Exploring the development of niche music in the digital age

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Abstract. The purpose of this paper was to look into the challenges and opportunities that niche music artists face in the digital age, with a particular focus on Universal Music Group and its subsidiary, Spinnup. It examined the transition from physical to digital music and the implications for niche music artists critically. It explicitly addressed pricing and promotion issues in the digital music industry, drawing on marketing mix theory. According to the paper, platforms such as Spinnup have made it easier for niche artists to distribute their music globally, but they frequently require assistance in generating sufficient revenue due to high release fees and insufficient promotion. To address these issues, the paper proposed two major solutions: a pricing model revision and the provision of marketing and promotional tools. The proposed solutions aimed to foster a more welcoming environment for niche artists by providing them with the tools they need to effectively reach their audiences and thrive in the digital music industry. The findings provided insights into the music industry's digital transformation and suggested strategies for promoting the growth and sustainability of niche music.

1 Introduction

1.1 Research background

Music has become omnipresent in people's lives as technology and society have advanced, from vocalists' concerts to university music club performances, from movie soundtracks to retail center background music. This is due to advances in technology and the Internet. In the 1990s, technological advances, particularly in the field of the Internet, enabled anyone to gain access to music databases containing digitally recorded music. During this time, playback devices such as the Walkman and the transistor radio became more portable and affordable to the general public. Music becomes completely mobile; it can follow people from the outside door to the inside, from the living room to the bathroom [1]. It indicates that the music industry has undergone a significant transition, specifically from physical to digital music. Digital access has caused customers to doubt the value of purchasing physical records, with consumers preferring digital music that is portable and affordable. The United States leads the digital music industry, accounting for roughly half of the global digital music market's value. Single-track sales surpassed a billion in 2008, representing a 27% increase over 2007 [2]. Digital album sales reached 66 million, accounting for 15% of total album sales, a significant increase from the 10% ratio in 2007 [2].

Many record labels have also modified their primary marketing models in response to changes in the market. The media giant BSkyB has partnered with Universal Music Group to provide consumers in the UK and Ireland with unlimited on-demand music listening [2]. Customers will be able to acquire and play music whenever they desire for a monthly subscription charge. All devices, including iPods and mobile phones, will be able to play the music. In order to better develop in the digital music industry, Universal Music Group created Spinnup in 2013 as a digital music distribution platform. The platform intends to provide artists with distribution services to get their music on the largest listening platforms, such as Apple Music and Spotify. Spinnup allows artists to join for free and pay a small fee per release while maintaining complete ownership of their music. The service provides daily streaming, sales, downloads, and social statistics, providing artists with insight into their success and accumulating and distributing 100 percent of their music revenue [3]. More niche musicians are using music distribution platforms to upload their works. People all over the world are becoming more aware of niche music.

1.2 Research gap

Several scholars have previously conducted extensive research on Universal Music Group. For instance, Hargreaves and Adrian conducted research on the effect that music's increasing digitalization and popularity have had on social psychology [4]. Chang and Lewis conducted research on the methods applied by Universal Music Group to cultivate customer loyalty on a digital platform [5]. Jon Burlingame analyzes the significance of Universal Music Group culture [6].

Although numerous studies on the impact of Universal Music Group and the music industry have
already been published. However, in the pre-digital era, it was much more difficult for a niche artist in one country to gain followers in another. While the digital transformation has opened up new opportunities for niche music, it has also presented new challenges. For example, the sheer volume of digital music can make it hard for artists to stand out, reach their target audience, and compete with mainstream music. Furthermore, platforms like Spinnup that aim to support unsigned artists face challenges such as ensuring their artists are heard among the large volume of music released daily and assisting their artists in effectively monetizing their music. To address these research gaps, this paper proposes how niche music can be better developed in a digital context.

Focusing on developing niche music in the digital context can make all musical genres more accessible to a global audience by emphasizing niche music development. This multiplicity can contribute to the development of a more diverse and vibrant music industry. Digital contexts can provide previously unavailable opportunities for exposure and recognition for niche music artists. This topic can help niche artists reach new audiences and collaborate across borders by examining strategies and tools for more efficient digital music industry development.

### 1.3 Fill the gap

To address the research questions, this article will utilize market share, profitability, and listenership data for niche music for observation and analysis. This paper will analyze how Universal Music Group produces and distributes niche music, how it provides exposure to niche music artists, and how it compensates artists fairly and financially. This paper will examine how niche music should be better developed by finding the reasons for these aspects and arguing for their impact on niche music.

### 2 Case description

Because of its enormous and diverse roster of artists, global reach, and inventive techniques for adapting to the continually changing music industry, Universal Music Group is one of the top three record companies. The company has continually developed talented musicians and introduced their music to audiences worldwide. They are transforming disruptive technologies to accelerate their business for the benefit of their artists, customers, and shareholders. The company's results reflect its ongoing transition toward consistent and predictable revenue from an expanding variety of sources [7]. As one of the largest record companies, it has many music resources at its disposal and can offer production and distribution services to its artists. Universal Music Group focuses on mainstream musicians and promotes niche music.

By promoting the growth of niche music in a digital setting, niche music can make all musical genres more accessible to a worldwide audience. Universal Music Group established its music distribution platform, Spinnup, in 2013, where independent composers and artists worldwide can sign up for a Spinnup account and upload their work. The platform will help artists promote their music and give their work a chance to be heard by people all over the world. Since 2013, over 130 artists have been signed to Universal Music Group labels through the platform [3]. With the help of Universal Music Group, niche music has risen significantly. However, Universal Music Group needs some help with niche music. Universal Music Group's digital music platform Spinnup announced its shutdown in 2022, releasing all its artists from their contracts. The decision to shut down was attributed to market conditions and the music industry's changing landscape. How should niche music artists continue to develop without the help of this platform? Universal Music Group likewise faces the issue of uneven resource distribution and a mismatch between the financial returns and the work of niche music artists. Although niche music artists have received increased exposure, it has not been adequate.

### 3 Analysis on the problems

#### 3.1 Marketing mix theory

The marketing mix theory is a foundational concept in marketing. Neil Borden coined the term "marketing mix" in 1953, deriving it from James Culliton's concept of marketers as "mixers of ingredients" [8]. Product indicates the goods or services offered to meet consumer demands. Price refers to how much consumers are prepared to pay for a product or service. Place refers to the distribution platform or physical location where a product or service can be acquired. Promotion entails how businesses communicate with potential customers about their products or services.

The marketing mix theory involves advertising, public relations, and social media. The 4P model has been the bedrock of traditional marketing practices, offering a simple yet comprehensive framework for marketing strategies. For instance, E. Constantinides applied the Marketing Mix Theory to investigate the internal orientation and lack of personalization as the key limitations of the marketing mix across various marketing areas [9]. Giuseppe Festa utilized marketing mix theory to focus on consumer knowledge in the context of wine marketing [10]. Matthew Wood discusses the difficulties in applying concepts like exchange, value, and the 4Ps to social marketing situations and the need for a potential reevaluation of social marketing theory and practice in light of these challenges and new developments [11]. Over time, as the marketplace evolved and consumer behavior changed, the 4P model was reinterpreted and expanded into models like the 4Cs, which are customer, cost, convenience, and communication. And the 4Ss are solution, scope, system, and symbiosis. Those represent a more customer-oriented perspective.
This article will apply the pricing and promotion of the 4Ps mode to probe into the issues hindering the development of niche music. These two factors will serve as the lenses through which we examine the constraints and opportunities in the niche music industry.

3.2 Unreasonable pricing models

In terms of pricing strategy, Spinnup does not create an appropriate atmosphere for the development of niche music artists. Spinnup fees are charged per release, with pricing varying depending on the number of components included. The cost of a single release (1-2 pieces) is $9.99 each year. An EP (3-6 pieces) is $19.99 each year. In addition, an album (7–25 pieces) costs $39.99 per year. This can be a huge issue for artists who are just starting out or have a small fan following. This is exacerbated by the fact that these costs are recurring, requiring artists to pay release fees on a regular basis in order to keep their work available on platforms. Furthermore, while artists receive 100% of the cash earned by Spinnup, it is important to highlight that earnings from streaming media can be quite minimal, particularly for niche and lesser-known artists. They need money to survive. When specialized music artists are unable to be compensated for their labor over an extended period of time, they may stop making music. As a result, the music industry loses a large number of specialist compositions.

This is not a phenomenon exclusive to the music industry. The expansion of digital distribution platforms such as Steam has made it easier for indie game developers to reach a broad audience. Similar to Spinnup’s model for the music industry, game platforms typically levy a fee for each game release. This can be a significant burden for developers just starting out or creating niche games with a potentially limited market. Nearly 6,000 indie games were published on Steam in the first half of 2022, but only 20% of these titles generated over $5,000 in revenue [12]. Like niche music artists, indie game developers often need help to generate sufficient revenue from their creations. In both cases, these platforms’ financial challenges for niche creators may hinder their expansion. As the number of creators in the market decreases, the number of products also decreases.

3.3 Inadequate promotion strategies

Some variables may be more beneficial to the development of niche music in terms of promotion. Music promotion and advertising are critical to an artist’s success. They decide the value of an artist’s work and have a substantial impact on the artist’s reputation and revenue. Spinnup does not offer artist promotion services. This lack of an active promotion platform is especially troubling for niche music artists who rely on it to reach a wider audience. When artists are in charge of marketing and promotion, it is impossible for those working in a narrow genre to gain access. Their works may not appeal to traditional audiences, making it more difficult for them to find opportunities for growth and garner admirers.

Luo illustrated the positive influence of promotion on consumer purchasing intentions. According to the research, online promotion significantly impacts consumers’ willingness to buy [13]. Liu and Ling focused on the impact of experiential promotion on customer purchase intention [14]. The research found that promotions can stimulate consumers’ purchases, provide additional motives for purchases, and change consumers’ psychological price or value perception of branded goods, thus implementing fast and bulk purchases [14].

4 Suggestions

4.1 Adjust price strategy

Based on a price perspective, this paper suggests changing how music distribution platforms charge artists. As an alternative to charging per song release, Universal Music Group might use an annual subscription plan. This strategy could encourage niche music artists to produce more music, thereby encouraging the growth of niche music. Release fees for every piece can rapidly accrue for musicians who generate music frequently. This may pose a significant financial burden, particularly for those just starting or with a smaller fan base.

The proposed annual subscription model, on the other hand, would allow artists to release an unlimited number of pieces for a single annual fee. This model encourages niche artists to produce additional works. The freedom to disseminate complete pieces could motivate niche artists to compose more music, creating a more vibrant and diverse music industry. A fixed annual charge would also make expenditures more predictable for artists, allowing them to better organize their finances. This model could guarantee the sustainability of niche music by minimizing the financial burden on artists, thereby preventing them from ceasing their creative work due to financial constraints.

Epidemic Sound is a sound effects subscription service. It offers monthly plans starting at $9 per month. These services provide creators with limitless access to their full collections of music tracks and sound effects, allowing them to use as many resources as they need without having to pay extra for each one [15]. Subscription models are chosen since they can create greater long-term revenue. The compound annual growth rate for software subscription revenues has been calculated to be 16.6% [16]. It increases client lifetime value and is more scalable. If this idea is implemented by Universal Music Group’s new music distribution platform, the most notable change will most likely be an increase in the number and variety of songs created, particularly in niche music markets. This could lead to a more vibrant and lucrative niche music sector.
4.2 Adjust promotion strategy

In terms of promotion, this paper advises that Universal Music Group revamp its promotional model to incorporate services that cater to the demands of niche music artists. As part of its distribution network, Universal Music Group should provide marketing and promotional capabilities, according to this study. This may be an integrated function allowing niche artists to design and distribute promotional materials. By making these materials available, niche artists will be better able to negotiate the promotional parts of their professions.

Music distribution platforms could collaborate with influential figures and entities within the music industry, such as well-known artists, producers, or music critics. These collaborators could assist in organizing and promoting a "Featured Niche Artists" segment on the music distribution platform and social media. This would increase the visibility and accessibility of niche artists to larger audiences. The Korean television program did likewise. The program crew will invite stars to mentor trainees who have yet to debut. Fans of the stars will watch the program, and there is a chance that they will enjoy the trainees' music or performance. The trainee will gradually increase his fan base. Then they will have increased opportunities to debut. By implementing these changes, music distribution could provide a more supportive environment for niche artists to thrive, helping them to overcome the significant challenges they face in terms of promotion and audience reach.

5 Conclusion

The research paper investigated the impact of the digital revolution on the music industry, with a particular focus on Universal Music Group and its digital music distribution company, Spinnup. It looked at how the transition from physical to digital music offered new opportunities and problems for niche music and artists. The study sought to analyze how niche music may be generated more effectively in a digital context, utilizing marketing mix theory (price and promotion) for analysis. The report investigated Universal Music Group’s tactics for producing and distributing niche music, providing attention to niche music artists, and compensating artists. It also discussed the limitations of Spinnup’s pricing and promotional approaches for promoting niche music growth. According to the findings, the internet age has democratized music access and opened up new opportunities for niche musicians to obtain recognition and reach global audiences. However, unrealistic price patterns and ineffective advertising techniques might stifle the growth of niche music.

The paper proposed two main suggestions for improving the development of niche music. First, it suggested revising the pricing model of music distribution platforms, recommending an annual subscription model instead of charging release fees per song. Annual fees allow artists to release unlimited pieces, potentially promoting more active creation among niche music artists. The paper also suggested providing marketing tools to artists and collaborations with industry influencers to curate and promote the "Featured Niche Artists" segment. While digital transformation has created unprecedented opportunities for niche music artists, more supportive pricing and promotional strategies are needed to foster the growth and development of niche music in the digital age.

This paper could have contributed to the music industry. Its analysis and suggestions shed light on the challenges and opportunities of developing niche music digitally. The paper delves into the price and promotion challenges that niche music artists confront. It suggests improvements such as switching to an annual membership pricing model and a redesigned promotional approach that provides artists with marketing and promotional tools. If these reforms are made, they may result in a more diverse and vibrant music market with more equitable possibilities for specialized artists. This could ultimately influence how music is produced, distributed, and consumed, reshaping the music industry landscape.

The implications of this paper for marketing mix theory are notable, particularly in the context of the digital music industry. Applying the theory to the issues that niche music artists confront, particularly in terms of price and promotion, provides a unique insight on how the theory might be developed and implemented in many circumstances. Furthermore, it could prompt further research into how marketing mix theory can be adapted to different digital platforms and business models, thus enriching and expanding the scope of the theory.

While this article provides an insightful analysis of the issues and opportunities within the niche music industry, it does have limitations. The article needs to delve extensively into the audience’s perspective. Understanding how listeners discover and support niche music could provide further insights into effective promotion strategies. Therefore, while the paper offers valuable suggestions, a more comprehensive exploration of the music industry could yield more robust insights.

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