

The Impact of Digitalization on Indian Independent Music

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Doi:10.5901/mjss.2016.v7n1s1p429

Abstract

In India, music lacks an identity and it's usually packaged with films and bankrolled by the film producers. This leaves no room for artists who want to appeal to audiences of niche genres. A significant breakthrough happened in the 1990s, when independent music found some acceptance but it never really lasted. The tightly-held Indian music industry which made only mainstream film music till then, slowly started loosening up bit by bit. This process has only speeded up, mainly due to the ever increasing spread of digitalization, creating a level-playing field for the independent artists. This paper tries to study this phenomenon in the context of Indian independent music.

Keywords: independent music, digitalization, long tail, film music, reverse-pareto

1. Objectives of the Study

1. To study the development of Indian Independent music and its role in reshaping the Indian music landscape.
2. To study the effect of digitalization on Independent music in India.

2. Introduction

The Indian music industry is pretty different from the music industry in any other part of the world, since it has a close association with the film industry. Most of the Indian songs are composed for films. At first, the Production companies buy audio and video rights from music composers for a one-time fee. Then, they sell those rights to record labels. The record company acts as the *publisher*¹ for the songs, garnering publisher's royalties from the users of those compositions.

Film music still dominates close to 65 percent² of the music sales in India. *Bollywood*³ music dominates at least half of that, followed by other film music markets such as *Kollywood*⁴, *Tollywood*⁵, *Sandalwood*⁶ et cetera. Success of these music albums is perfectly correlated with the film's success and more often than not have the backing of huge promotional spends by the film fraternity. This strong symbiotic relationship with music and films continue, evidenced by traditions such as prior launch of music albums to publicize the film. "On an average, the music sales contributes a fifth of the revenue from the movie and in numerous cases, is the deciding factor for the success or failure at the box office (Baker, 2008)."

3. Independent Music

Independent music or *Indie music* means recordings that give the artist complete freedom to express as he or she wishes, unlike a film soundtrack which is scripted to a story (Shashi Gopal, founder, *Magnasound*, 2013).

The Indian Independent music culture can be retraced to the 1960s, when Angrezi music or Western music first came to the country during the period of the *BombayBeat*⁷ groups. Audiences of that era listened to bands like Pink Floyd, Led Zeppelin, Ventures et cetera. The Indian bands mostly played covers at that time as audiences were content to just hear the sounds of their favorite American and English bands. Cover bands like *Beat X*, *Savages*, *Jets* and *Spartans* were immensely popular at that time. Besides covers, bands like *The Savages* also composed originals and won *The Simla Beat Contest*⁸ in 1967. A lot of Bollywood records were released in the 1970s. In addition to it, there was a greater experimentation with sounds, evidenced by a psychedelic rock record called *Obsession*, re-released by

*NowAgain*⁹ Records and truth be told, it was the only psychedelic rock record ever produced in the country. It was at that time that music genres like *raga rock*¹⁰ even came into existence.

In the year 1989, Indian indie music label *Magnasound* was launched and it ferried the sounds of indie sonic waves into a new era. After decades of Bollywood dominance, India's music scene was finally ready for a culture driven by indie artists and their music, by fans and the personalities they adored. The company spent the better part of the 1990s championing independent musicians and working with them to create a new sound, dubbed *Indie-Pop*, which included artists like Alisha Chinai, Remo, Colonial Cousins, Sonu Nigam, Shweta Shetty, Adnan Sami, Suchitra, and Daler Mehndi. It was instrumental in giving these artists a non-film platform to create their own original compositions. For the first time, the science of the music business could be practiced in India precisely as it was being practiced in the west. It is quite difficult to exactly say when the market for non-film Indian popular music evolved, but the initial success of Baba Sehgal, the first mass marketed non-film indie artist, and Alisha Chinai, the first major indie success, in the 1990s, coincided with the opening of the Indian music skies and the entry of private channels. The point to note here is that both sang in Hindi which accounts for their appeal because the majority speak and understand Hindi in India than any other Indian language. This was the beginning of the realization that non-film or indie music could also mean big bucks.

MTV Asia was launched in the year 1992 and a year later, *Rock Street Journal* was launched, which together propelled innumerable bands into the spotlight. Independent music culture has existed since the '60s but never found wide acceptance. The future lies in bringing the scattered Indian talent to interact with the masses by fostering interest in non-film music and its allied movements. Unfortunately, in the '80s, due to the heavy-handed media policies of the government, Indian independent music artists were not given a fair chance to air their music. However, things have changed with the advent of internet as these artists have learnt to fit in with the indie *DIY*¹¹ ethic.

In a country where *Bollywood* music accounts for the bulk of the national sales, indie musicians often find it difficult to find the creative and financial support to kick-start their career. Well-recognized music labels tend to stay away from niche music or indie music which includes genres such as classical, jazz, rock, metal et cetera and considers them risky for a market where apart from Bollywood music, very few albums fly off the shelves. This is where *independent labels*¹² come into the picture. Such *indie labels* come to the aid of artists in such genres, providing them with the much needed support in areas such as publicity and distribution. However, in India the genres most independent labels cater to collectively account for less than 1% of the total physical sales.

Due to the digital revolution taking place in the global music industry and also the Indian music industry, there has been an evident shift in the role played by indie record labels. Today, such labels have become increasingly focused on marketing artists and helping them find big events to play at. They often take the unconventional route to promote an artist or album mostly by collaborating with radio channels and also use the social networking sites to good effect.

4. Digitalization Fuelling the Democratization of Music

A *digital download* is a way of letting the consumer download music instead of purchasing a physical copy. The most prominent example is Apple iTunes store which lets you download music for a fee. There are two kinds of digital downloads namely *Tethered downloads* and *Permanent downloads*. *Tethered downloads* allow the consumer to listen to music for a monthly fee but you cannot own it forever. *Spotify* music service is a good example of *Tethered downloads*. On the other hand, *Permanent downloads* allow the consumer to purchase and own music forever. *Apple iTunes* is a good example of *Permanent downloads*. *Non-interactive webcasting* means listening to streamed music from the internet. Pandora is a good example of a non-interactive webcaster. *Interactive webcasting* is literally the same except that you can choose what songs to listen. Hence, the prefix interactive! Examples for *interactive webcasters* are *Spotify*, *Rhapsody* et cetera. We are actually given a license to access music from the company's cloud server, of course for a fee. *YouTube* is also an interactive webcaster, supported by advertising but it is for free. *Ringtones* are songs played when your mobile phone rings. These days it is the actual master tone rather than a polyphonic tone played out of a synthesizer.

Lockers allow the consumer to store music on someone else's server. It functions like a cloud service. There are two types of locker models namely, *Purchased-content lockers* and *Full lockers*. *Purchased-content lockers* allow you to upload and access your music from anywhere on the globe, while *Full lockers* allow you to match the songs that are already available on the cloud and you only upload unmatched content. *Bundled Services* as the name implies is a combination of products and services. *Podcasting* lets the consumer to watch interviews, short clips of song videos or podcasts over the internet.

The traditional music industry functioned as a discriminatory community but the rise of digital music has opened doors for artists who never thought they could get in. Digitalization of music through the development of formats like

.mp3, .wma, .aac et cetera and e-distribution over the social media has facilitated the *music democratization*. From the independent music artist perspective, this meant the increase in the supply of their music. After digitalization, recording became more affordable to musicians. Earlier, the support of a major record label was required to not only produce a record but also to market and distribute it. This made sure that the artist had to always depend on the label at each and every stage. With digitalization and the subsequent emergence of social networks like *Facebook*, *Twitter*, *MySpace* et cetera, musicians have overcome the issue of production, marketing and distribution.

"The digitalization of content industries might erode the high concentration of sales experienced in these industries. A few hundred items usually account for the bulk of sales, whereas the products belonging to the tail of the distribution of sales sell only a few units per month or even per year. The argument of the so-called long tail is as follows. Digitalization first leads to a drop in production costs, which lengthens the tail and thus brings more products onto the market. Second, distribution costs decrease as well, which contributes to flattening the tail by making it easier for niche products to enter the market. The third effect of digitalization is the development of online word-of-mouth, which ensures a better match between supply and demand, and thus drives business from hits to niches. These trends can be expected to progressively increase the sales of obscure artists, to the detriment of stars. As variety increases, it becomes easier for consumers to discover niche artists who really match their preferences (Anderson, 2006)." *"According to the long-tail hypothesis, record labels that have adapted to digitalization should release more albums, targeting niche markets that are ignored by hit products (Marc Bourreau et al 2012)."* *"Now, anybody who owns a computer is a producer and engineer. But it wasn't very long ago that being a record producer was a very specialized, very high-end field of work where you had to have hundreds of thousands of rupees invested in gear just to do the work. There still are people who do that but the bar has been dropped so much lower in terms of who can do that. To some extent that has a real flattening effect on what kind of money is involved in that (Davidson, Sound engineer, Earth Sync Records¹³, 2013)."* *"Music tracks can be licensed and distributed directly through Apple's iTunes online music store, which inserts independent musicians directly into the chain of global distribution for the first time. So in terms of barriers to entry, new digital technologies have had a tremendous flattening effect on the industry and allowed a much higher number of musicians to enter the industry and function as independent producers (Hracs et al. 2011)."*

"Digitalization is a means of creating digital surrogates of analog content. Earlier, music used to remain on vinyl tapes, cassettes et cetera and it had to be physically distributed to the end user. Thanks to digitalization, online distribution is possible. This method actually reduces holding costs and ensures worldwide distribution across the internet. Websites like Cdbaby, Rebeat help the indie artists to sell their albums online for a small fee. This model has made distribution a transparent process, as in an artist gets to know how many units have been sold and also earns 80 to 85 percent of the sales proceeds. Earlier, when only physical distribution was done, an artist never got to know how many units were sold and earned only 10 to 15 percent of the sales proceeds (Mahesh Vinayakram, Kollywood Playback singer, 2013)." *"In effect, digital technologies have democratized the production of music by making traditionally expensive and specialized activities accessible to a much wider range of musicians (Leyshon, 2009; Von Hippel, 2005)."* *"Specifically the Internet, has also allowed musicians for the first time to market and distribute their music independently. Musicians can now cheaply and easily set up websites to promote and distribute digitally recorded music tracks in mp3 format (Hracs et al. 2011)."*

"The Sony-IODA (Independent Online Distribution Alliance) platform offers a whole new digital landscape to access a seamless distribution network across audio and video digital retailers. The content owner gets to keep a significant percentage of the sales proceeds, translating into earnings for indie artists, which was not possible earlier. The distribution network includes all major services like iTunes, Spotify, Amazon, Unbox, Netflix, CinemaNow and mobile carriers such as Vodafone, Sprint and Verizon Wireless. While exact revenue sharing ratios differ based on content, however the content owner will get anywhere between 45 to 50 percent of the gross download cost. For instance, if iTunes is selling a soundtrack for 99 cents, it will keep 30 cents. Sony-IODA's share will be 20 percent of the remaining 69 cents while the content owner keeps the rest (Shridhar Subramaniam, Sony President-India and Middle East, 2013)." *"Digitalization has three main effects on the music industry. First, it affects the distribution of music, with the development of digital music platforms like the iTunes Music Store. Second, it affects the promotion of new artists and new music. Digital technologies and the Internet in particular have fostered the development of decentralized promotion (i.e., word-of-mouth) for cultural products, to the detriment of traditional centralized promotion through the mass media. Third, talent scouting can benefit from digitalization: digital technologies facilitate communication with artists, the quality of tape demos is improved with the development of home studios, and last but not least, websites like MySpace provide potential talents with the opportunity to advertise themselves more efficiently (Marc Bourreau et al 2012)."*

5. Discussion



The traditional business model works on the basis of *Pareto* principle but the contemporary model tries to increase the product diversity by venturing into niche markets. Let us assume that the sales of a record company are normally distributed. The central region represents the area of *hits* or revenue generators, while the tail area represents the albums that are for the niche market and hence gets sold in small numbers. So, the major label relies only on albums produced by superstars which appeal to the mass market. However, the central region flattens and the tails become longer in the latter model because the company starts focusing on the niche albums and tries to sell more of it. The latter model works on the basis of a *Reverse-Pareto*¹⁴ principle where the focus shifts from hits to niche products. Let's take an example. In the traditional model, a record company produces 100 units of a single album. But, in the contemporary model it produces 10 units each of 10 different albums (100 units) that cater to the niche market. This is possible with digitalization, as the production, distribution and the talent scouting costs reduce. A record company is able to produce and promote *less of more* now when compared to its earlier strategy of *more of less*; to have a wide music repertoire; it has to invest in artists that produce unconventional music, who are none other than the indie artists.

Upstreaming an artist is the process of converting an independent deal into a major label backed deal. Initially, an artist starts off with an independent label and once they get their music heard, develop a fan base or do some volume, they chase the major label. Only a very few get signed on to a major label right away. If an artist who signed up with an indie label wants to convert the indie label backed-promotion deal into a major label backed-promotion deal, he has to do good volumes i.e. sell more albums! So, for *Upstreaming*, one of the main conditions is to do volume. Now, how to increase the volume and show the numbers? That's where digitalization steps-in with a solution. Albums or songs can be sold on iTunes, Amazon, or streaming sites like Rhapsody et cetera and this means more sales numbers. Greater the sales numbers, better the chances of an artist getting upstreamed.

Top-line records are records which sell at the maximum price; usually this price is set for newly-produced records. *Mid-price records* are records that sell at 65 to 80 percent of the top-line price. Standing at the lower end of the hierarchy are *Budget records* which sell at less than 65 percent of the top-line price. Artist's payment reduces for a mid-price and budget record. If the record company is making less amount of money from *mid-price* and *budget records*, at the end of the day even the artist would. But, if the artist is new and keen on building a fan base, with clout, he or she can convince the record company to sell the new record at mid-price right away. Though the artist is receiving a lower payment, it's offset by more music purchasers. If the price is low, it definitely sparks an interest among buyers, with a strong presumption that the album contains good music. Had the product remained physical all the way through, the record company would never accept to this proposition, but since it has morphed into a digital product, they can afford to take the risk of putting the new record at *mid-price*.

Globally, albums are sold on *Return Privilege*. Let us assume that a record company provides its records to a retailer at 100 percent *return privilege* with a 30 percent penalty point. If the retailer returns more than 30 albums for every 100 albums provided, say 40 then he will not get full credit for those 40 albums. If the retailer returns 20 albums for every 100 albums provided, he will get full credit for those 20 albums. Ideally, the record producer does not want the records back, so this is just a way of telling the retailer "try selling them". Is the return privilege same for every artist? Definitely not! It varies for established artists and rookies. However in India, albums are never sold on *Return Privilege*, which means the risk is transferred from the record producer to the retailer. So, either the retailer has to sell the records or be careful enough not to buy them from the record label again. With digitalization of records, this risk is completely diffused and the concept of *Phony free records*¹⁵ is a moot. Digitalization has created a situation where in a

record producer need not incentivize a digital retailer to stock more of its products. The digital retailer can create as many copies to meet any kind of demand.

6. Conclusion

Indie music labels unlike the *major labels*¹⁶ that constantly try to curb piracy, are in the continual process of discovering talent at a grassroots level, exploring new sounds, and then taking the risk to invest in indie artists. With all the innovative music products and services in place, indie artists do generate some revenue out of it. Definitely a lot more than earlier, as the record companies were tied down by manufacturing costs, shipping costs, inventory costs et cetera. This kind of transformation is only possible in a digital world. With the advent of digitalization and in turn a growth in avenues for monetizing talent across different streams, the time may be ripe again for investments in talent across production, gig support, marketing and promotion.

With the rising acquisition costs of films, even major music labels are increasingly looking at non-film avenues, and have started investing more in discovering independent talent. But, this paper limits itself to analyzing the impact of digitalization on Indian independent music. However, this can be further expanded to study the impact of digitalization on Indian mainstream music or film music.

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