**What Is Your Role in the Music Business?**

**This assignment will ask you to use what you learned from the media business readings and lectures.**  
You will need to look at 10 CDs in your music collection or 10 downloads, each representing a different album. If you don't yourself own 10 CDs or downloads, add those of your friends, family.... For the second question, use only your own music collection--whether it is less or more than 10 items.  
  
1. Go through your music collection (of 10 CDs). Chart your collection by the three major US/UK labels: Universal (includes Polygram since 1998, and EMI since 2011), Sony (includes BMG since 2004), and Warner Music, including all their subsidiaries, and the independent labels and the Major Arab labels (Rotana or other). List all the 10 artists, their labels, and whether those labels are from one of the majors or one of the independents.  
  
To figure out the parent company of the label, look at the fine print or go online and do some digging. Also, check out (and make sure you cite!):  
   
[http://www.cjr.org/resources/](http://www.cjr.org/resources/" \t "_blank)  
  
For example, the Warner Musical Group, (as of 2007) includes the following labels:  
- the "Atlantic Group" (Atlantic, Rhino, Atlantic Classics, Atlantic Nashville, Beggars Banquet, Big Beat, Celtic Heartbeat, Curb, Lava, Mammoth, Matador, Mesa/Bluemoon, 143, TAG);  
- "Elektra Entertainment Group" (Elektra, EastWest, Asylum, Elektra/Sire);  
- "Warner Bros. Records (Warner Bros., Reprise, Grant, Maverick, Qwest, WarnerBros./Nashville, Warner Bros./Reprise Home Video, American  
Recordings, Slash);  
- "Warner Music International (Teldec, Erato, Nonesuch, Finlandia, cold Blue, Carrere, DRO, WEA Latin, PWL, ZIT, rooArt, Magneoton, UFO, Fazer, Telegram, Continental, London/Sire Records;  
- joint ventures with labels such as former indie SubPop (49% ownership)  
  
2. Compute where your music money goes. Read the following article from Rolling Stone (if you haven't already): [www.rollingstone.com/news/story/\_/id/6558540](http://www.rollingstone.com/news/story/_/id/6558540)  
  
Try this link if the first didn't work (it has the relevant information):   
[http://bigpicture.typepad.com/comments/2004/10/walmart\_wants\_1.html](http://bigpicture.typepad.com/comments/2004/10/walmart_wants_1.html" \t "_blank)  
Then add up the total number of CDs that you own. Multiply that number by the typical retail price of $15.99 to determine the approximate cost of your collection. Then referencing the chart at the end of the Rolling Stone article, figure where your money went. (If your music was downloaded for free, figure out how much money was "lost" to each part of the industry as a result.)  
  
FROM ROLLING STONE: "This breakdown of the cost of a typical major-label release by the independent market-research firm Almighty Institute of Music Retail shows where the money goes for a new album with a list price of $15.99.  
$0.17 Musicians' unions  
$0.80 Packaging/manufacturing  
$0.82 Publishing royalties  
$0.80 Retail profit  
$0.90 Distribution  
$1.60 Artists' royalties  
$1.70 Label profit  
$2.40 Marketing/promotion  
$2.91 Label overhead  
$3.89 Retail overhead"

**Further questions (answer questions below in one essay):**  
3. Can you be a serious music fan and support artists you like, yet resist the dominant music companies? How?  
  
4. Do you see a qualitative difference in content and style between the independent label recordings and major label recordings?

5. What are positives and negatives of having a handful of major companies dominating most of the music industry. How does concentration, conglomeration, and integration affect the music you listed to. Address this question both by focusing on the readings/lecture and based on what you saw in your music collection. 

6. If you had Arabic or locally produced music, how does the Arabic music scene compare to that of the US?  
  
7. What trends or themes (love, patriotism, sex, religion...) did you notice that dominated your music collection? What values do these songs reflect and how do they compare to your own values and culture? And how does what you learned about media-business influence all this? 

8. Wal-Mart used to be the dominant leader in CD and music sales in the USA. Comment on this explaining the reasons why Wal-Mart has lost market leadership and what does that mean for the music industry, for artists and for consumers. Who has/have replaced Wal-Mart as the leading vendor(s)?

The Change in the Music Industry

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Abstract

This paper talks about how the music industry has changed drastically over time, especially with the introduction of online music availability. Yet in all cases, it focuses on how much the record labels still have a cut in the profit, whether or not the music is bought by consumers or simply downloaded online for free.

The Change in the Music Industry

Nobody can deny that the music industry has changed, especially from the consumer’s part. Only ten years ago people were ecstatic whenever they would become the proud owners of a Discman, allowing them to carry their music with them. Back then, tapes and CDs were how people got a hold of their music. Today, everything has become digitized; even the Discman has evolved into iPods and mp3 players. This paper discusses the changes that are taking place in the music industry as well as how these changes affect both the artists and the record labels.,It will also address how the change in pricing and increase in online availability has continued to allow record labels to make profit regardless of how low the prices are, or even if they are non-existent.

|  |  |  |  |
| --- | --- | --- | --- |
| Artist | Album | Label | Parent Company |
| 30 Seconds To Mars | This Is War | Virgin Records | EMI/ Universal |
| Lenny Kravitz | Baptism | Virgin Records | EMI/ Universal |
| Yann Tiersen | Tabarly | Virgin Records | EMI/ Universal |
| Jimmy Eat World | Chase This Light | Interscope | Universal Music Group |
| D’banj | Mr. Endowed | Mercury Records | Universal Music Group |
| Breaking Benjamin | Dear Agony | Hollywood | Disney Music Group |
| Van Morrison | Astral Weeks | Warner Bros | Warner Music Group |
| Magic System | Premier Gaou | Artop Records | Independent |
| EME All Stars | Empire Mates State  Of Mind | Empire Mates Entertainment | Independent |
| Jesse Jagz | Jag Of All Tradz | Chocolate City Group | Independent |

The above table is a list of 10 albums, all of which were downloaded online for free. Out of the ten albums, three of them belonged to the parent company EMI, which was then sold out to Universal (Busch, 2012). Three more are part of the Universal music group, one is part of Disney music group, another of Warner music group, and the last three are part of independent music labels. According to *Rolling Stone*, an album would cost $15.99 and would be distributed as such (Cohen, 2004):

$0.17: Musicians' unions

$0.80: Packaging/manufacturing

$0.82: Publishing royalties

$0.80: Retail profit

$0.90: Distribution

$1.60: Artists' royalties

$1.70: Label profit

$2.40: Marketing/promotion

$2.91: Label overhead

$3.89: Retail overhead

Out of the ten albums, seven of them belong to one of the major recording label companies. Those seven albums in total cost $111.93, which were lost to them since not a single penny was spent to obtain them. The loss of the other three label companies cannot be calculated since they do not fall under the major labels, especially since two of them, EME and Chocolate City Group, are from Nigeria, a country where there are no standard prices. As a result of downloading the albums online for free, in respect to the major label companies, the artists would have lost (in total) $11.20 and the company and its distributions $100.73. Yet, this loss does not mean that a person is not a fan and buying a few albums online would only cost them a few thousand dollars whereas they are making millions.

For the artists, whether or not their albums are bought does not really make much of a difference to them, especially in terms of profit and revenue. After all, the artists only get a small percentage, 9-12%, of the wholesale prices (Busch, 2012). The rest of the percentage goes towards the record label. Despite the fact that they account for other aspects of the industry, such as promoting the artist, music video production, studio time, marketing and all other business related material, there are times when no matter how successful an artist is, they will not receive a royalty payment because the label is recouping “losses from an earlier unsuccessful album” (Busch, 2012). So then how can fans support their artists when all the money they spend goes to the record label? The answer is simple. There are other ways to support them through buying concert tickets, showing up to the concert, buying their signatures online, or buying any merchandise that is promoted, marketed and sold by the artist, not through the record label.

Since the music industry has changed, especially with the advance in technology and the digitization of music, it is important for fans to know that buying their albums, even today, is not enough. According to Busch, the difference in number of albums sold in the 1980s and today has decreased vastly. In the 1980s, more than 80 albums sold more than five million copies and 19 of them alone sold more than ten million. In 2000, the biggest selling album was for the boy band N’sync whose album, *No Strings Attached*, sold 9.94 million copies. But in the past few years, “no more than give albums per year have sold more than 2 million copies in a year” (Busch, 2012) except for Adele’s album, 21, which was one of three albums that sold more than 2 million, sold for 5.82 million copies (Busch, 2011). In the United States alone, the combined number of albums sold, for the top ten, was a total of 60.4 million, whereas in 2011, the number was down to 20.2 million copies. If the amount of albums being sold has decreased, the artists are keeping up with the technology and have begun to get their royalty checks elsewhere. Since most people today have become accustomed to downloading albums and songs online, it only made sense that the labels and artists would make a shift towards non-traditional music sales.

Where Wal-Mart was once the leading distributor of albums, it is now iTunes, where not only are customers able to buy the album for less than $15.99, at $9.99, but they also have the option to buy single songs at a rate of $.099 (Busch, 2012; Knopper, 2011). Customers have also begun using other online platforms to get their music from such as Pandora, YouTube, Spotify, MOG, Rdio, and so on (Busch, 2012; Knopper, 2011). In 2005 alone, over 36 million citizens in the U.S. had illegally downloaded music content. Yet, artists and labels are still able to profit. According to Knopper (year), through subscription services on online platforms such as Spotify, MOG and Rdio, for every song that is streamed 60 times, the songwriter gets $0.09, and the label and artist gets $0.38 (which is then split between them depending on the contracts). On iTunes, if a song costs $1.29, the label receives $0.60, the recording artist $0.20, the songwriter $0.09, and Apple, the company that owns iTunes, $0.40. On YouTube and VEVO, which are online video streaming websites, for every 1,000 plays a video gets, $1 is given to the record label. Therefore, if a video is played 70 million times, the record label received $70,000 (Knopper, 2011). In all these cases, it seems that it is still the record label that comes out on top. Even with the deal made with iTunes, Apple gets a bigger cut than that songwriter and recording artist combined.

With all of these details, it is still possible to resist the dominant music companies and be fans, because like mentioned above, fans can attend concerts and buy merchandise. In concerts, majority of the revenue goes towards the artists, not the label (Kafka, 2003). From the tickets sold, the artist gets 35% of the sales, and 50% of the merchandise sold—record labels are not trying to make deals with artists in order to get a cut from the revenue brought in from concerts (Kafka, 2003). As to whether or not that is already happening, we don’t know. There are some labels, such as EMI, that offered, in the case Kafka presented, artist Robbie Williams a deal where they would pay him $20 million dollars to receive 25% of the profit he makes from all non-music revenues.

Keeping all of this in mind, it is important to realize that even with the change of the music industry going online, there is no need to feel guilty when someone downloads albums or songs online, because even then, the labels and artists still get pennies when the consumer doesn’t have to pay anything. It is the same deal they get even when consumers pay $15.99 for an album.

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