

Research looks at transformation of the music industry by the internet

April 13 2016, by David Bradley

Independent, indie, record companies and their artists have benefited from the internet in ways that the major label have not since the heady days of the post-cassette facile file-sharing era made most public by Napster and its ilk in the late 1990s. That's the broad conclusion of research by Silvia Novaes Zilber and Odair Froes de Abreu Jr. of the Univesidade Nove de Julho, – UNINOVE, in São Paulo, Brazil.

Writing in the *International Journal of Business Innovation and Research* this month, the pair suggest that the internet was an innovation that has transformed the music industry. The biggest changes occurred in the realm of so-called piracy, where music lovers began sharing "rips" of their CDs in the millions across news groups and then peer-to-peer and bit torrent file-sharing networks. The driver, aside from the fact that they could get the music for free rather than having to buy CDs, was the invention of the compressed audio file format known as the mp3. Moreover, during the transformative years, there was obviously a total lack of a legal online outlet for downloading such files. That would come much later in the form of iTunes and the legal successors to the file sharing sites.

However, Pandora's box was by this time fully open and millions of people to this day download music, video, software, books, subscription magazines and journals, photos, artworks, 3D printer data, pornography, and other digital goods, all for free illicitly without parting with their hard-earned cash at an online retailers. There are claims that these people do in fact spend more of their money on CDs, attending concerts,

going to the cinema and buying merchandise, but that is generally anecdotal evidence to defend what is under current copyright law illegal activity.

Nevertheless, it is a fact of life for the music and other industries and there has been little success in stamping out this activity with millions and millions of people sharing torrents and files continuously across the internet right now.

The team explains that the industry has undergone a significant and disruptive transformation that has had a profound effect on a business model that first emerged in the sheet [music industry](#) of the nineteenth century and scaled beyond recognition throughout the twentieth century and into the current era. "The distribution channels, which were previously physical (shops and department stores), have become digital, i.e., available on the internet, through which it is possible to download songs or listen to them online," the team explains. Secondly, "The product itself has undergone a radical transformation with the replacement of the CD (physical) by downloads (virtual)," they add. Finally, "The content creator's access to the public, which was previously restricted by the use of intermediaries, has undergone a radical disintermediation."

It is this last factor that suggests the behemoths and dinosaurs of the last century may one day become extinct as dynamic upstarts usurp the traditional niches and adapt to the world of file sharing, social media and social networking, crowdsourcing and the breakdown of the divides between content creators and consumers.

"With the emergence of the internet, producing, publicising and distributing music became sufficiently straightforward and inexpensive for any content producer (artist), while favouring content producers that were not represented by major record labels, and substantially decreased

the number of intermediaries required to publicise and distribute the content," the team says. Of course, where there is money to be made, big business will find a way, whether that involves the new model and approach of the successful indies being adopted by the behemoths, the indies themselves being assimilated into the edifice of the old corporations, or the growth of the indies into vast companies remains to be seen.

More information: Zilber, S.N. and de Abreu Jr., O.F. (2016) 'The music industry business model after internet: effects of innovation', *Int. J. Business Innovation and Research*, Vol. 10, No. 4, pp.543-562.

Provided by Science Spot

Citation: Research looks at transformation of the music industry by the internet (2016, April 13) retrieved 6 May 2024 from <https://phys.org/news/2016-04-music-industry-internet.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.