

Music Publishing in the Digital Age

by

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Abstract

The evolution of digital technologies is forcing music publishers to re-invent the recording business. Now that worldwide distribution of content can be managed from a single site publishers must broaden their view of what “content” can be. A music release isn’t just an audio recording anymore. A release now must include revenues from score publication, electronic books, mobile device apps, content licensing and artist management.

This article outlines a successful strategy implemented by the presenter to market its catalog as product connected across the broad spectrum of digital media incorporating audio, video, text and images to permit access to content on any type of digital device in multiple contexts. Examples of each media will be presented along with a 5-stage process, which illustrates the chronology of product delivery from production to delivery. This strategy helps consumers to see connections between the music and availability on diverse media. Moreover, the strategy maximizes the availability of music to the broadest market possible, including commercial music, education, live concert performance and visual media such as film and video games.

We live in an era not unlike the one inhabited by Johannes Gutenberg in the 15th century. As you may know, Gutenberg is credited with having invented movable type, along with some related printing processes, and thus altered society forever by introducing the era of mass communication. His development of movable type, new ink chemistry, and screw-able presses made the publication of books economical, breaking the monopoly of information held by the wealthy and educated.

The parallels with Gutenberg are relevant as we examine the challenges of publishing music in the 21st century. The smart phone and associated digital technologies have permanently altered society in ways far exceeding the transmission of information and music. We all know how the development of Napster to iTunes to Pandora, altered the mindset of music listeners such

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that music is now freely available from many sources at all times. We must accept that on-demand streaming and digital downloads are here to stay. We must accept that subscription services will likely take the place of music purchases for the majority of our audience. Yet how do we maximize promotion and pricing, protect our content and find ways to distribute the content in ways that maximizes sales?

Gutenberg printed 180 bibles in his first experiment with mass publication and went bankrupt in the process. Does this sound familiar? Anyone who has produced a CD knows the proposition rarely makes a profit. So, how does one make enough money in this business?

The first challenge, one faced by Gutenberg as well, involves promotion. What happens when we say “I’ve got new music for you to play and it’s affordable. Please buy this.”? Well, nothing happens because the furor of information crossing the digital airwaves is so great that our message gets lost. Moreover, outside of pop/rock and country music, there is no mass distribution network that informs the consumer about new releases. In the classical music world, Fanfare magazine, Gramophone, and a few other publications provide excellent coverage of new releases. But let’s look at this for a moment. In the Jan/Feb issue of Fanfare, over 412 recordings were reviewed. 2,500 new recordings in 2014! How many people here know about any one of these recordings? Unless you are a subscriber to Fanfare Magazine, you probably don’t know about any of them.

So when you say “I’ve got a new CD!” your voice resonates in the vacuum of space left by the missing radio stations and publications you might have used in the past to get the word out to the public.

In Gutenberg’s lifetime, no one understood what it meant to purchase a book. There was no market economy for literature. No one understood the significance of this invention. It took centuries for the consumer and education to catch the importance of this idea. So, the first challenge involves promotion. How do we tell our potential fan base that we’ve got a new product?

The second challenge involves pricing. We live in a world awash in free content. Today the consumer thinks music should be free and immediately accessible. Streaming services such as Hoopla, Pandora, Spotify, YouTube,

and others, give our audience access to nearly any piece of music on demand at virtually no cost. The question is “How do we attract attention to our content in a way that encourages payment for works in our music catalog?” Also, how do we monetize the content when the consumer expects to get it for free?

At the moment, fees paid to publishers for each viewing on streaming services are minimal and this must be rectified. Taylor Swift recently pulled her new album out of the Spotify catalog in protest to the small fees paid for each play her music receives. I feel that we, as producers, must follow suit so that we can get paid a decent wage for the art we produce.

Obviously, sales are an essential feature of the talent – audience equation. Without sales, there is no incentive for developing musical talent, hiring the recording engineers nor even making a final product.

Sales depend on the management of four elements:

- Promotion
- Pricing
- Protection of rights
- Distribution

While these tenets are fairly obvious, they are essential when understanding our market strategy. Each item on this list must be addressed if the strategy is going to be successful.

When considering promotion, one must consider the market. Marketing is concerned with nothing less than defining an audience and creating a demand within that audience. We must first define our audience and then create a perceived demand with that audience using the distribution tools of the 21st-century. Promotion and audience are intertwined since we have to know who should receive our promotion.

The three words coined by marketing strategist Ravi Sawhney in his book “Predictable Magic” are: attract, engage, adopt. I think this sequence of words helps explain the task before us. How can we attract an audience when no existing form of media seems to understand our product? How do we engage that audience so it will adopt our content and pay for it? The

short answer is that music publishers must cultivate an audience using a variety of means.

First, the perspective must be that the process of audience building is a long term, expensive proposition. There are few quick hits in any business, and even fewer in the classical music world. Second, we must utilize all forms of available media to create an audience, then use that media to distribute our music. So, the media we develop are as follows:

- Concerts
- Recordings
- Published scores
- iBooks
- Apps for Mobile Devices
- Music Licensing

Concert Performances: The PnOVA recordings label is one of the content providers within MahinMedia.



The first release on this label is the *Préludes de Paris* performed by British pianist Martin Jones. When the initial contract with Martin was discussed, we made it clear that we wanted concert performances to be part of the package on this and subsequent releases. We feel

it is essential to include the performing artist in the promotion of the recording. This might seem obvious because this model is widely used in the popular music field. In classical music, artists typically make a recording but do not necessarily tour the program. This is especially true of orchestras, which typically play a program 3 times on their home turf, then never play the music again. We must re-connect the composer-performer-audience paradigm by encouraging composers to write music performers like to play and audiences like to hear. In short, there must be a compelling reason, which draws audiences out of the comfort of their homes, to listen to music in a concert hall.

Or perhaps this is a fallacy based on our awareness of history. Possibly we need to provide a digital concert experience available to viewers in their homes. Qello.com offers streaming video from its large library of rock, pop, alternative, blues, metal and country to subscribers for a nominal fee. We should consider the possibility that video performance may overtake live concert performance in its relevance to publishing. It may be that video performances reach more of our market than a live concert can ever hope.

Recordings: Historically, record companies make recordings with the expectation that we will sell 99% of the discs we make. Traditionally, the few freebies go to radio stations and journalists. In contrast to this model, my company expects to give out 99% of our discs for free. While we expect to sell a small quantity of these discs, our primary objective is to distribute the discs and digital download cards freely in order to build an audience.



So why aren't we interested in selling 500 CD's? Let's work out the math on this decision. If the CD production costs approximately \$3,000 for artist fees, production of discs, booklets and postage it is easy to see that we need to sell 428 discs to break even. Now, frankly, that doesn't seem like a very productive business model.

In addition to the 500 CD's, we produced 100 digital download cards and made the recording available on all major download services, including iTunes, Amazon, Spotify and CD Baby. Digital download cards cost about \$0.20 each and don't add any postage cost to mailing. We regularly include one download card with each free CD we send out. This allows the receiver to keep either the CD or the card, and then pass one on to someone else. There is practically no way to break even on this model but bear with me.

In the first place, I don't think it's realistic to think any classical music CD is going to sell 50,000 copies. The market simply isn't there today. It may be there tomorrow if publishers work together to develop a fan base but classical music radio stations are primarily interested in providing some kind of music therapy for their listeners. They have no interest in building a classical music audience, certainly not one aware of new releases.

If we are going to build an audience, we must freely give out hundreds of discs to people who will serve as advertisers. This is a hard concept to grasp since each of us works so hard to produce a disc of music. It hurts to give it away for free. We may not make a profit on this recording but we may be able to build an audience much the way we find friends on social media. We connect with people who have like tastes, then share the things we like. If we can develop a large audience using social media, we can tell them about our other products.

Our ultimate goal is to build an audience willing to purchase recordings, of course, but also electronic books, published scores, and mobile device apps.

Published scores: While it can be said that the market for music scores is small, there are many reasons to make the scores available. First, the release of the music scores represents another opportunity to issue a publicity



Préludes de Paris

Première Édition

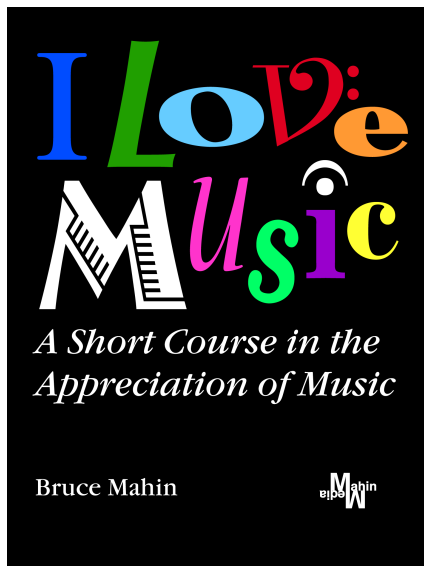
for solo piano

Bruce P. Mahin

release to our market. While the market for musical scores is quite small, that market is much more likely to buy a recording, and share the word with others about the recording. A great example is the market segment of piano teachers, people who read music and likely have students who read music. People who read music are much more likely to buy our products than any other market segment.

Also, the profit margin on musical scores is good because scores can be priced higher than recordings, and people are more willing to pay for a score. While IMSLP.org makes public domain scores readily accessible, this organization does a very good job maintaining copyright protections. Our product is largely protected from piracy, except from blatant individual copying. And, believe it or not, there are many people who are fascinated with musical scores, even when they don't know how to read them. We print scores that include beautiful artwork and they are autographed by the composer. These scores are works of art in themselves.

Electronic Books: Our catalog of works is selected partially based on its ability to fit into some form of electronic book format. Once we own the content, it's important to maximize it, using as many media as possible. One

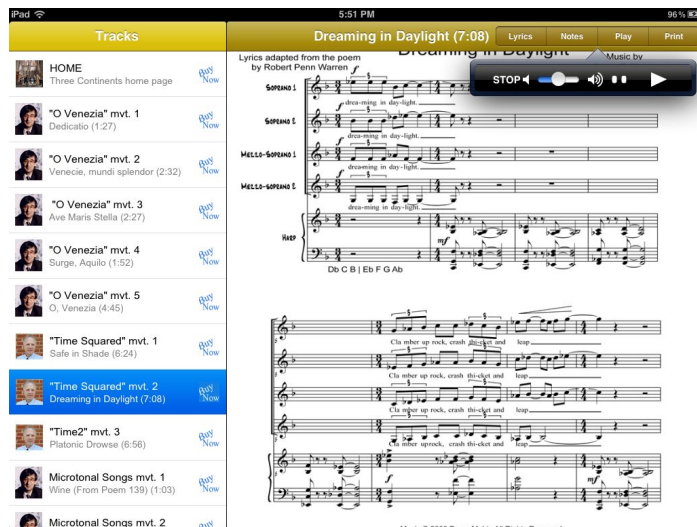


of our largest income producers is a survey of music history in an electronic book format titled "I Love Music." We incorporate recordings and scores from our catalog into the book. Since we own the content, there is no cost every time it is used, as there is no royalty for the audio embedded in the book.

Electronic books have many advantages over recordings. The price point is generally about \$16 so the profit margin is good. They are easy to revise so we are able to easily introduce new scores and audio examples to an existing title. We can link to video stored

on our corporate server, which can be easily updated when we want to introduce new content. Furthermore, the electronic book format is difficult to pirate. Our content is protected in this format.

Apps for Mobile Devices: It seems obvious that mobile apps should be



effective in engaging the under-40 market. The word "engage" here is important for it emphasizes the relationship between user and mobile device. When we use a mobile device we are engaged, or the word 'consumed' may come to mind. A music app is uniquely different from text-based apps because it engages the ears as well as the eyes. I would suggest an

even more extreme view, namely that the music app must engage the ears and the eyes. Here is an advantage over video game apps, which might

engage the ears peripherally but rarely engage the ears in so conscious a manner.

MahinMedia has developed 3 apps, which provide an excerpt of a recording, photos, musical scores, video, and biographical material. The app engages the audience and encourages the user to spend more time engaged with the content than a web site or posting on social media. When coupled with a “buy now” option, the app provides room for a spontaneous, impulse purchase. Moreover, a mobile app can offer exclusive video and audio content offered only through the app.

Perhaps the most important advantage of mobile device apps is that content delivered through apps is extremely difficult to pirate or share digitally. Content downloaded to a mobile app can generally only be played with that app on a specific device. One of the hallmarks of publishing is maintained: protection of content.

Because an app can be easily revised and distributed to owners, additional content and features can easily be transmitted to a fan base. New “buy now” features can be added to an existing app which provides more opportunities to purchase new content, a play on the “if you like this ...” strategy.

Social media links within an app offer more potential for developing the fan base. A study undertaken by Crawford, et al in the journal “Information, Communication and Society” (vol. 17, no. 9, 1072-1085) in 2014, also suggests that links to social media sites provide an effective means for the audience to communicate with friends by posting texts indicating they are looking at the content or create an event encouraging others to join. This feature amplifies the market coverage achieved by the app.

The point that a mobile app might engage the eyes and ears leads to my contentious view that the mobile app may someday take the place of the live concert event by providing the live concert event as a streaming experience. I don’t doubt live music will survive in various contexts but I doubt live music will continue to play an essential role in the marketing of recordings. The relationship between concert tours and recordings, I believe, will be replaced by the streaming event broadcast on the web and mobile device, which will, in turn, spawn purchase of recordings.

Here is a graph showing how content is distributed through various media:

Audio content > CD > mobile app > electronic book

Musical score > > ^ ^

Video > > ^ ^

In essence, scores and video content are added to mobile apps and electronic books. These, in turn, support sales of recordings. Video examples used in the book can be included in the mobile app. They also provide material ready for YouTube.

Clearly, an increasing number of entrepreneurs now rule the domain reserved previously by the large record companies. Most of these companies develop a release in a very traditional way, through advertising, critical review in music magazines, and artist concert performances. Yet, I would like to suggest that the old model of audience development does not work.

First, the smaller record labels do not have the budget afforded to large conglomerates who bank on a large number of artists but make profits on a limited few. Traditional advertising and other promotional vehicles are therefore limited and less effective. Audience development in the 21st century requires smaller publishing companies to maximize content using diverse media, while incorporating the advantages of social media within electronic books, and apps for mobile devices. We can build a large market but we must use the media our rising young market understands

While radio stations played a tremendous role in developing an audience for the music of the second half of the 20th-century, the influence of this medium is much greatly reduced today. Streaming services can play an important role in developing our market but only if we can successfully mediate the gross lack of payment artists and publishers receive for our content. Divide and conquer was the call of Ghenghis Khan. Today we must maximize and diversify.

About the Author

Composer Bruce Mahin formed the publishing company MahinMedia in 2010 to release of his own music through commercial recordings,

publication of scores and development of music applications for mobile devices. He now has 6 compact discs on the Capstone, Ravello, and PnOVA labels, 4 mobile apps and an electronic book in his catalog of works. Several additional apps are currently in development along with the imminent recorded release of the complete Beethoven Violin Sonatas. He received a Doctor of Musical Arts degree in music composition from the Peabody Conservatory of the Johns Hopkins University, a Master of Music Composition degree from Northwestern University and an undergraduate degree in music composition and music theory from West Virginia University. Dr. Mahin currently resides as Professor of Music at Radford University in Virginia.

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