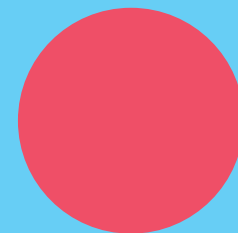


By Paige Rose Malone

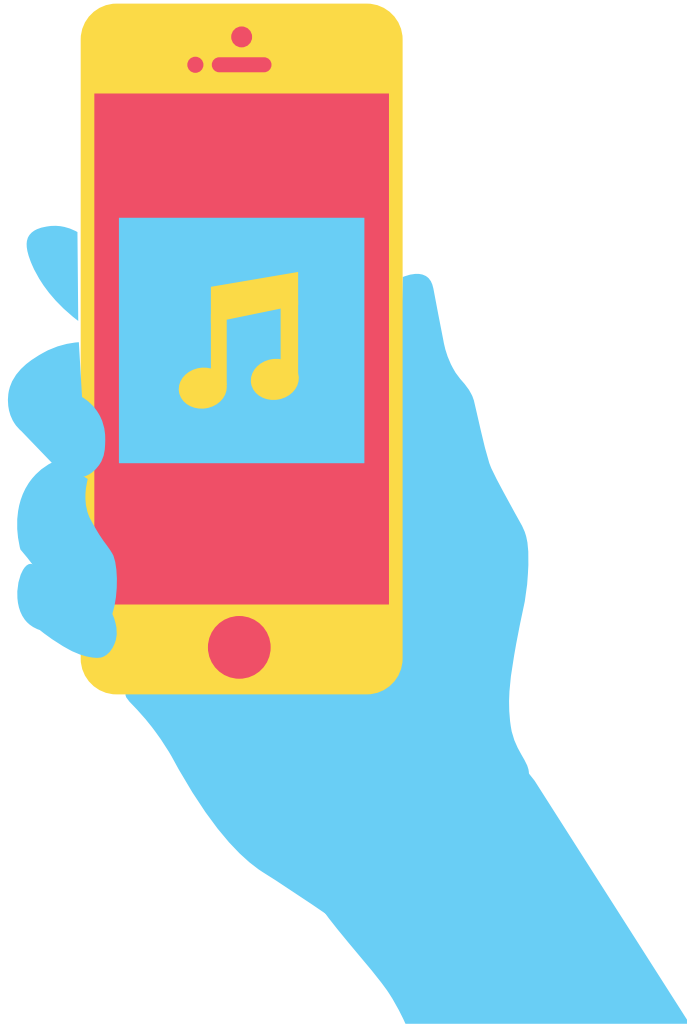
Changing the Tune

How the iPhone's iTunes changed the
Music Industry



Changing the Tune

Paige Rose Malone



Today, buying a song on your phone is as quick as a click; we have adapted to the convenience of immediate gratification and the lure of bargain prices. However, do many people stop to think of a time before the digital music industry? How much has the invention of iTunes and the placement of it on the ever-popular iPhone, changed the game for artists and consumers?

In the late 20th Century, computer programs were developed that could create digital copies of music stored on CDs. Ripping CDs became popular and was aided by the internet, increasing illegal downloads and making music easier to share.

In turn, CD sales started to drop, and record labels were failing to sell music online effectively. There was a strong emphasis on punishing the worst of the file sharers as if that would stop the decline of music sales.

So, how does Apple come into this?

Apple introduced the idea that illegal downloading wasn't just due to people wanting free music; people liked the accessibility of digital downloads. So if you make music more accessible (easy to

find, purchase and download) with reasonable prices, people will gravitate towards that.

iTunes came to the music industry right when it needed it, changing the way that artists and labels distributed their music and how consumers received it. The iTunes store was officially launched in April 2003.

Why did it succeed?

In the words of Christopher Breen from Macworld, "other companies struggled to cobble together music services that clumsily delivered heavily protected music to a handful of third-party also-ran music players" (2013).

Unlike these failing companies, Apple owned all steps of the process, receiving music rights from the artists, providing the music, owning the store and the music playing program. Thus, creating an easier process for consumers to buy, own and listen to their music and it is all simply done in one program. Most importantly, Apple had, what most people considered, the best music player of all time: the iPod.

Fast Forward to 2007;

iTunes and Apple was still going strong, and the iPhone had just been released. By 2008, iTunes had pushed away Walmart and become the top music retailer in the USA. Apple's share of music sales were at 12.7% in 2007 when the iPhone was released. Since that release, the shares increased to 21.4% in 2008, and up to 26.7% in 2009, over double what it was since the iPhone was announced. Although Apple hasn't been releasing proper statistics, in 2013 analyst Horace Dediu estimated Apple could control up to 75% of the digital music market.

On the flip side of the coin.

Has iTunes negatively impacted the music industry, or perhaps not been as helpful to artists as it may seem? Some argue that it has; and not without reason.

Although more music has been sold than ever, music sales have more than halved since Apple launched the iTunes Music Store. This is due to iTunes popularisation of selling singles at only 99 cents each, causing people to buy more singular songs at cheap prices but the number of albums, particularly physical albums, being sold less than ever.

Another side is how iTunes has affected sales and success for artists themselves. Let's have a look back at 2009, when rock artists, AC/DC and Kid Rock, chose to sell their albums in only whole form (without releasing

singles). Since Apple very rarely allow this, the albums were not available on iTunes. Considering iTunes is the largest music retailer in the USA, you would think this would harm them. However, Kid Rock's "Rock n Roll Jesus" was the third best-selling album of the year, with only 3000 copies sold digitally. AC/DC came as the fourth best album of the year, only sold at Walmart with no digital sales at all. This challenges the idea of iTunes being the be all and end all for selling music.

However, on the other side, the top selling album of 2009 was Lil Wayne's "Tha Carter III", at 2.7 million copies, with his single "Lollipop" selling more than 3 million copies digitally. The second best selling album, Coldplay's "Viva La Vida and Death and All His Friends" sold 1.9 million, half a million sold digitally. Many label executives say that Kid Rock and AC/DC did so well due to being an established act and having loyal fan bases.

These results suggest that it's possible to have a best-selling album either way.

Whatever you think of iTunes and its revolutionary place on our iPhones, there is no doubt that iTunes has changed the music industry for artists, consumers, and record labels. Only time will tell how iTunes continues to shape our musical future.

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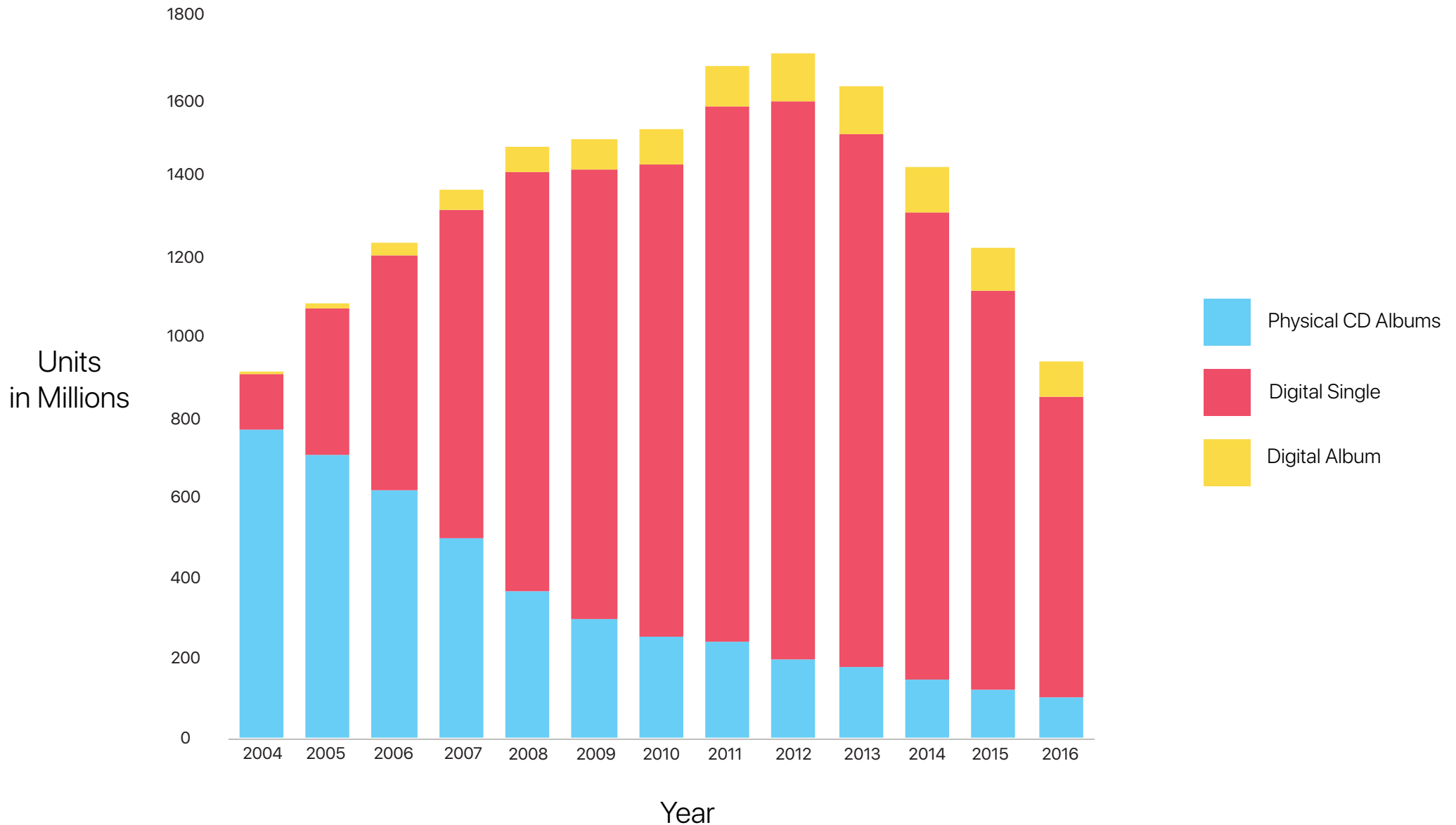
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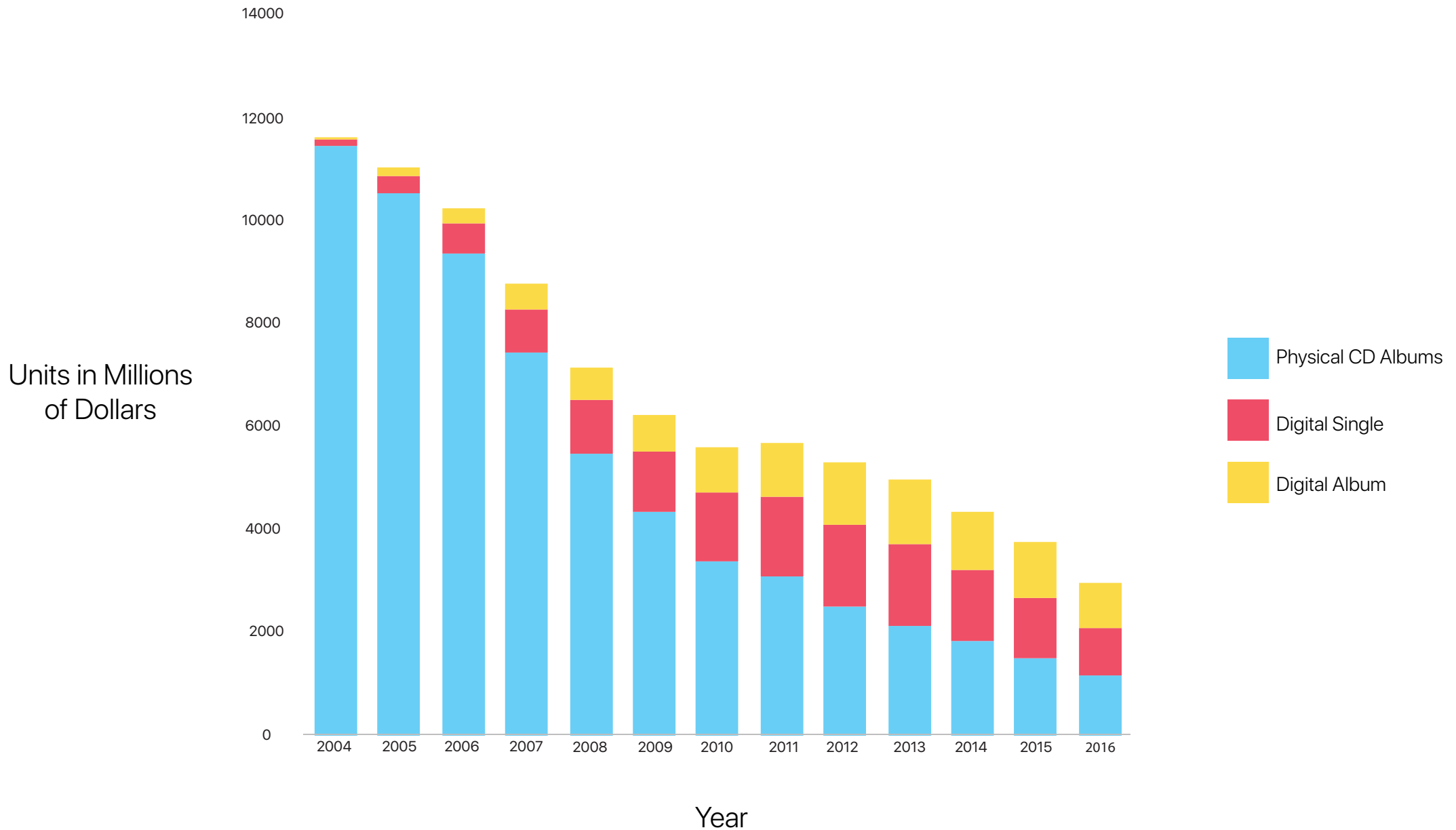
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Units of Physical and Digital Music Sold 2004-2016



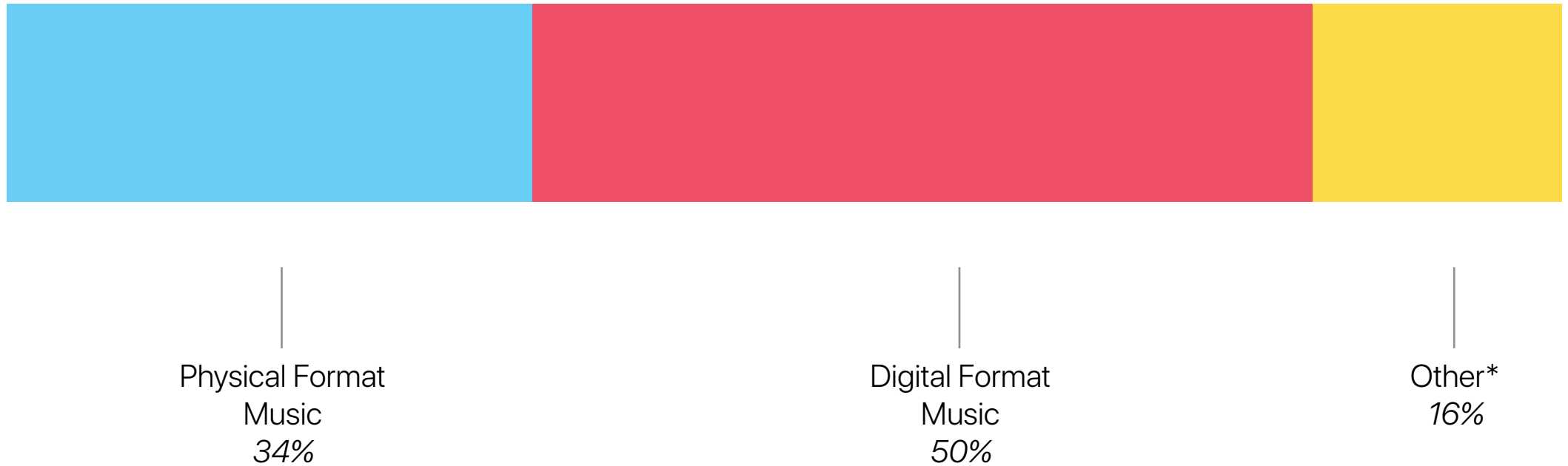
Note: 2004 being the first recorded sales of digital music and 2016 being the most recent yearly data. iTunes was released in mid 2003.

Revenue from Physical and Digital Music Sold 2004-2016



Note: 2004 being the first recorded sales of digital music and 2016 being the most recent yearly data. iTunes was released in mid 2003.

Sources of Revenue in the Music Industry in 2017



Note: This data is from mid 2017 as final yearly data has not been collected yet.

"Other" Category includes performance rights and synchronisation revenues.