Music Industry Challenges & Opportunities for 2024 and Beyond

No area of the music business is beyond innovation, and many are interconnected. To prioritize the most meaningful ones, here are opportunities that align with major current challenges in the industry.

Royalty Distribution and Transparency[1]:

- **Challenge**: The current system for distributing royalties is often opaque and inefficient, leading to delays and inaccuracies in payments to artists and rights holders.
- **Opportunity**: Blockchain technology can be utilized to create transparent and efficient systems for tracking and distributing royalties, ensuring timely and accurate payments.

Music Monetization & Fair Compensation for Artists[2]:

- **Challenge**: Many artists feel they are not fairly compensated for their work, especially with the low per-stream payouts from streaming platforms. Finding new ways to monetize music is critical.
- **Opportunity**: New business models and revenue streams:
  - Artists can bypass traditional intermediaries to engage directly with fans[3] through platforms like Patreon, Bandcamp, and social media can help.
  - Subscription-based models offering exclusive content and perks to loyal fans will also grow.
  - Explore NFTs, virtual concerts, and interactive experiences. NFTs allow them to sell unique digital assets, such as limited edition tracks, virtual merchandise, and concert tickets.[4]

Diversity & Inclusivity[5]:

- **Challenge**: Lack of diversity and inclusivity in terms of gender, race, and genre representation.

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[1] Toppa, S. (2024, April 16). How blockchains are reshaping music industry payments. *TheStreet Crypto: Bitcoin and Cryptocurrency News, Advice, Analysis and More.*
https://www.thestreet.com/crypto/innovation/how-blockchain-is-reshaping-music-industry-payments

[2] Selinger, J., & Selinger, J. (2024, March 20). *Musicians want streamers to pay a living wage. Can this bill make that happen?*
Fast Company. https://www.fastcompany.com/91063051/new-bill-living-wage-musicians-tlaib-umaw

[3] Dickson, K. (2024, May 13). Revolutionizing music business models. *HyperTribe.*
https://www.hypertribe.com/post/revolutionizing-music-business-models

[4] Winter, J. (2024, March 11). Music NFTs can reshape the indie music industry — Here's how. *Cointelegraph.*
https://cointelegraph.com/news/music-nfts-can-reshape-the-indie-music-industry-heres-how

[5] Oliver, P. G. (2023, June 5). Diversity and representation in the music industry - inside the music industry - medium. *Medium.*
https://medium.com/inside-the-music-industry/diversity-and-representation-in-the-music-industry-b1cf79d8b0ab

- **Opportunity**: Initiatives to promote diverse talent, inclusive hiring practices, and support for underrepresented groups can help create a more equitable industry and bring more varied musical content to the forefront.

Sustainability[6]:

- **Challenge**: The environmental impact of tours, festivals, and physical media production is significant.
- **Opportunity**: Sustainable practices such as eco-friendly touring, carbon offsetting, and the use of recyclable materials for merchandise and packaging can reduce the industry's environmental footprint. Using renewable energy in studios and eco-friendly materials for physical media will gain momentum.

Rights Management[7]:

- **Challenge**: Managing music rights is complex and can lead to disputes and legal challenges.
- **Opportunity**: Improved digital rights management systems, potentially utilizing blockchain for clear and immutable records, can streamline rights management and reduce conflicts.

Fan Engagement & Artist Visibility:

- **Challenge**: Maintaining and deepening fan engagement as well as artist visibility in an era of digital consumption is challenging. We have more choice than ever before and engage in passive listening.
- **Opportunities**: Enhanced interactivity can help artists build stronger connections with their fans:
    - AR can be used to create interactive music videos[8].
    - AI algorithms will provide more accurate and personalized music recommendations based on user behavior, preferences, and contextual data.
    - Deeper integration of music platforms with social media will enable artists to engage with fans more effectively, utilizing data analytics to tailor their marketing strategies.
    - Platforms encouraging user-generated content related to music will see growth[9].

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[6] Tjia, S. (2024, April 11). *Music for Mother Earth: Sustainability in the music industry*. Earth Day. https://www.earthday.org/music-for-mother-earth-sustainability-in-the-music-industry/

[7] Das, R. (2023, November 29). The Future of Music Rights Management with Blockchain: A Simple Guide. *Medium*. https://medium.com/@rittik.rtk/the-future-of-music-rights-management-with-blockchain-a-simple-guide-34d6b807f49c

[8] *Tuning into the future: Interactive Music-Related augmented Reality experiences*. (n.d.). https://radaragency.io/blog/tuning-into-the-future-interactive-music-related-augmented-reality-experiences

[9] *Resources | Articles | Beyond Influencers: Co-create content with superfans*. (n.d.). Catch+Release. https://www.catchandrelease.com/resources/articles/beyond-influencers-co-create-with-superfans

- Platforms might introduce interactive elements in music streaming, such as choosing different versions of a song or interactive storytelling through music.

Use Cases of AI:

- **Challenge:** Tools like OpenAI's MuseNet[10] and Google's Magenta[11] are already creating music. These technologies will evolve, enabling artists to collaborate with AI to create new compositions, remixes, and even entirely new genres. This raises concerns about job replacement, copyright ownership, and the role of AI in creative endeavors.
- **Opportunities:**
  - Developing products that use AI in non-controversial ways can help adoption. AI can streamline workflows and assist in creating new compositions.
  - Legal standards for AI use in music will help define boundaries.

Fraud & Fakes:

- **Challenge:** AI can generate convincing audio deepfakes, mimicking artists' voices to create fake songs or covers[12]. This can be used maliciously to release unauthorized content that appears authentic, leading to issues of plagiarism and copyright infringement. The proliferation of deepfakes can erode trust in the authenticity of music content, making it difficult for consumers to distinguish between real and fake works.
- **Opportunities:**
  - Advanced digital watermarking[13] techniques embed unique, tamper-proof markers within audio files. These markers can be used to verify the authenticity of the content. This helps in tracing the origin of the audio and confirming the legitimacy of the content. Technologies such as Verance's Cinavia[14] can embed watermarks that survive transcoding and other manipulations, making them robust against deepfake alterations. Technologies like Audible Magic[15] and Gracenote[16] also use digital watermarking to protect content.

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[10] *MuseNet*. (n.d.). OpenAI. https://openai.com/index/musenet/

[11] Sandzer-Bell, E. (2024, June 8). Google Magenta Studio: a free AI music Generator. *AudioCipher*. https://www.audiocipher.com/post/google-magenta

[12] Fortis, S. (2024, March 8). How the music industry is battling AI deepfakes one state at a time with the ELVIS Act. *Cointelegraph*. https://cointelegraph.com/news/how-music-industry-battling-ai-deepfakes

[13] Gaubitch, N. (2023, October 20). *Does watermarking protect against deepfake attacks?* Pindrop. https://www.pindrop.com/blog/does-watermarking-protect-against-deepfake-attacks

[14] Verance. (2017, December 11). *Verance Cinavia - Protect Film and Video from Piracy.* Verance Watermarking Suite. https://www.verance.com/cinavia/

[15] Audible Magic. (2024, February 8). *Audible Magic - automatic content recognition, content identification (ID) and rights administration*. https://www.audiblemagic.com/

[16] Valentyna. (2024, June 13). *Gracenote | Media and Entertainment Metadata Solutions*. Gracenote. https://gracenote.com/

- Implement blockchain technology to create immutable records of music ownership and provenance. Every legitimate track release can be recorded on a blockchain ledger. Platforms like Mycelia[17], founded by artist Imogen Heap, explore blockchain for managing and verifying music rights and transactions.
- Develop AI tools that can analyze audio to detect characteristics of deepfake generation. These tools can be trained to recognize patterns typical of AI-generated content. This enables proactive identification and removal of deepfake content before it spreads widely. Companies like Deepware[18] and Truepic[19] are developing technologies to detect deepfake content across various media formats.
- Machine learning algorithms continuously monitor streaming platforms and social media for unauthorized or suspicious uploads of music. This provides real-time detection and takedown of fraudulent content, minimizing its impact. Services like MUSO[20] use machine learning to monitor and protect digital content from piracy and unauthorized distribution.
- Advocate for updated copyright laws that specifically address AI-generated content and deepfake technology. This includes clear definitions and penalties for creating and distributing deepfake content. Establish industry-wide standards for the use and identification of AI-generated music. Collaborate with technology companies, artists, and regulators to develop guidelines and best practices. Initiatives like the Content Authenticity Initiative[21] (CAI), led by Adobe, aim to create standards for content authenticity across digital media.
- Audio fingerprinting[22] detects unauthorized use of music across platforms. This enables platforms to automatically identify and remove pirated content. Services like Shazam and YouTube's Content ID[23] employ ACR to manage rights and identify infringements.

Cross-Platform & Medium Tracking

- **Challenge:** Engagement with an IP, content and brand becomes harder to track across an entire journey of touchpoints.

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[17] *Mycelia for music – Connecting dots for music makers*. (n.d.). https://myceliaformusic.org/

[18] Deepware, Scan & Detect Deepfake Videos. (2023, November 6). *Deepware | Scan & Detect Deepfake videos*. Deepware | Scan &Amp; Detect Deepfake Videos. https://deepware.ai/

[19] Truepic. (2024, May 28). *Truepic: Secure Content Transparency with C2PA*. https://truepic.com/

[20] *MUSO | Maximise the value of your content*. (n.d.). https://www.muso.com/

[21] *Content Authenticity Initiative*. (n.d.). Content Authenticity Initiative. https://contentauthenticity.org/

[22] Khatri, V., Dillingham, L., Chen, Z., & Dept. of Electrical and Computer Engineering, University of Rochester. (n.d.). SONG RECOGNITION USING AUDIO FINGERPRINTING. In *Dept. Of Electrical and Computer Engineering, University of Rochester* [Journal-article]. https://hajim.rochester.edu/ece/sites/zduan/teaching/ece472/projects/2019/AudioFingerprinting.pdf

[23] *YouTube Content ID*. (n.d.). [Video]. https://support.google.com/youtube/answer/2797370?hl=en

- **Opportunities:**
  - Companies like Pex[24] are bringing solutions for deeper identity graph tracking, and platforms are syncing and integrating more to try to keep more a streamlined user experience but also data flow.
  - Using data to predict trends and discover new talents will become more refined, aiding in strategic decision-making for labels and artists.
  - Artists will be able to personalize experiences in real-time based on data.
  - Advocating for adoption of consistent data protocols and conventions.

Where we're headed:

- **Shift in Revenue Models[25]**
- **Changing Role of Record Labels**:
  - Record labels may transition to become more service-oriented rather than owning the artist's rights.
  - Labels might increasingly engage in partnerships with artists, providing upfront funding in exchange for a share of revenues rather than long-term contracts.
- **Globalization and Regional Growth[26]**:
  - Growth in regions like Asia, Africa, and Latin America will become more pronounced, with localized music becoming globally accessible. This will diversify global music tastes and introduce new styles and genres to wider audiences.
  - More collaborations between artists from different countries and cultures will occur, leading to a fusion of musical styles and broader audience reach.
- **Music as a Multifaceted Experience**:
  - Music will be increasingly integrated with other forms of media, creating richer and more immersive experiences.
  - The rise of hybrid concerts, combining live and virtual elements, will allow fans to participate in real-time.
- **Emphasis on Sustainability, Ethical Practices, & DE&I**[27]
- **Enhanced Data Utilization**[28]

Change takes time, especially when you want widespread adoption and there's a lot of new players vying for one's attention. While I believe the indie technology, artists and true music fans (separating from a casual listener) will continue to drive innovation because big corporations like major labels only really stifle, the issue we have is when those same indie companies sell out to

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[24] Pex. (2024, May 1). *Pex | Powering real-time content identification and UGC data.* https://pex.com/

[25] Reference Direct-to-Fan and Subscription Services opportunities

[26] Sutherland, M. (2024, March 21). Variety. *Variety.* https://variety.com/2024/music/news/ifpi-2023-global-music-revenue-transformational-moment-1235948656/

[27] Reference Sustainability and Diversity & Inclusivity opportunities

[28] Reference Cross-Platform & Medium Tracking opportunities

the major labels enabling them to stay afloat when they didn't do any of the hard work. While many of these changes are not new, we will start to see a greater movement in the above areas.