

External business environment for the new entrants

Business



External Environment Analysis

Laws and regulations

Copyright law is the most important legal aspect of operating in the music industry. With the emergence of electronic music and digital distribution, the matter has become even more concerning because now content is vulnerable to copyright infringement and intellectual theft. Music licensing, attribution, derivations, etcetera are some other legal perspectives.

The economy

The global economic and financial landscape is important for any business just as it is for the music businesses such as record labels due to price setting and global nature of most music businesses.

Technology

Technology greatly impacts businesses operating in the music industry because of digital way of music creation, mastering, distribution, and licensing.

Demographics

Changing demographics are again important because of the base of individuals who comprise the music industry particularly those belonging to electronic dance music (EDM). The audience including producers and disk jockeys fall in the age bracket of 13 to 35.

Social Issues

The shift in social life to digital space has impacted the music industry greatly with digital platforms like iTunes, Beatport, and other stores transforming the social life of avid music listeners and music makers.

Competitors

Competitors of my chosen record label, Monstercat, compete on the basis of content, artist or music which defines the various record labels apart from genres.

New entrants

New entrants into the music industry are quite frequent due to the emergence of various free online platforms like YouTube, Soundcloud, iTunes, and Bandcamp to name a few.

Substitutes and Compliments

Indeed there is availability of wide amounts of substitutes however fan loyalty goes a long way in maintaining consumer stickiness. Also, musical collaborations are now a common occurrence.

Customers

The customer's loyalty affects competitiveness immensely as this is what provides support for the record labels in terms of sales.

Questions

1. The record label I chose, Monstercat, has adapted to its external environment really well by responding to the changes that were needed such as maintaining most of their presence online so that they can connect with upcoming producers, artists, vocalists, promoters, and so on. Also, it has developed various instruments to allow it to release their music to millions of its fans online.
2. Monstercat has inspired a generation of avid and enthusiastic producers who want to get signed on the label. The label has influenced the external environment with its unique content and music that it releases on specific

genres of EDM such as chillstep, trap, progressive house, and so on.

References

Monstercat. com. (2014). Monstercat. Retrieved 14 July 2014, from <http://www.monstercat.com/>