How much has the music business changed since the 20th century gave way to the 21st? More than many could have imagined only a few beats back. What remains the same? More than you might expect, given the chorus of questions about its future direction and shape. Yes, the music industry looks radically different today, having been reshaped by a still-evolving digital landscape, but the fundamentals of the business—the creation, publishing, packaging, marketing, distribution, and sale of music—are constant. Creators still create at one end, artists and merchants continue to “monetize” a music product at the other, and an array of equally passionate, talented individuals—agents, managers, producers, sound engineers, label executives, bookers, promoters, broadcasters, business advisers, lawyers, accountants—perform their vital roles throughout the process. The differences, of course, are in the details. Those details are what this book is all about.

That, then, is what will be laid out in the following chapters: the core fundamentals of the music business (the term is used here to include the art, the profession, and the business of music), along with the industry’s current state of the art (those 21st-century details). Not only do we examine the major changes in music and its audiences, but we also set forth in detail just who produces the music, who consumes it, and how the artists, merchants, and others in that long music chain divvy up the billions of dollars that the industry produces. Armed with a thorough understanding of both, a music-industry hopeful will be well prepared for a career not only in today’s music business but also in the music business of tomorrow—one in which the next seismic shifts are surely only a few more beats away.

MUSIC AND SOCIETY: WE’VE GOT MUSIC IN US

Prepare for some surprises: Perceptions of the profession and business of music are usually at wide variance from reality. This is partly because the field is so diverse and changes so rapidly, but it is also because its public face—the major record label and chart-topping superstar—reveals such a small piece of the whole picture. But it can be understood. It is argued that the music business, particularly the recording industry, is fundamentally irrational. But most of what really goes on in the business and the profession does submit to rational analysis.

We can begin to understand the music business, or any large and diverse activity, as we examine each of its components. That is our method here. But
before we do this, let’s consider the overall magnitude of the industry today. These facts can provide some perspective about the U. S. music industry:

- Some 377 billion music streams were played in the United States in 2017, according to researcher BuzzAngle, reflecting the consumer affection for free and flat-fee subscription media services.

- Some 620 million legal digital music downloads were sold in the United States in that year, down from a peak in 2012.

- From the format’s introduction in 1982, 15 billion prerecorded music CD have been sold in the United States, although CDs are now in steep decline.

- Concert giant Live Nation alone sells more than 500 million tickets a year.

- One of five Americans plays a musical instrument, it is estimated. These musicians spend billions of dollars a year on instruments, accessories, and sheet music.

The love affair starts young—listening to music is cited as the most popular activity among teens. Our passion for music is not limited to any one genre, although a cursory glance through the major-media pop-culture lens might suggest so. The League of American Orchestras estimates there are 28,000 orchestral concerts in the United States each year. This particular audience for live orchestra music numbers around 25 million admissions each season from more than 1,200 nonprofit professional, semiprofessional, and youth companies.

Nor is the desire strong only in the United States: Recorded music is one of the primary forms of entertainment worldwide, ringing up a reported $17.3 billion, for record companies globally in 2017 after they suffered a painful decade-and-a-half slide from the beginning of the century.

Meanwhile, ever-cheaper digital production tools, along with the wide-open online world, have combined to spark an explosion of choices for every possible music taste (or lack thereof), and those options are often only a click away from being pumped into the many varieties of pocket-size digital media devices attached to eager ears around the globe. Musicians are no longer restricted in their expression by the laws of acoustics—new electronic ways to make music are invented every year, offering a composer or video producer more controls than 10 fingers can handle. The people with access to newer technology are limited in their expressive capacities only by their imaginations.

In short, the music side of the music business is booming.

ADJUSTING TO A FAST-CHANGING WORLD

What about the business side of the music business? A straight line between a strong consumer appetite for music and a fat, happy music industry is far from guaranteed. Great music does still break through, as it always has, and great business is still being done. It is simply being done differently. The major recorded music companies that continue to control the lion’s share of the market are
exploring new business models and alliances, different types of artist contracts, and previously untapped **licensing** opportunities for current hits and their important **catalog** ("old") titles. Musicians and recording artists—newcomers and veterans alike—are discovering that there are more ways than ever to do it yourself: build a fan base, book shows, record music, and support themselves by selling music on the Web. Many artists are picking and choosing those areas where they need or desire professional muscle and those segments of their art or business that can be done better or cheaper with some DIY sweat.

Indeed, the very definitions of artist, label, retailer, and even music product are blurring and changing. An artist increasingly may be his own label—and his own retailer with direct online sales to consumers and uploads to streamers such as Spotify or Pandora. A composer might compose music for a symphony, a commercial, a film, and a videogame. A music store might be a vinyl specialty shop, a **streaming** service, a merchandising section in a **big-box** retailer, or an app on a cell phone. These "stores" may sell music in the form of albums or singles, physically or digitally, or they may rent online access to it for a monthly subscription fee. The product—the recorded music itself—can be a direct source of revenue for artists and labels, or it might be viewed more as a method of promotion for bringing in revenue from touring and merchandise. (After all, it's hard to download and share a T-shirt.)

New technologies also bring vast new opportunities to evolve and expand—whether the technology in question is audio streaming, music-video services, broadcasting, or even the once-obsolete LP (long-playing) format that refuses to attend its own funeral. History's overarching lesson: the industry has been rocked by waves of always new technologies for more than a century, and after rocky adjustments the business has always emerged healthier and more prosperous.

**HISTORICAL DEVELOPMENT**

**Finding a Paying Audience**

History books provide only spotty information on how the musician fared in earlier times as a professional. We can assume that, in the beginning, music making was undertaken by individuals and groups simply for their own pleasure. The performer was also the composer. If there was an audience, it was a social or religious gathering; it did not occur to the early musicians that they might develop an audience that would pay to hear them sing their songs.

Among the first important professional musicians in Western civilization were the mimes of the Greek and Roman theater. They were singing-dancing actors. Roman law held them to be disreputable types, calling them *infami* (outlaws). In the Middle Ages the minstrels of Germany and the jongleurs of France were the first professionals. These musicians were actually vaudevillians, and their acts might include not only singing and dancing but also juggling, card tricks, and even knife throwing and trained animals. Show business had begun—in the Middle Ages!

A handful of musicians involved in secular music managed to earn at least part of their livelihood during the Middle Ages and Renaissance. But in the religious sector, almost no musicians enjoyed real professional status. The choirboys and choirmen of the Western church performed in the cathedral choirs as just
another part of their Christian service. Professional composers in the religious field seem to have first appeared in Paris around 1100 AD at Notre Dame Cathedral. But musicologists cannot provide a satisfactory account of how the profession of composing music took shape in the following centuries. To this day, church musicians in most communities are either unpaid or paid below professional rates.

Conditions for the working musician were somewhat better in Germany in the 15th and 16th centuries. The tradition of guilds included the music trade. Musicians’ guilds influenced not only working conditions but also creative and artistic standards. These early guilds were active in organizing composition and singing contests and formulated elaborate rules for them; an accurate account of these proceedings may be found in Richard Wagner's opera *Die Meistersinger Von Nürnberg*.

Over time in Europe, increasing numbers of artists were employed by the nobility as house musicians. Composers and performers were put on the royal payroll to make music in the salons, ballrooms, and chapels for their wealthy patrons. But nobility looked down on these artists as servants, and they were expected to use the rear entrances to royal buildings. In addition, musicians’ royal patrons would frequently pay them late or not at all. Despite considerable advances in status, modern-day musicians sometimes complain that they still do not receive appropriate respect for their talents and professional stature.

In our own time and place, the champion for elevating the status of the music profession is the American Federation of Musicians (AFM), a labor union with members in the United States and Canada. AFM locals receive requests regularly from sponsors of civic events, political rallies, and community benefits. These requests are usually sung in the same key: “Please, would you just send over some musicians for our event? They’ll really enjoy it and, of course, we’ll have some nice refreshments for them.” AFM locals have developed an effective response for unreasonable requests of this kind: They offer to supply union musicians without fee, provided the other trades and professions—stagehands, waiters, teamsters, bartenders, and security staff—also work without pay. It is a fair offer; there are few takers.

Gradually, musicians acquired recognition as professionals with the development of a new phenomenon, the paying audience. This first occurred in the musical theater and opera, particularly in Italy and England. When the public began to pay its way into a room to hear music, the music business had begun. By the 1800s the public had accepted the idea that you had to buy a ticket to hear a professional. Increasing numbers of paid concerts developed, not only in European cities such as Vienna, London, and Paris, but also in New York, Philadelphia, and Boston.

We lack reliable accounts of who organized and promoted the earliest paid employment for professional musicians. Perhaps the earliest notable artist's manager or agent was Mozart's father, Leopold Mozart, who discovered his son's talent before the youngster had barely graduated from diapers. When Wolfgang was six years old, father Leopold started presenting his son to all of Europe. But Mozart's father did not teach his son much about career management. Mozart Junior earned considerable sums in his short lifetime but seems to have died a pauper. Mismanagement of money and careers is a sadly familiar song played throughout music history.

A more recent ancestor of today's concert impresario was circus genius P. T. Barnum. In 1850, when opera singer Jenny Lind, “The Swedish
Nightingale,” came to America, Barnum presented her around the country as if she had descended from the heavens. Barnum’s bookings earned the artist $150,000 in her American tour, big money indeed in those days.

Barnum understood that the public likes a good show, and the music business grew, even in the classical field, in a razzle-dazzle, show-biz atmosphere. At the same time Barnum was touring Jenny Lind, other entrepreneurs were developing enthusiastic audiences for that unique American contribution to theater—the minstrel show. This is not the place to address the racist aspects of that phenomenon; our interest in minstrelsy here must be limited to how it fostered the development of the popular music business. As early as the Middle Ages, musicians from Africa were in Europe entertaining whites. But it was not until the mid-19th century, with the development of the minstrel show, that blacks began to find a place in the white musical world as full professionals. Although most of the performers were white, increasing numbers of blacks began to take part. This development turned out to be of historical significance, for it would be impossible even to conceive of music in the 20th century without the pervasive influence of black musicians.

The increasing popularity of minstrelsy in the 1850 to 1900 period enlarged public awareness and appreciation of popular music and the entertainment business. Near the end of Reconstruction, the size and affluence of the middle class grew. By the 1890s the piano was a standard adornment in the parlors of upper-middle-class families. On thousands of piano music racks across the land, one would probably find, in addition to some Stephen Foster songs and a hymnal, a copy of “After the Ball.” The year was 1892, and this song was the first to sell more than a million copies in a 12-month period.

By the 1890s a number of large publishing houses had developed, such as E. B. Marks, Witmark Bros., T. B. Harms, Leo B. Feist, Mills Music, and Shapiro, Bernstein & Co. These popular music publishers took pride in being able to spot potential hits. When they couldn’t find them, the publishers wrote the songs themselves or put composers on weekly salaries to work in-house.

These late 19th-century publishers developed the merchandising methods that prevailed until radio became a key music marketing platform in the 1920s. Songs were introduced in a number of ways. In the final days of minstrelsy (which died around 1900), song pluggers would attempt to persuade performers to use material coming off the presses. When more-polished on-stage vaudeville and burlesque began to displace minstrel shows, pluggers contacted headliners and even lesser acts to try to get them to use the songs their firms were pushing at the time. A sheet-music publisher who could come up with a piece of material that some vaudeville headliner like Al Jolson or Eddie Cantor would sing was almost ensured a hit, for these were the superstars of their day.

At this point in the music business story, technology stepped in to play a starring role, not unlike the one it occupies today. And also not unlike today, many in the industry first feared that it might be more villain than hero. That hot new innovation? Radio.

**Mass Media**

The world has always been full of music lovers, but it was not until the development of mass communication technology that so many new audiences were discovered. Until the 1920s most professional music making was addressed to a
small, elite audience that was accustomed to buying tickets to attend the opera, the symphony, or perhaps a Broadway musical. When radio (and, later, records and television) came along, that elite audience not only continued but also grew. But now it was joined and immeasurably augmented by the giant middle-class with taste for folk music, country and western songs, blues, and jazz. Mass media forever changed the size and composition of the music audience, and merchants were quick to respond to the new millions of paying customers.

Not that this tremendous upside was clear from the start. Industry leaders misjudged radio broadcasting. When it started in the 1920s, the publishers fought it, believing that “giving music away” through this medium would hurt sheet music sales. Overexposure via radio broadcasting, they argued, was killing songs in six weeks; potential customers could not get down to the store to make a purchase before the song’s popularity had waned. It should be pointed out that publishers’ income from broadcast performances took some time to become meaningful.

Another significant technological development in the entertainment field occurred in 1927 when the talkies began. Movie producers discovered, with the very first sound film (a musical titled The Jazz Singer, starring Al Jolson), that audiences would buy a lot of theater tickets to hear songs sung on the silver screen. The major studios began scrambling for synchronization rights to enable them to add music to films and to turn out musical films in rapid succession.

During the Great Depression of the 1930s, million-selling records disappeared and sales of sheet music collapsed. Attendance at vaudeville theaters dropped, too, with the growing popularity of the movie musical. Concurrent with these depressions in the music market, radio broadcasting grew rapidly. Music publishers now shifted their attention from plugging vaudeville performers to the new stars of radio. The network broadcasts at that time emanated mostly from New York, Chicago, and Los Angeles. Publishers closed their regional offices across the land and focused their plugging efforts on these new broadcasting centers. It worked. The publishers quickly discovered that they should point their promotional efforts toward the big bands and their singers who had weekly, sometimes nightly, radio broadcasts (which, at that time, were referred to as remotes). Song-plugging had grown from a local to a national enterprise with the development of network radio.

Publishers were not the only ones to benefit from the coming of network broadcasting. Big bands became name bands because of network radio. Then the name bands became the record stars. Management noticed that the best-selling big band records featured the band’s singer. Alert talent handlers pulled the singers off the bandstand (Frank Sinatra, Doris Day, Ella Fitzgerald, etc.) and started them working alone—for much more money. This was the beginning of the present era of the dominance of the popular singer; they became the new stars and superstars, with the help of recordings and films.

During World War II the whole world seemed to discover the appeal of America’s popular music, enchanted by its brassy, up-tempo big-band tunes. Much of this worldwide popularity was fostered by the Armed Forces Radio network. With more than 90 stations broadcasting American-made records around the world, millions of listeners—and not just the GIs for whom the broadcasts were intended—heard the great entertainment available from this kind of music. By the late 1940s the American style had become a world style.

When the GIs returned home, they bought large quantities of records. Music instrument factories, which had been shut down earlier to produce
weapons, were now spewing out guitars, organs, pianos, and wind and percussion instruments in quantity. The recorded music industry as well as the music products industry were reaching a mass market.

Record companies were moving millions of singles in the 1940s. When Columbia came out with the long-playing (LP) vinyl platter record, the music business again experienced a development of overwhelming significance. Now, instead of two songs per record, songwriters and publishers could place 12 songs on a release. On the new LP record buyers could hear an entire Broadway show, opera buff could carry home an entire opera in a box, and complete symphonies could easily fit on one LP. The dollar volume of classical records grew to 10% of the market (versus under 2% today).

Concurrent with the growing popularity of LPs was the increasing availability of low-cost tape recorders. Add to this the boom in high-fidelity sound. For a relatively low cost, consumers could hear recorded or broadcast music with a quality of sound that was better, audiophiles believed, than that offered at their local concert halls.

The music business began to attract a new breed of merchants: inventors of new distribution and merchandising methods. The most significant marketing development at the time was the discovery that people would buy records wherever they shopped. Enter the rack jobber. This new kind of music merchant set up and continuously restocked record racks in supermarkets, variety stores, department stores—anywhere shoppers passed by.

Large corporations began to notice that people in the music publishing and record business were making lots of money. They decided to buy in. By the 1970s even conservative bankers got the message: music enterprise was now an acceptable risk. Bankers began making loans to music publishers, record producers, and artists’ managers—the types of people they used to classify with street vendors. The main attraction to these new investors was record production. In what other kind of business enterprise could someone invest, say, $20,000 in a master tape, then receive from it royalties 100 times that amount for distribution rights, if the record hit? To the inexperienced investor, the music business began to look like a money tree. By the 1970s the buying and selling of music companies resulted in the majority of industry revenue becoming controlled by a handful of giant corporations (to become the longtime “Big 6,” a small club that would shrink to an even smaller “Big 3” in later years).

Dawn of the Digital Millennium

As we’ve seen, for most of the 20th century the modern music industry was forged by two then-new technologies—the phonograph record and broadcasting. As the 21st century approached, a third force—digital technology—emerged to shake the industry’s foundations. At first, the ramifications were mostly benign as labels shook their analog catalogs, and out poured dollars as consumers replaced their record collections with the digital discs and then scooped up new CD-only releases. Digital technology radically altered not only the business of music but also its creation, manufacture, distribution, and consumption. Furthermore, it changed the very culture of how music is created, with inexpensive technologies to record, present, distribute, promote, and play music, fashioning a unique artistic and commercial digital democracy, which drew music creator and music consumer closer even as it blurred the boundary between them.
Digital's power was most graphically illustrated in the arena of distribution. When Philips and Sony collaborated on the development of the compact disc (CD) in the 1980s, few predicted the extent to which digital technology, in combination with the Internet, would revolutionize the business.

Eventually it emerged that digital recording and distribution created a quagmire of conflicting benefits and disadvantages. In the early years of the new era, those making the actual recordings—recording artists, producers, and engineers—found in the digital medium freedom from the technical constraints of analog tape, including tape noise and limited dynamic range. Furthermore, as digital audio technology progressed, musicians and producers were given powerful new tools, such as digital signal processing systems (DSP)—digital reverb, delays, samplers, looping, pitch-tuning, and editing capability—that vastly enhanced their ability to create and assemble sounds.

And record labels initially benefited. When the CD music format was officially introduced in 1982, labels were able to demand sales-royalty rate reductions from recording artists, ostensibly to help mitigate the legitimate cost of fostering the new medium but simultaneously increasing label profits. The CD was the first digital format for music playback adopted by the mass consumer market, so it was a technological marvel. The impact of digital had just begun.

Cue new technology once more. The arrival of the MP3 format onto the scene in the 1990s was a somewhat unsettling composition. When digital music was further compressed into files that could be distributed over the Internet freely (in every sense of the word), a new form of mass media became, in part, a medium controlled by the masses. The ability of consumers to make duplicate recordings imperiled the grip that labels held on music when play-only media such as the LP were the standard. The most fervent of music fans were now taste-makers, although not yet hit-makers, as they sought out, chatted up, and distributed songs online.

**iTunes Arrives**

At the turn of the century the most robust new business model for the music industry emerged from a computer company, which was both appropriate and ironic, given the computer's central place in the upheaval of the music business. Apple's iTunes was a way to legitimize and monetize music file downloading.

The economics were cut and dried: Labels received a fixed amount from each sale, approximately two-thirds of $0.99 single-song downloads, with that formula more or less extrapolated for complete digital album sales. However, the labels lobbied vigorously for Apple to raise its prices, a move that Apple resisted until 2008, when a reformulated agreement between iTunes and the labels resulted in both sides compromising on two key points: Apple would for the first time permit a variable pricing scheme, keeping the $0.99 128-KB-resolution single-song download and adding a $1.29 price point for higher-quality downloads at 256 KB, as well as a $0.69
price for back-catalog songs, applicable at the labels’ discretion. For their part, the record labels agreed to let Apple remove embedded digital rights management (DRM) code from the song files.

iTunes created the template for a new music distribution system, one followed by other retailers, including Amazon and Walmart. But it also established another trend that was detrimental to conventional record labels, which had built much of their revenue from the sale of CDs to consumers who often bought a CD just to access one or two favorite songs. Now consumers could simply buy the few songs they really wanted.

**Digital Threat Grows**

The growth of the Internet in the 1990s was a catalyst that would eventually transform the music business. It spawned a virtually unregulatable yet broadly accessible platform to distribute digitized music files between computers, known as P2P file sharing. Now music easily copied by anyone yielded exact digital duplicates, which was not possible with prior analog formats. Pristine digital copying reduced the incentive to buy legitimate recordings. Early P2P networks like Napster and Grokster, and websites like The Pirate Bay and LimeWire, were big drivers behind the record company sales slump that began with the new century. Global recorded music sales dropped by nearly half in the following decade. As a result, the digital millennium dawned with an era of financial pain for the industry. Music piracy mushroomed, engendering annual financial losses in the hundreds of millions of dollars for labels, music publishers, and the artists, producers, instrumentalists, and songwriters who depended on music sales for their livelihood. And to one degree or another, the challenge still exists. The International Federation of the Phonographic Industry (IFPI) cites research that 3 in 10 Internet users engaged in stream ripping over a recent six-month period. So the epicenter of piracy is no longer just concentrated at bad-actor websites with P2P sharing. Today it includes the exploitation of streaming services through unauthorized copying, sharing, and signal theft.

A lengthy series of legal battles and buyouts left the major recording corporations in control of some of the most well-known file-sharing entities, including iconic Napster, but the giant corporations had little in the way of innate organizational or entrepreneurial skills to turn these newly acquired entities to their own advantage. In fact, it would not be until 2016 that growth returned to aggregate U.S. recorded music sales, when streaming revenue rose to make up for some of the decline in physical media sales.

**Congress and the Courts**

As the digital Pandora’s box began to open years ago, the music industry fought back using legislation, litigation, and market propaganda. Several key pieces of digital technology legislation were passed in the United States. The Audio Home Recording Act (AHRA) of 1992 stipulated by whom and for what purposes digital copies could be legitimately made. The Digital Millennium Copyright Act of 1998 was more comprehensive, particularly in establishing a mechanism for securing copyrighted music online. But legislation proved too weak to address the issue and furthermore revealed a growing divide between the digital zeitgeist
and legacy entities that had built fortunes on the foundation of inviolate intellectual property (IP). Case in point: in 2012, the proposed-legislation Stop Online Piracy Act (SOPA), whose provisions included allowing copyright holders to request court orders that would bar access to alleged infringing websites and far stricter penalties for infringers, was blocked by furious lobbying from a consortium of entities ranging from Google to library associations, who asserted that SOPA would lead to wholesale censorship of the Internet.

In 2007 the Record Industry Association of America (RIAA) turned to mass litigation. It sued colleges, universities (their central servers had become a popular file-sharing nexus among students, the largest cohort of early illicit downloaders), and individuals. The civil litigations were tactically successful but strategically dubious, causing public relations damage to the record industry as a whole. The RIAA eventually shifted to publicity campaigns to raise awareness about the implications of illegal music distribution.

The RIAA's efforts may have gone as far as they could. DRM encryption and the threat of litigation were deterrents to some casual file sharers, but they did little to affect the apparent hard-core file-sharing of users who were likely to continue downloading illicitly. This legislative/litigious game of technological cat-and-mouse made one thing clear: the mechanisms of law and regulation simply could not keep up with the rapid innovation that digital technology brought to music. The public wanted music whenever and wherever they decided, and thus ultimately changed the economic structure of the music industry. The music business ecosystem would have to adapt—if it could.

**THE DIGITAL FUTURE IN CONTEXT**

In many ways the industry has adapted. The concert business is up—a segment of the business not easily displaced by a digital substitute. Music publishing revenue is healthy, taking advantage of the exploitation of rights in a wider variety of distribution forms. The use of music in TV and films provides a reliable revenue source for many artists and composers. Genres that many assumed were short-lived, such as hip-hop and electronic dance music (EDM), demonstrated resiliency. And streaming behemoths, once the bête noir of artists yearning for a return to the per unit royalty rates of a bygone era, are a dominating income source.

The upheaval that the music industry experienced in recent years is in some ways familiar. Every technology-led revolution of the past two centuries—railroads, telephones, electricity, the Internet—experienced similar stages of evolution: an embryonic, high-tech stage (limited accessibility, technology rapidly evolves), an entrepreneurial stage (technology stabilizes and attracts capital), an explosive growth stage (numerous commercial start-ups and multiple business models appear, a stage many consider the music industry to be occupying now), and a consolidation phase (fewer participants but larger entities due to mergers and acquisitions, a stage record labels exploited successfully in decades past).

But the digital revolution, while following familiar business patterns, has also changed the attitude of more than a generation of music consumers, perhaps irrevocably. For instance, the ease with which digital distribution made music freely accessible has created a culture in which music is often viewed as being free of cost. The public often perceived a legal conflict as one between
corporate hegemony and individual rights, a situation that encouraged a widely held perception that the cost of music product was out of proportion to the cost of making it.

Ultimately, as the encrusted shell of the old music business disintegrates, digital technology has made the music business entrepreneurial once again. With access to affordable production of music and digital distribution less encumbered by the capital and logistical requirements of what is now called the legacy business, the music industry has become less mythical and more accessible to more people. As a result of digital technology, the music business may have shed some of its mystique and glamour, but in the process it has become a viable career choice in more ways and for more people than ever before.

NOTES

1. Words in **boldface** type indicate inclusion in the glossary section.

2. While the term “digital” was originally only used to contrast with the term “analog,” many in the industry today use it informally to embrace all forms of new, nonphysical media and their associated business models. Strictly speaking, the CD, the leading physical format of the age, is itself a digital format, and distinct from the analog LP and cassette formats it supplanted.

CHAPTER TAKEAWAYS

- The rise of the middle class in the late 19th century made possible the first blockbuster music publishing hit, “After the Ball,” which sold more than a million print units in 1892.

- Technology in its many forms has been a consistent driver of the changing business—from the invention of radio, to movies, to TV, to vinyl LPs, to CDs, to downloads, and to streaming.

- Digital technology has been a double-edged sword, improving the ability to produce new sounds but disrupting the established economic order.

- The major labels were initially caught flat-footed by the digital era, watching with alarm as start-ups and outsiders such as Apple, Pandora, and Spotify pioneered disruptive business paths.

- Despite upheavals, U.S. record company revenue and streaming growth have largely stabilized.

KEY TERMS

- Digital Rights Management (DRM) (p. 11)
- label (p. 3)
- intellectual property (p. 12)
- P2P (p. 11)
- rack jobber (p. 9)
- streaming (p. 5)
- synchronization rights (p. 8)
1. Discuss the evolution of music into a formal business, from church choirs of the Middle Ages to the modern enterprise in the 21st century.

2. In terms of creativity and distribution models, what's changed in the music business in recent years and what remains the same?

3. With the shift to digital media, explain why aspiring and semi-pro musicians were helped and why the major recorded music labels suffered.

4. Recorded music revenue slumped with the advent of nonphysical, but what other parts of the music business have enjoyed good economic times in recent years?

5. Discuss the implications of consumers adopting the mindset that music should be free and the implication of music being demystified as consumers utilize affordable recording equipment.
“I would rather play ‘Chiquita Banana’ and have my swimming pool than play Bach and starve.”
—Big Band leader Xavier Cugat