

# Managerial economics

Business



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Recorded Music Retailing Industry The music and its retailing industry are involved with the selling of compositions, musical record and performance of music. The individuals who operate this industry include; musicians and companies who help the musicians compose and perform their music (France 15). The companies that are involved in the retailing business specialize in music publishing, productions, record labels, placing the music on online stores, among others. There are professionals who aid the musicians in their careers. The professional include; talent managers, business mangers and PR's, and entertainment lawyers (Knopper 25). There are also who are involved with the broadcasting of the music.

With the beginning of the year 2000, the sales of recorded music started to drop. Nonetheless, the selling of live music started to increase and has been important in increasing their revenues. The fall of sale of the music can be attributed to the rise of the internet and use of CDs (Gerd 28). The recording company will thus own the recordings and this will be as specified in their contract. Traditionally, the recording company is known to provide the recording artist with an advance payment for his music. It is the duty of the AR department of the recording company to market and sell of music. When it comes to the physical media, the company will have to pay another company to manufacture and distribute the physical music recordings (Paul 31). The issue of piracy has had greater impacts in the sell and distribution of music. There have been instances where a musician's music ends up in the internet and him or her receiving no payments for his work.

The EMI group is the largest recording company in the UK. Research carried out by the Nielsen SoundScan group reported that the EMI group represented a 10 percent of the Music business in Europe (Arango 30). This <https://assignbuster.com/managerial-economics/>

was in the year 2005. The other percentage has been dominated by US based recording companies. At the end of 2004, the same research company estimated the global market value of music to be around 30 to 40 billion US dollars. The total sales of the CDs, MP3s and music videos were around 3 billion US dollars (Feinstein 72). The EMI recording company only gained 9.5 percent of that amount.

According to another report when it came to the end of 2005, the EMI recording company had managed to increase its global competitiveness to 13.5 percent (The Wall Street Journal, 1). This is when compared to other big recording labels like Sony Music Entertainment (29 %) and the Universal Music Group at 30 percent (Lebrecht 11). Global rankings have shown that, UK is in third position when it comes to the production and sales of music. The US leads with an estimated share of 30 to 35 percent, followed by Japan (16% to 19%) and the UK respectively (6.5 % to 9.2 %) (Strunk 12).

With these all data from the beginning of 2005 to 2009, it was estimated that the gross retail sales brought gross revenue of 25 percent. This was only from the sales of CDs as it later went to increase to 30 percent by the end of 2009 (Dolata 15). This increase in sales had been attributed to the use of outlets like Amazon.com and iTunes. There are expectations that sales will keep on increasing as listeners and buyers of music keep on downloading.

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