

# MUSIC AND THE INTERNET

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Music is ideally suited to take advantage of the new interactive and multimedia communication technologies. Depending on the foresight of its administrators, it will enjoy new audiences, new marketing tools and new income streams.

The purpose of this paper is to introduce some and remind others of the evolving role of media technology in the music industry.

The evolution of media technology has been simple enough: the music box, the cylinder, the disc, the tape and so on. These have been the media for delivering for delivering music for personal home consumption. As for mass delivery, we are now familiar and comfortable with both radio and television.

All of these technologies, amongst many others, have influenced the way that music is experienced by an absentee audience and consequently have extraordinary economic and cultural consequences.

## 1. So Where Is The Technology Now?

These days, everybody has heard about the Internet and a high proportion of us use it at least for e-mail. But does it have an excitement factor? It is a frustrating, slow, cumbersome, fragile, user-hating technology which passes itself off as cool, enabling, non-specific as to gender and socio-educational class, educationally enhancing and, just plain fun. It is of course none of these things. It may become some of these things. It just hasn't yet arrived.

Using the Internet is like being in a library for slow learners. Everything takes a very long time to happen. It's also like using a library which is supposed to be open 24 hours a day but on-going road works frequently interrupt access to either the library itself or to the part you particularly want to get to; it is a

library in which the cataloguer is an alcoholic; the IT assistants who help you look for material are mostly idiot savants who do fantastic calculations but are completely unable to judge talent, usefulness, quality, or factual or analytical accuracy.

You know that any publisher that required the reader to type in the letters "http://" before opening a section of the newspaper would be sacked in a week. You know that whatever the enthusiasts may say, while the Internet remains so clunky to use, it remains profoundly flawed as a community communication medium.

Then there is the content. The Internet has an extraordinary volume of content. Like the atom-based library, the content is of variable quality and usefulness. The difference between the two media is that books generally have had a publisher exercise some preliminary discretion - if only because it has to invest money into the publishing process. When you look at some bookshelves you realise how fragile a guarantee that is; but where there is no such third party discretion involved and any author can publish his or her own brain fruit without third party intervention or criticism, the advantages of having an uncensored international medium of communication are counter-balanced by having to put up with media as therapy.

What's more, the web page is generally so flat and two dimensional, and so clashingly slow to access. The irony is that the more we try to make the page appealing to the eye by adding graphic, the more frustrating it is for the reader.

So what relevance does this have for the music industry? It questions whether this is a valuable medium for promotion and marketing, documentation, and communication, let alone performance delivery.

In spite of my criticisms of the medium that we have today, one would have to be blindfold to be unaware of the impact that it will have. There are a number of technological and other factors which are simultaneously occurring which will, together, mean that the Internet (or its offspring) will become one of the core media.

These factors include:

- the development of on-line multimedia technologies,
- the use of the Internet as a conduit for traditional communication media and, in particular,
- the emergence of interactivity.

Simply, any technology which has the ability to provide its users with the ability to participate in a full range of audio and visual media in a seamless and convenient one-stop box, has to be a winner.

## 2. A Look Into The Future

Let us start with a glimpse into the not-too-distant future: Let's imagine a person wants to see an opera at the Sydney Opera House in 2004. She is in her lounge room in Singapore. She turns on the teleputer.

For those of you that missed the news, a teleputer was developed in 1999 and is a cross between a computer and a television but looks just like a television. It delivers the household's complete entertainment and telephony requirements. Through it, on a pay-for-play basis, we can access the world's music repertoire, an enormous library of films and other audio-visual programming and we have the option of both aural and audio-visual telephony. It is of course also a computer and has the usual fax facilities. What is not self-adjusting, is voice activated and voice controlled - (although you will note that a modicum of civility is demanded of the user). She says to the teleputer:

“Good evening; My code is THX555”

“Music Channel please”. “Opera please”. "Sydney Opera House."...  
(and so on)

The teleputer immediately accesses the desired channel and program. The viewer will be able to watch live or recorded events. If she wants to see a performance or an incident from a different angle, she has only to ask:

“Rotate view, please. “

“Top view, please.”

If she wants to know the performance history of a particular singer, she has only to ask. The data is immediately thrown up on the screen in the right hand corner so that she doesn't miss the live action. She wonders how the singer trained to achieve such a level of performance. She has only to ask. Intrigued, she instructs her teleputer:

“Show me Simpson training.”

Then:

“Show me Simpson's home town”

and the film rolls...

Now she wants to buy some genuine Opera Australia merchandising:

“Music Shopping please.”

“Clothing please.”

“Cap please.”

“Size 6 please.”

“\$30 confirmed.”

She leaves a message on the viewer response line. Seeing the world's best has excited her and she immediately calls up the on-line music reservation service and books her seats for the Singapore Opera next January.

At the end of the month she will get a statement of account which will include all her purchases, her bookings and her on-line access fees.

She may never have been to an auditorium. Yet she is an active participant in music.

She doesn't know it, but she is a very valuable asset to your organisation.

What I am talking about is the future. Much of it is already technologically possible. Do not dismiss it as science fiction or mere speculation. In an age when media rights are negotiated for several years at a time, it is important to spend expert time, trying to work out what the most likely future will be.

If you don't, the future becomes the present and you are unprepared for the change.

In the world of music media, if you miss the technological change, you can miss the opportunity. This will cost you dearly. Rather, you must develop and implement strategies to maximise the opportunities that this inevitable future presents. It is a future with many unknowns but some things are certain: in less than ten years, multimedia and interactivity will be basic elements in the way that you communicate and present your music and music services to the world.

### **3. The Impact of Interactive Media Technology on Music**

What are some of the features of the futurist tale that I've told you?

- (i) the technology was a basic home facility
- (ii) the technology was simple to use. It didn't require a knowledge of systems or software or an aptitude with timers or remote controls
- (iii) the response time of the technology was almost immediate
- (iv) the viewer had no hesitation using the service for shopping
- (v) the machine could respond to various programmed languages
- (vi) the machine had a "fuzzy logic" capacity; it could make inference as to what the viewer wanted or meant
- (vii) the machine was truly multimedia
- (viii) the available programming was diverse in interest although thematically consistent. Everything related to the music but it had action, lifestyle programming, travel, etc
- (ix) the viewer was more actively participating than a television viewer, radio listener, newspaper reader, or record listener
- (x) although the activity was in another country it could be used to stimulate audience attendance and other benefits in the viewer's local country; (Present internationally; stimulate locally.)
- (xi) the activity represents an integration of music, commerce, domestic life and technology in a seamless and effortless continuum.

### **4. Music In An Interactive Multimedia World**

This new era is not merely an evolution of existing media technology. It is something quite new.

What all of media technologies have lacked to date is the ability for the viewer to control the level of their participation in the event. They are they are recipients; there is little possibility for individualisation of the experience. The home viewer gets what ever other viewer gets. No more, no less. At the moment, a television viewer enjoys only limited degrees of control:

- Shall I turn the TV on or off ?
- How loud do I want it?
- What chair shall I sit in?
- What do I want to drink?

All the other decisions are taken for the viewer by either the **network**

- What music will we broadcast?
- What level of coverage will we deliver to viewers?
- When will we broadcast it?

Or by the **on-line producer**:

- Which singers will we concentrate on?
- Which angles will we favour?
- Who will we interview and who will we profile?

Enter the New Age - the era in which the viewer is a participant in the design of the coverage that he or she wishes to experience. This will be known as the Inter-active Age. We are moving from the passive to the active.

We are moving from a comfortable world in which we tell the audience what, when, and how they will listen to music in the home. Interactive technologies will permit the move from “mass media” to “personal media”. The resource will remain “mass” but the experience of it will now be able to be “personal” .

## 5. Implications For The Music Industry

You will notice that on the Media evolutionary scale we have not yet arrived in a fully interactive, multimedia world. We are nearly there, but there is still time to ensure that your organisation maximises its opportunity to take advantage of the new conditions.

There are three interactive technologies which will be particularly relevant to music:

- CD Rom;
- on-line services; and
- fully inter-active and multi-media music delivery.

They will appear in that sequence. Each will be important to music.

**(i) CD Rom**

**A. CD Rom Has Arrived.**

CD Rom is not tomorrows technology. It has arrived. The CD Rom world is both interactive and multimedia. No longer are we restricted to one medium of appreciation of our music: we can now use text, visual images and sound in a mix that we can control, to optimise our enjoyment of the experience.

**B. CD Rom Users Are a Changing Demographic**

CD Rom machines are entering our homes because of our children. Most of the early applications of CD Rom have been either educational (such as atlases, dictionaries, encyclopedias and documentaries) or games. A few of us use CD Roms at work, but the real penetration has been due to our children and our desire for them to have every opportunity to get the education that we think they will need in the next millennium.

What are the sorts of programs that will attract **adults** to use the CD Rom? Perhaps we can learn from the patterns that we know about from pay-TV? Children watch cartoons and children's

shows and music programming and movies. Adults watch movies and sport - not music.

When it comes to the new medium, we must encourage children to maintain their interest in music programming into adulthood. How are we going to assist this?

### C. **The Benefits of CD Rom**

#### Quality Content Is Available

The CD Rom format requires a lot of content. This means that the cost of producing a CD Rom is only reasonable if you already own the rights to much of that content and can amortise the initial production costs across other products and media.

Given this, it is not surprising that the organisations which have been first to dominate CD Rom production are those which are content rich: organisations that are in the business of creating content and which retain tight control over the intellectual property rights in that content.

Music organisations have a number of advantages in exploring the technology:

- Music organisations are inherently content rich
- The content is flexible and repackageable
- No threat to live attendance live performances
- Increased media/marketing exposure

#### **(ii) The Next Evolutionary Stage**

Just as we get used to CD Roms, **on-line services** are going to become hugely important.

Fibre-optic cable is being extensively laid in Australia and many Asia-Pacific countries. Fibre optic cable not only allows pay-TV to take off, it

allows a whole range of passive on-line services (such as stock reports, telephone directories and music results) as well as inter-active services (such as home shopping, gambling, video on demand, interactive educational services, interactive medical services and of course, the arts. When our homes are cabled, we have the minimum requirement for systems that are both **multimedia and interactive**.

**(a) What Is The Present On-line Content?**

Who are the early on-line players? Which businesses are trying to establish an advantage from an early involvement in this new experience-rich, experience-active medium?

Already, many Australian music organisations have established Internet Home Pages, keep them up to date and provide the millions of Internet users with an opportunity to make direct contact with the organisation.

Clearly this will not be appropriate for all music organisations but for many, it is one way of getting used to the new technological environment - one in which the quality of the contact with your audience is extraordinarily direct and responsive.

Most of the current examples are fairly dull. They reflect most of the flatness and two-dimensionality of a textbook or a newspaper, except that they are in colour.

**(b) What Are The Features of Future On-line Content?**

It will be multi-media and highly interactive. High quality visual, audio and audio-visual content; real-time moving images; cybercasting, just think back to the futurist fable that I gave earlier.

What will we do on-line? We love to shop; we love music; most societies enjoy gambling; movies, movies, movies; and the richer we are the more we worry about our health. Education

will be a huge user of interactive on-line services. [Perhaps we should also include the sex industry for it too, will play an important part in multimedia, interactive communications, but that is a discussion for another day.]

It is likely that music programming will be of central importance to on-line services. Some of these will be simple news sheets, such as: who is playing, where and when. All of the services will allow for rapid client feedback. At last, those responsible for administering and marketing music will have a sophistication of access to their target audience that is presently unthinkable.

There are two aspects to this that are worthy of emphasis: marketing opportunities and the creation of new income streams.

As to marketing opportunities, it is worth remembering that every visitor to your web site is either a supporter or a potential supporter. Every genre of music has to try and grow its support base and the Internet provides an important tool to identify these targets. We can already, identify who is visiting our sites and using our services. With time, the information will become more sensitive and even more revelatory. This in turn of course has raised privacy concerns and there will be outcries at the ability of organisations to “drill-down” the data-bases that are compiled from these systems for they are already and will increasingly, reveal considerable quantities of information about the personal characteristics of the visitors to web sites. Basically, if you don't approve of the way that mailing lists are used these days, you ain't seen nothing yet!

The other big change is that content providers are learning how to make money from their web services. The opportunities of this are obvious. Site content will be no longer just a promotional device; it will be an income stream, a profit centre for the music organisation. There are several key aspects to this:

- Sponsorship;
- on-line shopping; and
- booking
- cybercasting
- pay for play
- subscription services.

(i) Sponsorship and advertising

The most important way of making money from these services to date, has been through sponsorship of the web pages or advertising on them. Either they are included in an over-all sponsorship package that is given to a major sponsor or the advertising sites are sold individually.

But sponsorship or advertising income will diminish in importance with the introduction of secure payment systems that allow users to feel safe giving out their credit card details. At the moment there is no encryption system that has been accepted as a global standard. Twelve months is likely to see this change.

(ii) On-Line Shopping and Booking

On-line shopping is already significant. This is going to revolutionise the sale of tickets and music merchandising. This is not dreamland. This technology already exists and is already in use in some contexts.

(iii) Cybercasting

Cybercasting is going to be very important. Real time audio and audio-visual broadcast available from your web site. There are two aspects to this:

- the existing broadcasters will be able to combine the interactivity of the Web with the immediacy of their broadcasts. We are already starting to see this in sports: real-time radio commentary available from the Web page with the ability to send messages, buy merchandise, get player and game statistics and so on - all while listening live to the game. Are there not parallels for music performance?
- individual companies will be able to broadcast their own programming. For example the ACO web site will not only have words and pictures - we will be able to see and hear it in performance.

Territoriality will be greatly reduced when we can access our program content from anywhere in the world. It will reduce the hold that our local radio and TV stations have on content delivery and allow music a much wider exposure.

(iv) Pay For Play

On-line, services will allow us to access most of the world repertoire by means of our teleputer. A few cents per track. Collectively administered. Who needs CD? Who needs DVD? Transient technology.

(v) Subscription Services

With secure electronic payment systems we will see that many of the on-line service that are presently free, will become subscriber services. There will be a section of the site that will remain free but the free site will probably be

a promotional tool to persuade the user to upgrade their accessibility in order to get enhanced services and content.

## 6. Legal Issues

Instead of focussing on the usual copyright control issues, let's look a little further.

### (a) Control of the music

Value, quality, profit, these are all important factors in the business of music marketing. In an on-line world, how can you control these? This is a centrally important issue, because if a music product is seen to be associated with poor value, low quality or profits that are either too high or too low, the image of that music will suffer. So you must ask, and continue to ask, How do you control the image of your music in an on-line world?

The music organisation must be one of the major providers of quality content relating to its music. Without the reputation for quality and depth of content, no site will be attractive. To do this requires a sophisticated approach to rights management. The music body must:

- control the quality of material provided by its licensees
- use its name, logos and trademarks to establish the authenticity and quality of the product
- control as many as possible of the digital reuse rights that relate to its material so that it can provide rich content at a modest production price.

These are of course not just administrative issues; they are legal issues. They are contractual and intellectual property matters.

### (b) Relationships with powerful existing rights owners

As is well known, the voice of the broadcasters is strong. Before cybercasting can become a real part of an Internet service, complex negotiations will have to be undertaken with the primary rights owners in the broadcast. To some extent this is an extension of the re-transmission debate that has been driven by other potential re-users of broadcasts (such as pay-TV).

(c) The continuing evolution of performers rights and entitlements

We are going to see a new area of negotiation in performer contracts. Increasingly we are going to see performers wanting to both control the way that their image and performances are reused in this digital environment and to get paid for these new forms of commercial exploitation. The agents and unions representing musicians and actors are already becoming active in this field.

It will require negotiation and agreement as to the manner in which and extent to which the performer's reputation and image can be appropriated and exploited. Whilst we do not have celebrity laws in Australia, we do have Trade Practices laws which are relevant to the control of such uses. Many Australian cases have already established this in associated areas such as product advertising.

Administrators are already starting to include these matters in their negotiation of performer contracts. They will become basic components of such negotiations.

## 7. Timing

Do we really have to worry about all this? When will it happen? The truth is, future gazing is always unreliable as to timing. The arrival date of a technology is determined by what I call, **confluence**. Let me explain, briefly:

- (a) watermarking and tagging of copyright material will allow tracing and identification of rights usage;
- (b) developments in encrypted financial transactions are going to permit the explosion of Internet commerce;

- (c) we need to see a huge increase in the speed of information transfer: not just top-end but rather, the public average; and
- (d) increased storage capacity: hard discs and other technologies which permit enormous quantities of data to be stored and accessed by vast numbers of users simultaneously;
- (e) until electronic payment systems become widespread through the domestic market, centralised IT collection is not viable.
- (f) the development by rights owners of IT collective administration resources; the application of Information Technology will be most effective when it centralises the identification, collection and primary distribution functions;
- (g) confluence: these developments have to come together before we can have a real interactive Internet entertainment economy.

## **8. Conclusion**

All music organisations have a business plan. Some of them have thought about their technological future. Many still haven't. We should help them do so.

There is a natural inclination to avoid committing oneself to an area in which one feels untrained, uncomfortable, exposed. Most of us take some time to get used to any new technology; until we do, we have a natural resistance to it.

Music organisations, their administrators and their legal advisers, have to resist the resistance! We are going to have to embrace the multimedia interactive on-line world, if we are going to remain in control of the way our music is to be presented and thus how our music is marketed and exploited.

The threat is obvious enough. The large media-convergence empires have for many years, in many cases, controlled the broadcast distribution and promotion of music.

Having controlled the primary (television) media for so many years, it is not surprising that these same companies are striving to control the on-line services.

Interactivity is inevitable and unless each music starts planning now for the new technology it will lose the opportunity to control how its is going to be presented and packaged. It may also lose entire control of this new money stream.

The interactive multimedia technologies are evolving fast and it is essential that all participants in music administration take advantage of them. They represent the future of communication technology. They will reshape the way that music is both presented and administered. They will be an important new tool of music marketing; they will present a new opportunity for promoting active involvement in music; and carefully managed, these technologies will open up whole new streams of income.

Who controls music in the new technological environment is going to depend largely on our ability to plan for the communications future for the steps we start to take today, will inevitably affect our ability to control that future.