies in India.

The economic trend which can be seen in the Indian Market is the “ Rising of middle class “ as we know Indian is the one of the world largest economy with good purchasing power which is in the hand of the middle class as the population density of India is more toward middle class. This is effecting the Indian music industry as the buying capacity of the music gadget or the instrument which now a day’s mostly work on the digital storage and flash storage as they are more compact and mobile regardless of the old sources like walkman and the Disk players.

Second, India’s service industry accounts for 55% of the country’s Gross Domestic Product (GDP) in which digital market growing in the steady flow. Lastly, the wealthiest of younger and there westernization as more and more go study overseas and come back with a better paid career. In which the Australia is the second largest group of overseas students in number after China. They are building a larger middle class, and also their appetite is influenced is more towards western lifestyle.

Post-condition to sustain this trend in future are firstly the increasing number of legal website exists like iTunes Store for downloading and the rule and regulation will increase their extend to all these downloading site . Secondly, post-condition is the technologies in the Indian market will grow and will keep them up to the mark with the world in reference to the music software, music formats and device to play with.

The pre-condition of the trend in which the companies focusing on Internet Entertainer is due young generation is turning toward the short term entertainment and they really starting love it as there million of Face book posted video which is high supported from the youth which reflect that more population involving there most of the time in day doing social-networking whether its on Laptop, desktop or Mobile. This culture is also increasing due to increasing affording capacity of this youth market.

The Post condition which is required to sustain this trend are firstly , the increasing in number of IPTV’s channels from the help of the internet provider. Secondly , rising patent and copy right law and the issues related to them and last the increasing number of posted video which lead to the numbers of talents and self made celebrity.

## Legal trend

The trend is Copyright for Remixes, where Remixes are nothing but some changes made to original songs in other words old wine in new bottle. And the most important issue is the young generation enjoys remix song more than that of original songs and it is an easy way of popularizing old forgotten songs. And as remixes are copied of already existing musical works so issue of copyright is an important issue in India. In over past few years the huge sale of this kind of music proves that people like this kind of music. And this new trends is good for both customers and Indian music industry, as customers are getting more variety of music and good for industry as it gaining new talents and upsurge in revenue, for example an old song “ kaanta laga” is remixed and released in year 2003 by an Indian music company T-series and its has taken remixes to a new height and boom the remix market.

## Evidence

From year 2001-2004 around 5500 cases were registered by Indian music industry and government official seized 25 lakh compact disc. And the according to the copyright act 1957 “ 5 percentage of the share from the first print order has to be sent as royalty to the song owner (singer)”

## Pre-Condition

Pre condition that leads to this trend is that artists are start losing loyalty and they getting less money as most important task is done by them and the remix artists making lot of money. And government and Indian music industry estimated that because of piracy they had a loss of 190 million U. S dollars in terms of sales tax, excise duty, and income tax. And most important Indian consumers are suffering because they are buying poor quality of products and supporting the theft of intellectual property.

## Post Condition

There are several post conditions of this trend like growth of more online distributors in India few e. g. Fabmart. com, soundbuzz. com, musicurry. com, vindia. com, audiofind. com, mp3. com are some of the websites frequently visited by music fans to download Indian as well as international music, musicurry. com is the only Indian portal to have obtained license to host and play Indian music online. Secondly increasing copyright protection of online contents as Indian music industry (IMI) has set up Anti-piracy team in year 2000 for internet security which is headed by a famous Indian official who has been working with IFPI to face piracy in India and the result of this IMI has managed to close five hundreds sites which enables consumers to download music illegally. IMI also focusing on Websites which are involved in streaming and downloading Indian music with the collaborations of IFPI (IFPI represents the recording industry worldwide, with a membership comprising some 1400 record companies in 66 countries and affiliated industry associations in 45 countries) and the most important initiating actions against consumers downloading music through P2P transfers which result the famous downloading source KAZAA is closed. And for the success of all this effort retailers increasing extent of rules by government specially remix music retailers.

## The technological trend.

This trend refers to the technology boom which leads to the strong competition in the technological market which leads to cheap and quality products. As the increases consumption of the desktop, laptop and the other digital devices in India. It brings the technology as the internet that is a significant influencer directly to the Indian music market. Especially, the online market stimulation which fulfills the customer need and bring low cost and quality of product (IMI 2005).

## Evidence

Indian would like to use the technological devices such as iPod or other products of Apple. Even though the taxes of these products are high, they are willing to buy these products.(Carney 2010).

## Pre condition

The pre condition to this trend is the increase in literacy rate in Indian as the most of the young generation is educating them self to sustain in the competing world and the second the amount of the foreign direct investment flowing in the India is leading to high technology development due to the technology transfer from the parent company.

## Post condition

The post conditions to sustain this trend are firstly the technology shift from Micro to Nano devices in the reference to there size as well as the processer on which they work on and secondly as per the data the demand of the high tech product in India are increasing day by day which reflect the continuous adoption of the high-tech life style regardless of their high cost.

## Scenario Methodology.

To analyze how the four trends interact between each other, we employ a cross-impact table in which vertical columns are active, and the horizontal ones are passive. With the help of this we will conclude the most uncertain factor to analyze the future scenario:

Emerging middle class

Super tech.

Internet Entertainer

Legal

Emerging middle class

Make people buy more

Go for more diversified ent. More access to P. C. & Net

No more piracy support

Super tech.

More sales

More iPad, iPod, iPhone, i…

stimulation

accelerate

Internet Entertainer

More audience

More online recourse available

Regulate and guide

Legal

More requirement for legal support

Better guarantee

Force to, lead to

We are using deductive method to analyze the music industry’s future scenario. We have chosen the two most uncertain factors from the cross impact table that mostly influence the future of this industry in India are:

Extend of the government of rule and regulation.

Adoption of high-tech life style.

## Extend of the government of rule and regulation.

As we know that Indian is the Country with the second Largest population in the world and the government structure is very complicated which can create in the uncertainty in the adoption of the rule and regulation in Indian as whole. But in this Factor we are taking about the measuring and the extend of the rule and regulation the government impose in the country to measure and monitor the online activities. (E. g. Bit torrent)

The extend of the rule which can be imposed can be on the legislation on using a musician’s product in any sense (e. g. processing remix of original songs) will have to pay the copyright fee or loyalty to the musician and company as well as the artist because at the moment no one is paying for using anyone works to remake

## Adoption of high-tech life style.

As we talked about population of the India in previous uncertainty factor , the same things also refer here that the Indian population is very diversified in the sense of age , cast and religion . And the adoption to the new high-tech life style is somewhere widely excepted and somewhere not. And the young population which we are mainly targeting can be ridged in some part and open in some part of India which depend on the background they came from and ultimately influence the music industry.

Following figure we have shown the deductive method. In which we have taken both the uncertainty factor on the axis to find out the future scenario for the music industry. With the help of this we are able to formed four quadrants by using the uncertainty variable in which each of them stands for a possible and Negative scenario which can occurs for the Indian music industry.

## Description of Scenario.

## Scenario 1 – Internet Parade

Low legislation vs Low technology adoption.

It very much represent the present situation of market, when nearly all the resources are available freely and people don’t always pay copyright fee even if they use music products digitally i. e. downloads. This will probably happen because of low extend of the Rule and regulation from the government will favor people to hunt for free downloading site.

## Scenario 2 – Websites Wins

Low legislation vs High technology adoption

Will lead to scarce of free downloadable music recourses because of high technology innovation on coding of digital information and websites start to charge for downloads or paid sign up for downloading.

This will happen because there is a universal discipline when it is about resource; it would be business opportunity for the online retailer but not for the government revenue as due to low regulation.

## Scenario 3 – Grey Market

High Legislation vs. Low technology adoption

Objectively there will be large amount for downloadable or transitable music products, but will be highly restricted by Government Regulation and laws. So the situation could be that the downloading or sharing behavior would convert to ‘ underground’ way through social network and with sharing of content through communities like face book, AOL, MSN, QQ and other chatting tools and networking sites.

This will possibly happen when there is strict prevention of illegal downloading, the websites providing this would disappear and social communities and chatting tools would take relay of this thing because they are extremely popular among peers and they surely can be a good media for transmitting digital property products by friends-sharing between individuals, without offending the law.

## Scenario 4 – Bright Era

High legislation protection vs. High technology adoption.

This is favorable future for music industry. Customers have to pay for all online resources, and they cannot be transited easily and the Artist and Creator won’t lose their loyalty.

But in real sense this is somewhat difficult to happen, because either of the legal and technology part will meet obstacle, even also the music companies work hand-in-hand with government. The concerning issues related to resistance of internet users, among who are majority brought up in an digital environment that all the transformed products should be shared freely, and ignorance and lack of consciousness of intellectual property in developing countries. And also both of their process takes long time, maybe decades to actually implement practically.

## Implications.

## Key Risk.

The New technology will be at risk till it has been widely accepted or has been globalised or nationalized.

The new technology will lead to the potential risk for example: the Transiting between the devices will be more difficult.

In future more online retailer will play in market as its growing and will lead to the high density of completion in the digital market.

Cost of the Original Music will get down due to the high technology and low inventory cost in the production of the music.

## Key Opportunity.

Online retailer and the big music company like Sony Music will have the opportunity to work with the government hand to hand regarding the copyright issues and the other related issues to protect their right as well the artist loyalty .

This digital market will give Indian music industry a new face which will be broader and full of new opportunities which will help the Indian music industry to grow worldwide.

This will lead to improvement in the quality of the music and with the advancement of the technology the more file format will come for the music for example: mp3, FLV, WMV, and ACC. Many more coming in future.

## Conclusion.

After the Depth research of the industry and the chosen market we can conclude that the growth of this industry in the future is favorable and proposed scenario may occur in which the most favorable are ‘ Grey Market’ and the ‘ Bright Era’.

The movement of the physical CD’s and the DVD will decrease or we can say will demolish as we can see these days and the future will be more of the flash drives and the digital market . With the help of the technology the government will have the more power to monitor and track the online downloads and the uses will help the government to generate the more revenue from the online industry which they are losing these days.

The Artist and the music producer as well the singer will be free to circulate their work or art as due to high regulation and rule on online market their work will be protected and which will give the freedom to share with the world without fear of copy or illegal Issues.

Lastly we conclude that the more and more Music company will work in hand in hand with the online entertainment sites Like YouTube , You ku, etc.