

The influence of internet on the music industry



Internet has made the world into global village and the growth occur in internet technology in a short spare of time brings out huge changes in world. The new trend of business comes as an E-Business and no one would have thought that it will become the most powerful tool of business. There are many positive and negative changes made due to internet vast technology.

Companies get involve in E-Business and online trading creating new opportunities to explore the world and with rapid changing in technology. Companies and organizations startup their business in B2B, B2C businesses with help of internet excess and digitalization.

Literature on the History of Digital Music and changes in Music industry:

According to the International Trade Union release the trend in using the internet has rapidly increased in last few years especially in EU-countries and now a days internet is affecting almost all industry in positive and negative change in transitional countries. Great impact we can see in industries dealing with goods which can be distributed and digitalized online. In 80's digital revolution took place and affected every aspect of human life and developed a new human behavior. Thomas Beecham has said " musicologist is a man who can read music but can't hear it". Music digitalization and distribution is one of them and this report will discuss the interference between technology changes in music industry. The first ever released music album on internet was back in year 1998 and it was a direct released by Chuck D with label Def Jam, this brings out the storm in music industry with a new change. This was a bad news for the mainly major companies of

industry ruling on the world for almost century. The another launch on internet did by the Peter Fanning in 1999 and a millions of people start getting the exchange of music files and it was a threat for the industry.

In step with the development of new music formats because of the increasing use of internet (www, emails, FTP chat etc.) their potential usefulness in everyday of life, users started using internet for a wide range of need like everyday communication, entertainment, education and conducting business online. Music industry needs to get explore and brings out changements and to process and adapt new situation, and the major reason was the unfair partition of the money between the artists and his label. The biggest improvement which came with internet that an artist can reach his audience with no barrier and filter as in early 60's many musicians try to find out ways to expose their talent but they couldn't get succeed and the talent remains hidden from the world. The independent labels always exist in the industry and being managed by people who loves music.

In my essay I will explain with my example that the first ever album and band using the internet technology to promote their label and name was from United Kingdom. In Britain there are lots of bands releasing their music albums everyday and they sell in millions also but the ARTIC MONKEY band from UK understood how to use internet very well for their promotion and marketing and create a huge fan. They released the album and made many burnt CD's with demos of their music and gave away in public freely with their MySpace address and they got succeeded in building their reputation without releasing anything. The news reported that thousands of fans singing the lyrics of songs and the band creates and achieve hysteria every time

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they put a new song on MySpace page and these all were not official release, they also provides their future releases on MySpace. The first song released by the Arctic Monkey was the hit and hit the first place in charts suddenly and their album broke the selling record in first week (beating Oasis, Spice Girls, Beatles) and Arctic Monkey proven that internet can be the strength not the threat for industry of music. MySpace have helped various artists and musicians to target their audience in their own style of music regardless of label demands.

Experts admitted that illegal downloading of music can never get stop and it messes up the system which is unfair with artist and who paying for albums. BPI (British Phonographic Industry) has joined with IFPI to take legal action against internet file sharing.

Research on the Positive Effects on Music Industry:

81. 87% of the entire industry of music was controlled and ruling by four record companies as you can see with the figure shown Fig. 1

Warner Music Group, Sony BMG Music Entertainment, Universal Music Group, EMI Group and These are the labels who have money to promote artists through the medium of radio, TV shows, and music videos, most of the artists are not signed or in a contract with these labels but small labels do have to promote their music as they don't have enough money for promotion.

MySpace:

Performing Right Society is the United Kingdom association of composers, music producers and songwriters, they have announced a strategic

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partnership relationship with MySpace and both organizations will be working together throughout year 2010. The main aim is to support, share, and discover music for promoting MySpace as the online aim. There is another importance of PRS Music membership for the music on my space generation is one of its kind deals in the music industry.

Over a million of bands registered in UK and MySpace is the most popular medium and channel for the new and upcoming artists and music to promote their work. PRS music as go up to more than 65, 000 members representing UK's people related with music industry in means of songwriters, composers, and publishers and we have seen a rapid growth in young songwriters.

This deal comprises of three core themes building the partnership:

Using MySpace service to communicate to new writers and musicians and promote the importance of the PRS Music membership.

Benefits to PRS Music members: exclusive offers for the classes of songwriting and competitions and across country promotional activities and campaigns.

MySpace Usage: existing PRS Music members value the usage of MySpace to engage more fans and wider the industry.

There is a partnership between PRS music and My space music and it is connected for 12 months contract and it has the objective and aim to promote and it follows to the latest completion of a PRS music license for to launch a music of MySpace music, and this will provide a new platform the

music lovers to download and stream music online and it will be having the catalogue of audio tracks and music videos in a comprehensive quantity.

“ The partnership represents a genuine break to reach and to write lyrics on the new song albums by the writers who are already creating and sharing their music online. MySpace is an unbelievably powerful tool for the countries like UK’s songwriting community and both organizations are fanatical about supporting new musical talent from all over the world”. (Jezz Bell, Director Broadcast & Online)

Music Piracy:

The positive part of the music piracy is that it allows listeners to download unknown artist’s piece of music from internet because they don’t like to spend money and experiment with unknown artists. This kind hurt industry because most of the listeners download instead of buying but on other hand downloader may realize they like the music so they could buy the actual album or other albums of same artist will either to spread the music to their friends who then it can turn in to power to buy the album.

“ Piracy is defined as illegal music theft”. (Graham, Music industry finds new beat)

In 1999 a new kind of service started which grows rapidly that was Peer-to-Peer (P2P) which was widely used by internet users to share music online. Napster was the leader in the field of P2P music sharing and he introduced this service for the sharing of mp3 music in its designed search engine. Walkman style was introduced and widely available in year 2000 and

demand for mp3 format music increased in boom, and 70% of the music lovers used the format.

Several issues which are considered by major players of music industry, some of them are

People prefers to download individual songs not entire albums

People search for popular music that is not possible to get in offline stores.

People enjoys in sharing music and downloading at zero cost.

Internet file sharing becomes the rapidly increasing trend.

American idol can be given as example the contestants gone from TV star to superstar and makes potential money makers every year merely release song to iTunes and make their money and move and if artist doesn't have potential so it doesn't matter to recording company.

Online Music Distribution:

P2P technology led the rise in music piracy through internet and RIAA

(Recording Industry Association of America) annual reports show the revenues of CD retail business declining since 2000 till present. In 2004 the global music piracy was estimated to be worth 4. 8 billion dollars (Reece, 2004) and for the present music industry it is extremely important issue if the consumers continue to download free music and producers and distributors will not be able to recover their original cost even nor music retailers and recording labels, basically end of day they are out there way to make any money. Therefore the major recording companies have published

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their own online music sales websites but its not proven as successful idea for them. They changed their strategy making new partners which are specialists for distribution of online music (Graham 2004).

Now it is not necessary to buy complete album and digital era is one of the reason for the crises of music companies. Websites like CDbaby. com, Tunecore. com are uploading digital albums for Napster, AMAZONMP3, Rhapsody. Online music stores made music availability easier and widely accessed by internet users, and there are thousands of online store which are working on free downloading system or pay-per-download service. In 21st century iTunes a free software piece developed by Apple company at Macword in San Francisco and iTunes Music Store (iTMS) is presently the most popular music provider having large music catalogue and it allows you to download digital music, videos, ipod games, tv shows, audio books, ringtones and feature length films and these can be used and transferred into iPod and iPhone making more accessible and easy, in year 2004 it exceeded 100 million downloads..

Saila-Ngita expressing the experience said “ that the sites allow music fans to spend much less money than in the past”, and Jay Rosental have said “ Most of this substitutional people go to (the web) instead of buying records”.

Total industry sales were 10 billion dollar in year 2001 which was 14 billion dollar in year 2000 (RAIL), revenues from services like Apple iTune and Amazon MP3 are still growing stronger and the spending on music will be sharp down by 4% as forecast in the report by Forrester Research.

The Lala Business Model:

Palo-Alto based LALA, launched in 2007, this model was made and shows that its getting struggle for the music industry to make profit and crises it is going through in last few years and the change in new approach of music.

Lala providing services to customer offering to download song in just 99cent or pay 10cent for web-hosted song, and it also offering streaming of music and upto 50 songs.

Online Music Business:

In the last decade there was startup of new business and that was selling music online, and this evolution is in no way complete as it moves towards a finish line with rate of one step forward and nine steps step back. The five major events which makes the online business shifted to rapid decline are:

Legal version released by Napster.

New download store with name Audio LunchBox.

Music match added an online store to its music player.

Apple computer made its iTunes player and music store available to all Users.

EMusic added rules to its music services.

The war of digital music stores started in mid of 1995 when an American New York based company Sonicnet started offering music singles for download. In that artists were suppose to put prices for the download, but that time the audio quality was not good enough and the internet speed very

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slow and it took too much time to download a single track. Sonicnet was not a moneymaker venture but the message they try to promote that internet can be the place for artists to promote their music and control their profit.

The golden age of music downloading was summarized in a catchphrase " All you can eat". Online music companies offering fans to access and download music by paying monthly fee but so far it is not successful as free unauthorized service available for the users to download without paying a penny and the reason the authorized services is not successful and accomplish goal is the lack in cooperation for record companies and publishers.

With the success of iTunes Music Store other services also rushing and copying it but its difficult for them to get success, that hasn't stopped the competition Buymusic an online song store has going little far for it, and Musicmatch which has integrated like an Apple-store. But the greatest competition for iTunes is the new Napster legal version 2. 0 which is providing services to PC users combines the selling of songs of iTunes and members can subscribe and access as many songs to download.

The other competitor in Online music business is iPod but its format is different and won't be flocking with Napster. The biggest disappointment in recent trend of online was announcement from eMusic to limited download because of the financial, legal and technological pressure. It has the specialize site in independent and alternative for the music lovers offering their subscribers to download music.

The other name involve in the business is Rhapsody have the best quality and selected songs collection.

Ideas for future and Conclusion:

In conclusion we see the music industry has a tie with new technology over the decades and internet music download can be advantage and disadvantage and there is a battle going illegal downloader and recording companies. In short internet has a big impact on the revenue of music industry.

“ It has forced the industry to change and adapt” (Blethen).

Music downloading effects are clear visible on the music industry as only 15% of the music albums making money as report released by RIAA (2005 RIAA Consumer Profile), and there is no long term increase in album sales, exposure of music and artists are smaller known. The grow of smaller known artists can change the entire soundscape of industry as many of the artists are not concentrating on making good music and the big recording companies are forcing an artist to create music and they can know will sell and hiring their own producers. Lesser known artists are the artists experimenting new ideas, instruments and structure and they working with smaller labels generally so these can produce an influence on the rest of music industry and industry instead of attacking piracy they should realize new ideas to stop and benefit the industry. Instead of encrypting CD's and shutting down websites and spending millions lobbying, they should build up a new system where all music is accessible for free and very it can has the easy links to online stores of customer likes so he can buy it, and this even

should be provided on cheap prices, quick and inexpensive way and this will help artists also to get promotion.