

## ***Media Today, 5<sup>th</sup> Edition***

### **Chapter Recaps & Study Guide**

#### **Chapter 10: The Recording Industry**

Like many other industries, the recording industry has been impacted strongly by digital technologies, but the industry remains vocal in its claims of the devastating effects of piracy.

#### **Chapter Objectives:**

1. Sketch the history of the recording industry.
2. Describe the enormous changes taking place in the industry as a result of digital technologies and convergence.
3. Explain how a recording is developed, from the time an artist creates a song to the time the recording ends up in your collection.
4. Explain the ways in which artists and recording companies make money.
5. Decide where you stand on the major ethical issues facing the recording industry today.

#### **The Rise of Records**

- During the last century people's experiences with music shifted from performance to consumption, from playing instruments to listening to recordings. (272-273)
- Three themes emerge in the history of sound recording:
  - 1. Sound (or audio) recordings did not arrive as a result of one inventor's grand change. (273)
  - 2. Audio recording as a medium of communication developed as a result of social, legal responses to technology during different historical periods. (273)
  - 3. The recording industry developed and changed as a result of struggles to control audio recordings and how they reach an audience. (276)
  - See figure 10.1 for a timeline of developments in the recording industry. (274-275)

## **An Overview of the Modern Recording Industry**

- Ownership is international: the major players are the largest media conglomerates operating globally. (277-278)
  - The three largest recording companies are Universal Music Group (based in France), Sony Music Entertainment (based in Japan), and Warner Music Group (based in NYC).
  - Though global companies, such businesses look for local and regional talent, as that is where the money seems to be.
- Production is dispersed: there are thousands of smaller, independent record companies, and digital technology makes it easy for new players to jump in. Independents (indies) are now the third largest distributor of recorded music in the U.S. (278)
- Distribution is concentrated: the three major recording companies base their clout on domination of distribution worldwide. Distribution is measured through track equivalent albums, which counts ten sales of an individual song as an album equivalent. (279; see figure 10.2 on p. 279)
- Multiple factors determine whether people buy music. Men and women are equally likely. Caucasian people also are more likely, while Asians, African Americans, and Latinos are less likely. Those ages 51 and older are less likely to buy than those younger. (280)
- Singles versus albums
  - Singles are important for radio air-play, but companies and artists make their money from album sales. A single refers to 1-2 songs, while an album is a collection of about a dozen songs. Digital sales of music dipped between 2013 and 2014, and overall digital and physical sales were down, possibly due to people streaming music more. (280)
- Changing media platforms (281)
  - 2011 was the first year that digital sales beat physical sales, though not by much. (281)
  - Recorded music can be bought on compact disks (CDs), cassettes, videos, vinyl records, and via digital platforms. (281)

- Digital platforms involve the downloading of a digital file to a computer or similar device. (281)
  - Digital platforms allow two other selling opportunities: streaming and ringtones. (281)
  - Ringtones are bits of songs that people can use on their cell phones. Streaming makes it possible to listen to a song on a computer-like device without downloading or saving the files; the term internet radio or online radio refers to the streaming of pre-chosen music that a website makes available. (281)
- Diverse music genres (282)
  - Multiple types of recorded music genres are now available worldwide; rock music remains the most popular. (282)

### **Production and the Recording Industry**

- Artists and labels seek each other out, but the industry is still a tough one to break into. (282-283)
  - A label is a division of a recording firm that releases a certain type of music and reflects a certain “personality” or image. (283)
- An A&R (artist and repertoire) person has the responsibility of locating and signing new talents for record labels. (283-284)
  - See figure 10.4 for the organization of a typical recording company. (284)
- Groups typically hire managers to coordinate their development. (284)
- Artists may belong to the American Federation of Musicians (AFM) or the American Federation of Television and Radio Artists (AFTRA). (284)
- ASCAP and BMI collect royalties for the various uses of recorded music; the royalties are a source of income for artists; much of the royalty revenue comes from radio airplay; some players with clout are able to force young songwriters to share songwriting credits, thus assuring royalty payments for some people who had nothing to do with the writing of a song. (285)
  - Performance royalties are paid when the material is used in front of audiences, such as on stage, television, or online radio. (285)

- Mechanical royalties are paid when the songs are sold in physical or digital media. (285)
- A producer is the person who produces the record and handles details such as booking studio musicians and clearing copyrights. (286)
- Compensating artists (286-287)
  - Studio musicians who help make an album are typically paid by the hour, beginning at union scale.
  - The major artists are paid in royalties.
  - Overall, making money in music is not easy, and the amount earned depends on the music format.

### **Distribution in the Recording Industry**

- Distribution is the key to success in the recorded music industry; major labels send their releases directly to retail outlets, but much of the distribution is handled by wholesalers who move products to various outlets; the wholesalers work with both the majors and the independents. (288-289)
  - The major labels create buzz about an impending release, and this gives them an advantage with wholesalers and retailers. (289)
  - Independent, self-produced artists get to keep more money from their sales. (288)
  - Using publicity appearances and other techniques, promotion has the goal of generating audience excitement around a recording artist; convergence allows these industries to push this promotion across different media outlets. (289-290)
- The recording industry and the radio industry (290-291)
  - While the internet is on the rise, radio is still the primary means of discovering new music.
  - Radio stations rely on record companies for products; record companies rely on radio for airplay that stimulates record sales.
  - Radio programmers tend to be very conservative in their music selections, and they may add only one new release to their playlists per week; the competition is daunting to get a new release on-air.

- Broadcast Data Services track every song played on radio stations; SoundScan records record sales at retail outlets; trade publications track airplay and sales.
- Music promotion techniques (291)
  - Music promoters are constantly contacting program directors to influence the airplay of releases.
  - Payola is an illegal payment of money to a program director or DJ for the on-air use of a release; this is regarded as bribery.
- Video, internet, and movie promotions (291-292)
  - Cross-platform distributor VEVO brings music videos to different platforms for Sony and Universal.
  - Various cable TV channels and internet websites have emerged as important promotion avenues for recorded music.
  - TV series and movies are also used to highlight recorded music, especially the work of new artists.
- Concert tours (292-293)
  - Tours generate a lot of money and also afford the opportunity to promote the artist's albums in a variety of media along the way.
  - A local promoter may be involved in setting up a particular date and venue as one part of the tour.
  - Live Nation is a promotion company that helps with making arrangements and sharing the financial risks.
  - The majors are starting to see that more money comes in through concerts than record sales.

### **Exhibition in the Recording Industry**

- Exhibition is divided into two broad categories: digital downloads and physical sales.
  - Digital sales are critical to the health of the recording industry.

- Digital downloads occur through such programs as iTunes, which is the largest venue. Amazon is another popular place for purchase. (294)
- Subscription services such as Spotify are showing growing sales. (294)
- Physical sales still occur, but are declining. (294)
- Independent music stores are slightly growing on the sales of vinyl records. (295)

### **Ethical Issues in the Recording Industry**

- Two ethical concerns in the recording industry include song lyrics and piracy issues. (295)
- Rap lyrics in particular come under fire, with some advocates calling for their clean-up, and others asking for warning labels. Others claim that rappers are artists seeking free expression. (295-296)
- Piracy refers to the illegal duplicating of copyrighted music, and it can be done through counterfeiting and bootlegging. (296)
- Peer-to-peer networks and digital lockers make sharing MP3 files easy. (297)
- While the industry claims substantial losses justify their aggressive means of recouping them, audiences might feel that the companies are greedy and their products are low quality. (297-298)