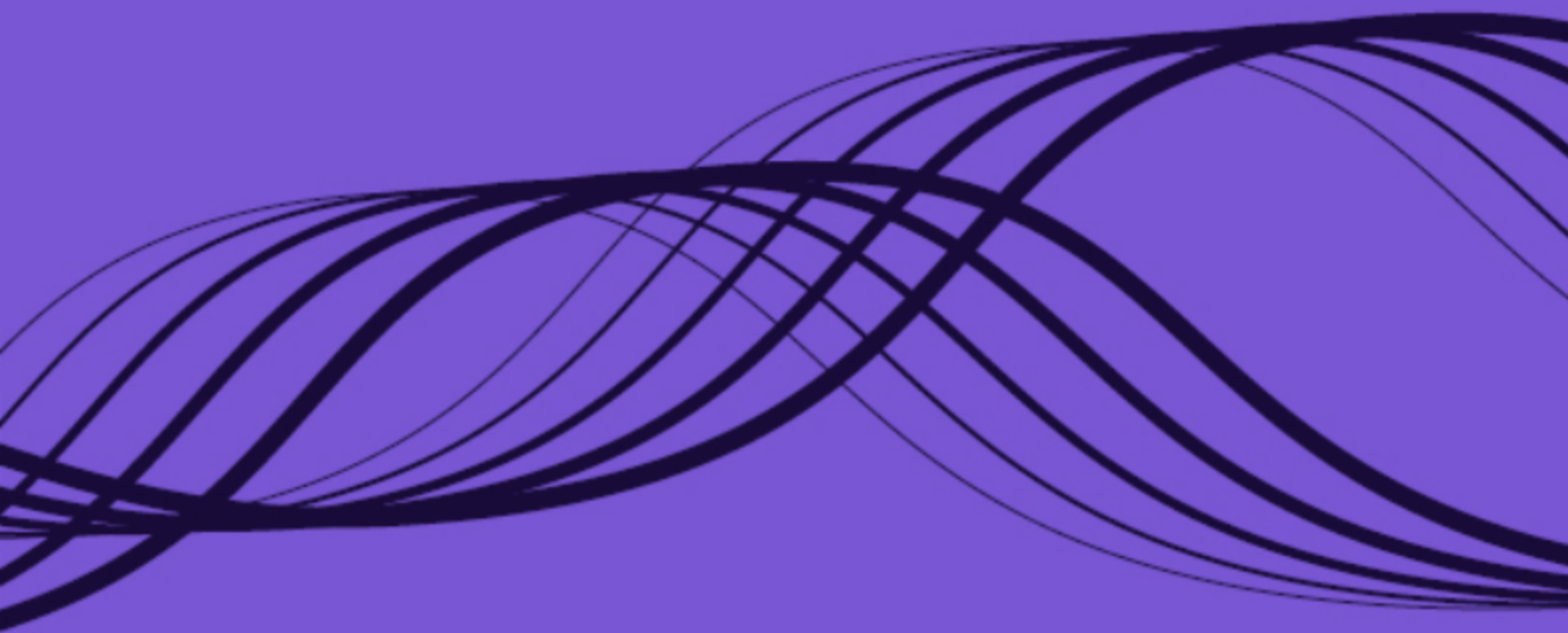


The tectonics of music

The groundswelling movements of
the music industry



November 2022

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1. Introduction

To the extent that music has been produced and listened to by people since prehistory and is intimately bound to our humanity, it is hardly surprising to remark upon its resilience. From a revenue of US\$23 billion in 2000, the world market for recorded music dropped to US\$14 billion in 2014, before undertaking a revival in order to find itself in the early 2020s at a level close to what it was prior to this long crisis. ^[1] During this same period, we may witness an explosion of consumption, which has arisen thanks to the penetration of smartphones. As for concerts and festivals, the enthusiasm which they have generated during this period supports the idea that music plays a part in our humanity. Thus, between 2014 and 2019, the world market for live music grew by 18 %, reaching US\$28,6 billion, prior to the pandemic. ^[2]

Was this only a passing crisis, erased in a few years by our need for music? The reality is much more complicated, because behind this remediation and this explosion of “consumption,” one should recognize that everything has changed. The music economy acknowledged a transition towards digital – or more precisely of an “age of access,” ^[3] seeing as digital music initially arose with the Compact Disc – gradually transforming itself. Digital music and the Internet have sent such telluric shock waves, unleashing tectonic movements of such amplitude, that they are still reverberating today, in particular if one considers the tremors announced by livestreaming and the metaverse. The subject of this essay is to reveal the groundswell which has influenced the reconfiguration that the musical planet is undergoing.

2. Development

The arrival of the Internet, at the end of the previous millennium, was accompanied by the perspective of important mutations, perceived, according to different points of view, as both dangerous or liberating. It should be noted that the first major case to mark the merging of the Internet with music, pitted the American rap group, Public Enemy, against their record label, thus announcing that a frontal attack between the island of the music industry and offshore pirates should not be expected, but instead a restructuring at the very heart of this sector. Subsequently, digital transformations gave rise to several concepts, offered successively in order to describe what was perceived as the phenomenon beneath this major transformation. Some have spoken of a disintermediation and short loop economies, with the idea that the Internet, in a fashion similar to today’s use of blockchain, would do away with all of the intermediaries who insert themselves between artists and consumers. ^[4] Some have spoken of a “long tail,” in order to evoke that the Internet would at last allow for the liberation of an important amount of artists and consumers from the diktat of intermediaries – them again – who in this instance referred to record distributors,

limited according to their storage capacities. ^[5] The concepts of 360° deals and the convergence of channels and content, have also had their moment of glory; both arose as a response to the loss of value which the Internet has caused. 360° deals were meant to allow record labels, by signing wider rights contacts with artists, to gain revenue through concerts and merchandise. The convergence between channels and content relied upon the exploitation of synergies between channels (media and telecommunication/stakeholders in distribution), who were expected to be able to offer content that would generate subscriptions, in particular for content where monetization was becoming increasingly complex. It was also a matter of a “global license,” bringing about the end of paid-for music and advocating for a free-access model for the consumer, with an additional tax on subscriptions.

Looking back on the past twenty years of crisis one may learn that few of these previsions have come to fruition: at this time, long tail has not been substantiated, ^[6] 360° deals have not become the norm as, at the same time, an increasing number of artists have retained their rights. This convergence has once again undergone the major capitalistic movements of a merging between channels and content which have, for the most part, disintegrated since. A global license has seemingly been buried, whilst bearing witness to a similar approach becoming established within each sector, in a commercial format: it is no longer a matter of a global tax that is redistributed between the different producers of content, but of unlimited consumption by each sector, controlled by – with regards to music – services such as Spotify, Deezer, and Apple Music, among others. This informs us that forecasting, with regards to cultural industries, is a difficult art, comparable to that of seismology. At the most, we may underline the fundamental rules and identify the tectonic plates at stake.

The fundamental rules of the cultural economy, its Newtonian mechanics which no innovation, however disruptive it may be, may allow us to forget, have for many been stated by Howard Becker. ^[7] He claims that a work’s value is established both conventionally and socially. This implies that intermediaries are not in fact intermediaries, but agents who participate in the production of this value, through the choices they make, in signing a particular artist, in promoting a specific work. These intermediaries play a role in the foundation of this value by directing the consumer’s choice. This orientation, which we may refer to as prescription, ^[8] is not the distortion of an improbable perfect market, but a necessity in order to trace the guidelines which will direct the consumer’s choices. ^[9] Nonetheless, this intermediation can have negative effects, notably with regards to cultural diversity. Indeed, those responsible for prescribing are numerous and varied: editorial choices, marketing, algorithms, etc. This variety is a source of diversity, but it may also be placed in danger due to the market logic. The types of fee-based prescriptions – marketing, space purchasing, keyword purchasing, etc. – will render mute other types that rely upon subjective choices, if they take up too much space. Prescribers can also see the economic model that they rely upon be placed in danger due to competitors, such is the case for traditional record stores compared with online providers.

Music also has a social value and it is vain to hope for a system whereby all artists are listened to equally. As long as music exists as a cultural phenomena, listening to the same

music as others will have a value, and this consumption will result in a group phenomena, not to say concentration. In addition to these rules, we can add that of abundance: to the extent to which there is no intrinsic value to works, numerous propositions are brought to market with the aim of finding an audience, the previous rule thus suggests that very few will in fact reach this audience. This abundance implies two types of strategies: that of following a trend, or that of differentiating, in order to stand out. This is translated via the dynamics at work in any cultural domain, consisting of dominant movements and avant-garde movements, which either remain on the fringes, or eventually become mainstream. From disco, which followed on from rock 'n' roll, arose punk, which was dethroned by new wave... These movements are also permitted or amplified by the logic of distinction which Bourdieu highlights: for reasons of identifying with social classes and generations, listeners either have a tendency to listen to the same music as a certain category of person or, on the contrary, to do everything to avoid it. These are some of the Newtonian rules which govern the music economy and it is hard to see how they may be challenged by any innovation.

The dematerialization of music and its availability via the Internet have opened the way for wide-ranging tectonic movements. Whilst they do not challenge the rules which have just been stated, they must be taken into account alongside them, in order to understand how the music economy may evolve. The effects of these mutations are very much apparent, in the manner of a shift towards of a form of consumerism which relies upon access and the central role that is occupied by platforms. This surface change has been accompanied by several tectonic mutations: the de-linearisation of consumption, the transformation of prescription, and the globalization of the music economy.

Prior to the era of platforms, the consumption of music adopted a logic of programming which implied collective consumption. Pre-Internet media (radio, television, concerts and festivals) functioned upon the principle of prescriptions around which they attempted to unite a certain number of listeners or spectators. Individual consumption through the acquisition of physical media aligned itself as the prolongation of this collective consumption. Streaming has potentially erased not only the proposition of collective consumption, but also its inscription within time, to such an extent that one may witness specific works being recommended at a specific time. If the perspective of a perfectly individual recommendation seems illusory, there is the new possibility of seeing subcultures of consumption emerge. In succession to a singular long tail, multiple long tails might arise, based upon categories of consumers, giving rise to a fragmentation of the audience. For example, the era of mass media has created common cultural references on a nationwide level. The era of streaming might be translated by another form of organization of consumption, disconnected from national territories, thus questioning the social bond created by culture.

The way platforms prescribe content relies greatly upon algorithms and barely upon that of editorial selection. The relationship between these two approaches will be decisive in the music economy: will platforms become aggregators of radios (playlists) chosen in a traditional manner? Will listening, with the objective of discovery, allowing for the exposure of rarer pieces, existing outside of any playlist, give way to algorithmic

recommendations? The resulting equilibrium, will depend upon the habits consumers adopt, but the principle of streaming opens the way for an automated prescription. If the effects of this prescription currently remain ambiguous, ^[10] one may easily see how its substitution of traditional, editorial forms of prescription, will no longer allow for innovative propositions to arise, those which escape existing categories and whose success relies upon a willingness that is dependent on one or more individuals. Prescription also occurs upstream, in the choices made by labels. The Internet offers the possibility to “test the market” and to see how listeners react to new propositions. Previously, labels had to make choices and defend them. Today, the major trend is to sign artists who have already grown an audience. This has two consequences. On the first hand, for artists to be able to generate an “organic” audience, they must either be capable of marketing themselves, to have people help them, or to be established within networks. Thus, the opening provided by the Internet is also accompanied, in a muted fashion, by a form of “locking out” of artists who might not have the means to make themselves known. On the other hand, this ability to obtain an immediate response from the marketplace favors artists who are representative of current trends, to the detriment of more innovative propositions, that require being assisted.

The globalization of the music economy is the third underlying and foundational movement which plays out in the background of an implementation of a form of consumption, based upon subscription platforms. The Internet allows for these platforms to have a global approach, hence to offer music for all of the territories in which they are present. This results in wide ranging career dynamics. In the pre-Internet economy, an artist’s success was built upon concentric circles: first they had to prove themselves within a local scene, then grow to a national level, which might finally serve as a launchpad, in order to become known internationally. Today, an artist from a small provincial town, for example, can assemble a large international audience without having to pass via the local scene. This mutation is far from insignificant, because it transforms a plurality of markets, or scenes, into one single entity, within which it is harder to break through, requiring the mobilization of a larger audience, in less time. The rise of such platforms may weaken the “incubators” which made up local and national scenes. The key question behind this trend is what place a physical economy will hold, through local concerts and – to a lesser degree – record stores, with regards to a dematerialized economy. The role that livestreaming will possess, will thus prove to be decisive, because this will transfer a live economy, towards that of platforms. If it may retain a dimension of being programmed, then it might also emancipate itself.

Conclusion

Recorded music has never been as healthy as it is now, or at the least it has never been consumed as much. Technology, such as the Internet and smartphones, have liberated it from any lethargy: we can carry our record collection wherever we go and listen to whatever we want. Streaming has established itself as the new dominant economic model

for recorded music, whilst we wait for it to find its place within the concert economy. The gatekeepers, ^[11] who hindered diversity, have less influence than before. In a certain manner, music has moved towards a greater liberalism: anybody can create music, publish it, and maybe find an audience. This has served as a breath of fresh air for many artists, urban music in particular, which had previously been partly deprived of exposure. ^[12] However, these apparent liberations may bring about other stakes, and streaming will not be synonymous with an unlikely pure and perfect market. Its accession is accompanied by major tectonic movements and these are liable – in the future – to have a notable affect on the market. Due to streaming, everything has changed. Nonetheless, it is not easy to foresee the future: this is built upon an interaction between the strategies of major players, market innovations, and consumer reactions. The expectations of consumers, with regards to editorial prescription, will depend upon the willingness of labels and music programmers who will not make their choices according to initial market reactions (number of views and likes), but by continuing to engage in subjective choices, thus deciding the place that live performances will hold when an online alternative – such as livestreaming – will have become established... These are some of the questions whose answers will redraw a new musical world map.

Translated from French by Dom Savage

1. Data from IFPI
2. Global Entertainment and Media Outlook, PricewaterhouseCoopers (PWC), July 2021.
3. Rifkin J., *L'Âge de l'accès. La nouvelle culture du capitalisme*, Paris, La Découverte, 2005.
4. Benghozi P.-J. and Paris T., "L'industrie de la musique à l'âge Internet. Nouveaux enjeux, nouveaux modèles, nouvelles stratégies", *Gestion* 2000, 2001, p. 41-60; Hadida A. L. and Paris T., "Managerial Cognition and the Value Chain in the Digital Music Industry", *Technological Forecasting and Social Change*, vol. 83, 2014, p. 84-97.
5. Anderson C., *The Long Tail. Why the Future of Business is Selling Less of More*, New York, Hyperion, 2006.
6. Benghozi P.-J. and Benhamou F., "Longue traîne levier numérique de la diversité culturelle?", *Culture prospective*, no 1, 2008, p. 1-11.
7. Becker H. S., *Art Worlds*, Berkeley, University of California Press, 1982.
8. Benghozi P.-J. et Paris T., "De l'intermédiation à la prescription: le cas de la télévision", *Revue française de gestion*, vol. 29, no 142, 2003, p. 205-227.
9. Karpik L., *L'économie des singularités*, Paris, Gallimard, 2007, p. 12-13.
10. See Coavoux S. and Beuscart J.-S., in this volume: "Paranoid android : algorithmes de recommandation et autonomie des auditeurs", cnmlab.fr.
11. Cultural industries highlight numerous "gatekeepers" whose actions result in the filtration of recommendations: initially this is undertaken by publishers and producers who make choices from the many propositions they receive, but also through critics and distributors.
12. Charbonnier R., Poinsignon P. and Paris T., "Du BoP dans le beat, une analyse des transformations numériques dans la musique", *Revue française de gestion*, no 294, 2021, p. 115-134.