Agile Music

Music Formats and Artist Creativity In The Age of Media Mass Customization

By Mark Mulligan
August 2011

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About The Author

Mark Mulligan

Mark Mulligan is an independent music industry analyst and consultant. For 11 years Mark was a Vice President and Research Director at Jupiter Research (later acquired by Forrester Research). In his role as a music analyst and senior research manager, Mark worked right across the digital music value chain, with all the leading digital music services and technology companies, the major record labels, rights bodies, retailers, hardware companies and telcos.

Mark is routinely quoted and interviewed by top tier media (TV, radio, print and online) and speaks at leading music events such as Midem, Popkom, Canadian Music Week, London Calling, In The City.

In addition to following the music industry professionally, Mark lives and breathes music. He is a classically trained musician and is in the third generation of guitar players in his family (he is currently working on gently prodding his children to becoming the fourth). Mark also has a small, fully digital, recording studio which he uses to make lots of not so subtle bleeps, beats and squeeks. 'Back in the day' he had a three single record deal and had his music played on BBC Radio 1.

Mark is author of the leading music industry blog, aptly named MusicIndustryBlog:
http://musicindustryblog.wordpress.com

You can contact Mark on Twitter: http://twitter.com/#!/Mark_Mulligan
And by email: musicindustryblog@gmail.com

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The 20,000 Foot View

Digital and social tools have already transformed the artist-fan relationship, but even greater change is coming. In the anaologue-era music was mass produced, releases cycles were static and music product formats were a creative dead-end. Mash-ups, engaged online fans and user generated content brought these barriers tumbling down. The scene is set for the Mass Customization of music, heralding in the era of Agile Music.

The Three C's of Fan Fuelled Creativity – Customize, Create, Contribute – will pull artists and fans even closer together, with implications right across the digital music value chain, from the creative process, through distribution to music product formats themselves.

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Setting The Scene
Last Rites for the Static Audio File

Ever since Napster let the proverbial genie out of the bottle the music industry has been grappling with the challenge of how to compete with free. A harsh but unavoidable consequence of the ubiquity of free is that the digital music file itself has been terminally devalued as a paid-for commodity. In a contest between a $0.99 single and $0.00 single, free always wins. The monopoly of supply upon which the record labels built 20th century revenues is gone for good. Reining in the $0.00 tracks with piracy counter measures is a palliative treatment, not a cure. The solution lies in creating new value around that music file, freeing it from its current stasis and bringing it to life in the context of 21st century digital experiences.

Analysis

Three Innovation Imperatives For The Music Industry

In broad terms there are three innovation priorities for the music industry as it tries to pull itself out of the current malaise. These are:

- Music product innovation
- Business model innovation
- Creative process innovation

This report primarily focuses on the third of these, but it has very direct implications on each of the other two, because of course all three innovation priorities are deeply intertwined.

Fan-Fuelled Creativity: The Next Chapter In The Artist-Fan Relationship

The Internet and associated digital innovations have inarguably transformed the way artists create music and pursue their careers. One of the most dramatic transformations has been the way in which artists interact with their fans. Forums, social networks and other such communication tools have brought artists and their fans much closer together than was ever possible in the analogue era of photocopied fan-club newsletters.

Smart artists recognise the supreme value in nurturing these relationships and the benefits that deeper fan engagement brings to all of their increasingly diverse sources of income. A natural extension of fan engagement is to bring fans into the creative process.

This is **Fan-Fuelled Creativity**. Turning to fans for creative input is new and unfamiliar ground for many and is not without its critics, who question why artists should be relying on fans to effectively to their job for them.   Such concerns have merit and also not all artists are equally well suited for the approach.

However the benefits and remit of Fan-Fuelled Creativity are better understood in the context of its objectives:

- **Creativity.** The most transparent reason is to help drive the actual creative process, giving fans the opportunity to help shape the music itself.
- **Engagement.** Fans that participate in creativity feel more deeply engaged with the artist.
- **Marketing.** Creative initiatives such as remix competitions can play a highly effective marketing role, both driving activity within existing fan bases and increasing awareness beyond them.

Any combination of these three objectives is valid. Fan-Fuelled Creativity does not even need to be tied to creative objectives to drive real value. Thus artists who are more protective about their creativity can, should they so wish, implement the mechanics of Fan-Fuelled Creativity without actually acting upon its outputs. **1**

Moving Beyond The Constraints Of The Analogue Era World View

The simple fact is that artists now have many more creative inputs at their disposal than in the analogue-era. It used to be that playing live was the only regular way of engaging directly with fans on a one-to-many basis. Playing live was really the antecedent of Fan-Fuelled Creativity, with artists bringing fans semi-directly into the creative process by observing how audiences reacted to new songs and evolving them as they got played throughout a tour. **2**

Figure 1

Digital Age Creativity Need Not Be Bound By The Constraints of Analogue-Era Practices

Pre-digital, the creative process was linear and the output static

Digital age creativity encompasses more inputs and more fan connectivity, enabling the creative work to continually evolve

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Now artists have multiple additional tools at their disposal that can be used to bring fans into the creative process, including fan forums, social networks, fan-funding sites such as Pledge Music and apps such as MXP4 and Mix Me In *(see figure 1)*. Even more important though, is the as yet largely untapped opportunity to utilize these creative inputs to help transform the release from a static audio file into a living, evolving creative construct.

The Era Of Mass Music Customization

Of course the majority of audiences will not want to become a part of the creative process, they want to remain the audience not the creator. But the point at which audience and creator meet is no longer a hard break. Affordable digital production technology, user generated content, the remix generation and mash-up culture have all contributed to creating a middle ground that is neither purely audience nor creator. This layer of creator-fans

– including also many semi-pro musicians – is increasingly whiting out the full stop after a traditional release, creating their own new iterations. The late 20th century revolved around mass production and distribution of fixed, physical music formats. But as physical media formats die, to be replaced by modifiable digital alternatives, the early 21st will become increasingly characterized by mass customization of music.[3] The creator-fan effectively turns music into open sourced software, where the original song is simply release version 1.0. An artist and her label can either embrace or fight this dynamic, but it will happen regardless whether they do so or not.

The Three C's of Fan-Fuelled Creativity

Of course it would be wrong to think of Fan-Fuelled Creativity only in terms of crowd-sourced editorial. Most fans of established artists don't even go to their gigs. Similarly most don't regularly visit their various social channels, and even of those who do, most don't actively participate, preferring to observe from afar. Put simply, the majority of mass market music consumers are relatively passive, so to have widest possible potential Fan-Fuelled Creativity must also have something to offer for the passive majority.

Figure 2

The Three C's of Fan-Fuelled Creativity

Customize
- Fans use tools in the release format to meet their needs e.g. playlists, assign artwork, change levels in mix, embed related content

Create
- Fans use both in-release tools and external tools to create their own content e.g. remixes, mash-ups, videos, ringtones

Contribute
- Fans use in-release tools and external tools and fan-artist dialogue to contribute feedback and content to artists

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Welcome to the **Three C's of Fan-Fuelled Creativity** *(see figure 2)*. Listed here in increasing degree of music fan engagement these are:

- **Customize.** The most mass market and product-centric implementation of Fan-Fuelled Creativity, giving music consumers the ability to customize their music consumption experience.
- **Create.** For the more creative fans, this encompasses creating mash-ups, bootlegs, ringtones and remixing tracks. There are of course already many good examples of artist and label-led remix competitions and other such initiatives. **4** However for the real potential of Create to be unlocked, such functionality needs to be embedded into recorded music products and formats. In the digital age artists should feel empowered to design at least some of their music with explicit intention of enabling their fans to create their own content from it.
- **Contribute.** The most artistically involved of the Three C's, Contribute enables fans to help shape the original music content itself, echoing the wider trend of social co-creation. **5** At a base level this can be simply be a digital extension of the live-gig echo chamber dynamic, testing new songs with online fan communities. At a more involved level it can mean putting fans at the heart of the create process as Imogen Heap is doing with her latest album *(see artist case study)*. Contribute can also be on a fan-to-fan basis, such as with the Hype Machine and also with Beyond Oblivion's Guru feature. **6**

> **Artist Case Study – Imogen Heap**
>
> In 2011 Imogen Heap launched what she terms a Crowd-Inspired project, #heapsong. The project centres around a website where she invites fans to contribute ideas to a new song every three months, culminating in a full album after three years. Contributions include images (for artwork), videos (for the promo video), words (using a 'word cloud') and sounds (termed 'seeds'). Significant fan contributions are credited and even given a session performance fee. As part of the project she records regular live video streams from the studio as she works on writing the songs.
>
> So far she has released two 'Crowd-Inspired' songs 'Lifeline' and 'Propeller Seeds'.

Agile Music: A Music Creation, Distribution and Consumption Refit

Fan-Fuelled Creativity is the next level of fan engagement but it is only one layer in a more comprehensive overhaul of music creation, production and distribution: **Agile Music** *(see figure three)*. **7** Agile Music is:

- **Fan-Fuelled Creativity.** Leveraging the Three Cs of Fan-Fuelled Creativity to deepen fan engagement and enrich the creative process.
- **Fluid Releases.** Songs iteratively evolved and released so that the song becomes a living, maturing creative work. Static, fixed releases were the only viable fit for mass distributed physical media. They only persist in the digital age because of analogue era habitss. Of course making every song for every artist a Fluid Release is not practicable (for just about every element of the digital music value chain). But there is a case for most artists turning some of their music into Fluid Releases, and indeed some artists will find Fluid Releases resonates across a majority of their creative output.
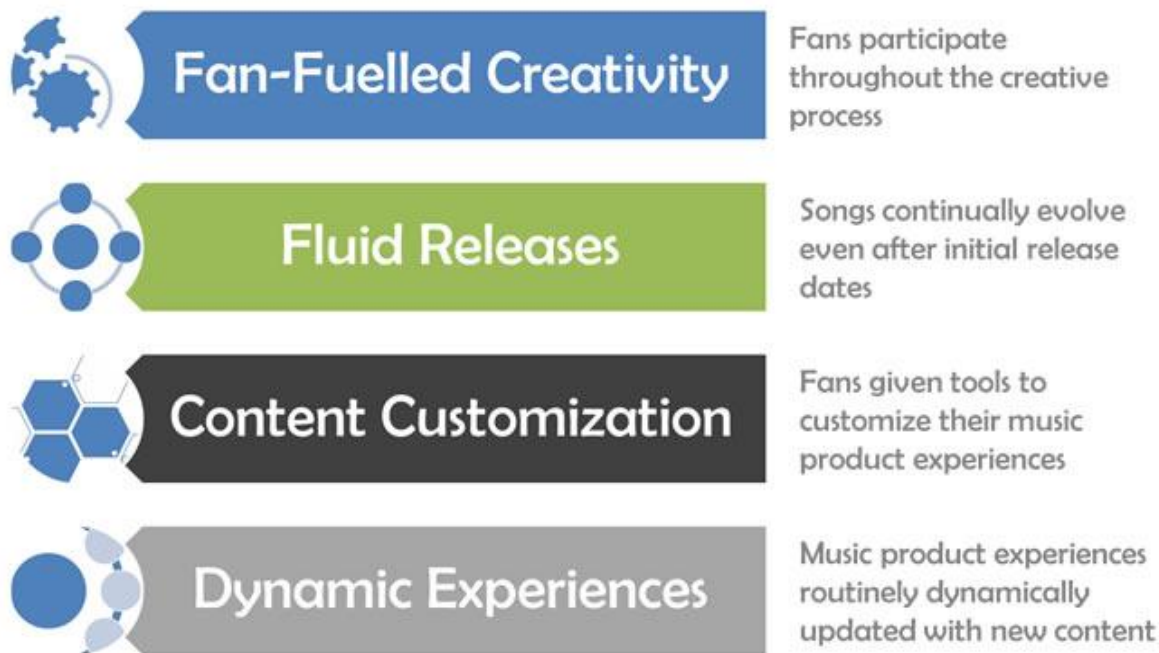
- **Content Customization.** As important as changes to the creative process are, it is the impact on business models and music product formats which will have the greatest impact on the music industry. Mass customization of products is a quickly growing trend, now is the time for music product formats to follow suit. 8 In the context of music, Content Customization can be as simple as playlist functionality, but what is really needed are more fundamental implementations that enable the user to create a truly unique and high customized experience within a standard music product format. This could mean changing the artwork – see Feist Artist Case Study 9 -, plugging in related content of the user's choice, even changing the mix of the tracks with an inbuilt audio mixing User Interface.
- **Dynamic Experiences.** Just as static audio files are a legacy of physical media so are closed-releases i.e. releases that remain unchanged for as long as you own them. In the digital age, the album-release-cycle straight jacket can be thrown off, transforming releases into dynamically updated repositories of an artists' creative output over a given period of time, encompassing everything from full releases, through studio outtakes to backstage footage.

Figure 3

Agile Music Brings Fluidity and Interactivity Across the Creative and Product Cycles

Fan-Fuelled Creativity — Fans participate throughout the creative process

Fluid Releases — Songs continually evolve even after initial release dates

Content Customization — Fans given tools to customize their music product experiences

Dynamic Experiences — Music product experiences routinely dynamically updated with new content

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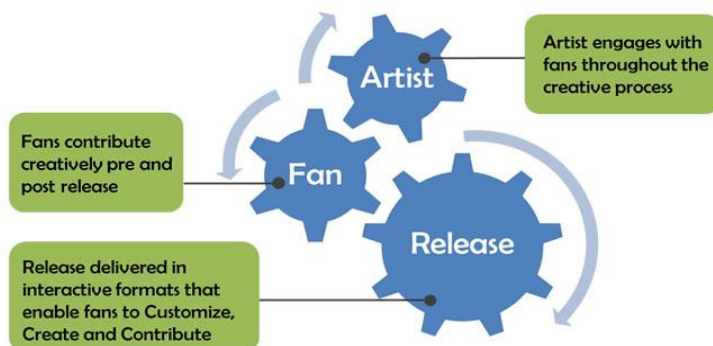
Agile Music Delivers Iterative Creativity and Engagement

The growing portfolio of tools which artists use to communicate with fans have already instigated a change in the artist-fan relationship. Though some artists persist in using social channels as broadcast vehicles rather than multidirectional conversations, most artists are becoming increasingly cognisant of the value of engagement. **10** This closeness lets artists hear what their fans think about them, not always a comfortable experience! Agile Music though, means harnessing this dialogue, cranking the fly wheel of the creative machinery

Figure 4

Agile Music Gives Fans Creative Tools Before, During and After the Main Release Event

Artist engages with fans throughout the creative process

Artist

Fans contribute creatively pre and post release

Fan

Release

Release delivered in interactive formats that enable fans to Customize, Create and Contribute

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(see figure four). At its zenith Agile Music delivers a continual iterative process before, during and after the release cycle: a virtuous circle of creativity.

Next Steps

Empower Fans, Artists and Channel Partners To Create Customized, Dynamic Music Product Experiences

Fan-Fuelled Creativity is in its infancy and though pioneering artists like Imogen Heap are pushing the proverbial needle, the most pervasive impacts of Agile Music will be those that leverage the Three Cs of Fan-Fuelled Creativity in music products and formats:

Artist Case Study – Feist

In advance of her October 2011 album 'Metals', Canadian singer-songwriter Feist invited her fans to create their own versions of the album artwork using a 'paint by numbers' collage. Three winning entries won a physical version of the album with their artwork. The initiative was a team effort implemented by her management, Universal Music and her Canadian label Arts and Crafts.

Though just a competition, the concept suggests the interesting concept of fans creating their own album artwork from a pre-selected colour and elements palette.

- **App-like experiences will be the future.** Firstly – and for sake for putting the following advice in clear context - let's be clear: the future of music product formats will be App-like experiences. **11** The successor to the $0.99 single is long overdue, and the $9.99 subscription isn't it either (subscriptions are a payment mechanism not a product). The next generation of music product formats - and again for sake of clarity there won't just be one - will have interactivity embedded in their DNA, those that don't will fail.
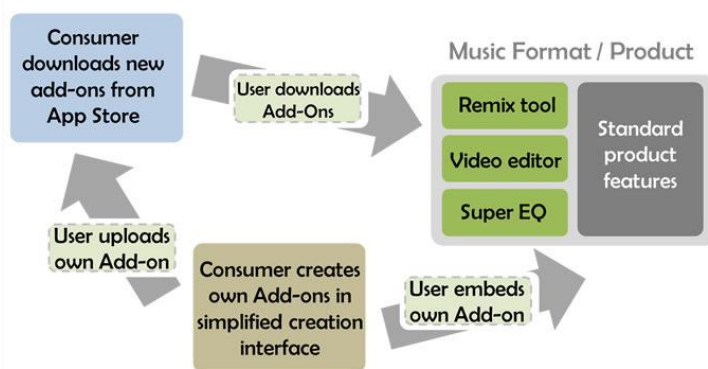
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- **Don't underestimate the importance of the creator-fan.** As ever more people fall out of the habit of buying music and fail to engage with digital music, the top-of-the-pyramid layer of music aficionados becomes increasingly pivotal. **12** With many of these aficionados also creator-fans, the case for delivering Fan-Fuelled Creativity functionality in music products becomes clearer. Put bluntly, mass market music fans are less likely to be creator fans but they are also less likely to buy music regularly, so don't get too hung up on worrying about catering for their needs in premium music products. Focus on the core valuable aficionados instead and let the mass market sate their music appetite on YouTube and Spotify.

- **Put customization at the core of music products.** Music fans are willing to pay much more for live music than recorded music because the former is a unique experience whilst the latter is a ubiquitous commodity.**13** Thus music products need to give consumers the tools to create their own unique music experiences. This might mean tweaking the look and feel of the interface; it might mean pulling in additional optional content; it might mean being able to remove unwanted tracks. It probably means all of those things, and it certainly means numerous other additional similar features.

- **Make music products behave like open source software.** The proliferation of software developer APIs has driven unprecedented innovation in the digital economy. Now it is time to bring some of those lessons to consumer music products by implementing consumer-friendly extensibility. Plug-and-build modules that consumers can use to create their very own music products. Imagine an App Store that stocks feature 'Add-Ons' such as remix tools, EQ, video editing that a consumer could plug straight into their music format product *(see figure five)*.

Figure 5

Leverage Developer API Practices to Deliver Consumer-Friendly Music Product Extensibility

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And for those more adventurous consumers, imagine an intuitive consumer-friendly programming interface that enables users to create their own Add-On extensions for upload to the store.

- **Gamify the music consumption experience.** Gamification is undoubtedly a buzz word of the moment, but there are principles that apply well to music. Remixing competitions by DJs such as Tiesto and Armin van Buuren demonstrate the enthusiasm of fans to participate in competitive Fan-Fuelled Creativity and such competitions should be delivered within the framework of the music product rather than on external websites. The competition dynamic should be fully contained within the product experience and also deliver continual social gaming features such as status rewards, virtual currency and real-world rewards for creative participation.**14**

- **Turn music products in repositories for creative output.** The album-release-cycle straight jacket can be thrown off. Future music formats should be a best-of-breed combination of music subscriptions and a la carte sales. Music fans should be able to pay a one-off fee for a multimedia release and then get new content delivered

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automatically into the App at least monthly. Fluid Releases and Fan-Fuelled Creativity will help ensure that not only is new content delivered routinely but also that content evolves.

- **Labels, leverage R&D resources of technology companies!** Some record labels have in recent years acquired well-earned reputations for innovation [15] but a new approach to innovation is required. Labels need to farm-out product innovation to technology partners with vast R&D resources, thus enabling labels to focus their own innovation resources on innovating business models and their relationships with artists. Technology companies have innovation embedded in their DNA: in their processes; their staffing requirements; their business practices; and – crucially – in their budgets. Successful innovation can't be learned overnight. Labels should strike strategic alliances with key technology partners to collaborate on developing the next generation of music products. These technology companies will of course expect much in return, and rightly so. But changing the business relationship from licensee-licensor to innovation partners will give both parties a more even share of the skin-in-the game, and thus more incentive for both to make the initiatives work. If rights owners are tired of technology and access partners treating their assets as 1's and 0's they need to help make music their partners' product also.
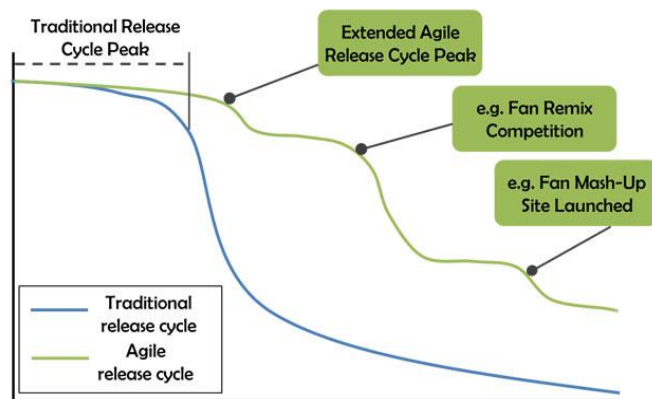
Business Benefits

Increased Engagement and Extended Release Life Span

Agile Music delivers benefits right across the digital music value chain. It:
- Strengthens and deepens artist-fan relationships with multi-level engagement tactics
- Creates creative virtuous-circles that enrich the creative process
- Drags music product formats into the 21st century
- Leverages best practices of product mass-customization
- Gives music fans more control of their music experiences
- Extends the life span of a release through multiple release events *(see figure six)*
- Utilizes R&D resources of technology partners, strengthening business relationships
- Revitalizes music products to better compete against *the contagion of free*. [16]

Figure 6

Agile Release Cycles Leverage Fan-Fuelled Creativity to Increase a Release's Longevity

Traditional Release Cycle Peak

Extended Agile Release Cycle Peak

e.g. Fan Remix Competition

e.g. Fan Mash-Up Site Launched

Traditional release cycle
Agile release cycle

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Artist Case Study – Taylor Swift

US pop-country singer Taylor Swift partnered with Fried Green Apps to launch Mix Me In to make 8 tracks available for fans to make their own mixes. Fans can also add their own vocals and plug in and record their own instruments – though 95% of fans opted only to mix the original Taylor Swift music files. Thus fans are opting to create their own customized versions of Swift's music. A Social Music implementation allows fans to customize Swift's songs directly within social networks.

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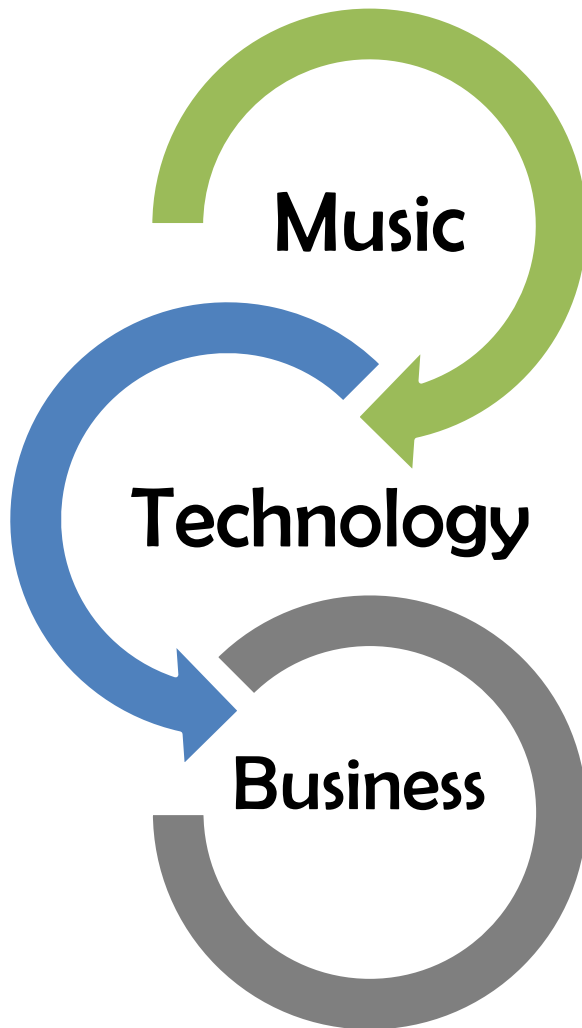http://musicindustryblog.wordpress.com

Conclusion

There are many diverse and complex reasons why digital music is stuck in a rut and currently unable to drag the music industry out of its malaise. Multi-variant problems usually require multi-variant solutions. Just fixing one element alone will not solve the problem, a comprehensive and far reaching approach is required. Agile Music may be ambitious in scope and remit but that is exactly what is needed. Digital tools are creating fantastic opportunities for artists, fans and labels alike, but they are doing so more quickly than the industry is able to respond. Agile Music sets the framework within which the diverse strands of innovation outlined at the start of this report should be pursued, and with haste.

Notes

1. There is a very legitimate artist argument to be had about the implications of artists bringing fans into the creative process with no creative motives at all, but it is an argument this report will carefully avoid! Instead this report focuses on the overall mix of benefits Fan-Fuelled Creativity brings, with a particular focus on business benefits.

2. The words "here's another new song" uttered by a band during a gig might fill some fans with dread but for others it represents the chance of a priceless experience, of hearing a future classic before anyone else. This fan-engagement dynamic is one of the critical components of Fan-Fuelled Creativity.

3. I am indebted to DJ Spooky for his quote 'the 20th century was about mass production…the 21st century is going to be about mass customization, where you create your own version' http://www.youtube.com/watch?v=1_jtK-WRegA Also relevant (in a broader, non-music context) is Forrester's JP Gownder's report 'Mass Customization Is (Finally) The Future Of Products' http://blogs.forrester.com/jp_gownder/11-04-15-mass_customization_is_finally_the_future_of_products

4. Radiohead was an early mover in 2008, making stems of the track 'Nude' available for purchase via iTunes and then allowing fans to upload their own remixes to a specially built remix website and to embed them in their social network pages. The much reported initiative helped push 'Nude' towards becoming Radiohead's first US Billboard Top 40 charting track since 'Creep' 15 years earlier.

5. For more on social co-creation see the blog of the leading expert on this area, Forrester analyst Doug Williams blog http://blogs.forrester.com/doug_williams

6. The Hype Machine and Beyond Oblivion are just two – though diverse - examples of leveraging Fan-Fuelled expertise to drive music discovery and thus enrich the music consumption experience. The Hype Machine aggregates music fans' music blogs to drive music discovery whilst Beyond Oblivion's forthcoming music service uses super fan 'Gurus' as discovery nodes within its user network.

7. The use of the term 'Agile' draws fully intentionally from the Agile Software Development movement. Agile software development is based on principles of cross-function collaboration, iterative and continual improvement and continual improvement and collaboration with the end customer. With Agile Music I have attempted to apply some of these business and software focused principles into consumer music services and formats.   For more on Agile Software Development see the Agile Manifesto http://agilemanifesto.org

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8. Mass Customization of new products is no new thing. NikeID http://nikeid.nike.com/nikeid/index.jsp – the site where you can design and order your own Nike trainers – was launched in 1999 and generated $100m in 2009. More recently momentum has increased with the arrival of new sites like Blue Nile http://www.bluenile.co.uk/ - customized rings, $74.1m in Q1 2010 – and CafePress 11m unique visitors per month http://www.cafepress.co.uk/ - customized T-Shirts - and also with big established brands such as car manufacturer BMW giving customers the ability to tailor their product choices.

9. Canadian group On No! Yoko asked their fans to create designs for their merchandize including logo's, prints, graphics, and pictures, in turn driving significant sales. This, Feist case study and Imogen Heaps' fan-sourced artwork, illustrate that Fan-Fuelled Creativity does not need to be limited to those with musical skills. However, currently most such initiatives are predominately competitions. Visual customization also needs to be embedded in the basic UI of music product formats.

10. Commercial reach doesn't need to mean a lack of fan interaction, as shown by Lady Gaga who continues to invest time and effort in making her 'Monsters' feel intimately connected with her.

11. In truth we are still waiting for a genuine successor to the CD, rather than the half-hearted pretender that is the $0.99 download.

12. Music buying historically has been characterized by a Pareto's Law balance of approximately 20% of music consumers accounting for approximately 80% of sales. But as more mass market, casual buyers fall out of the music buying customer base an ever smaller share of music buyers will account for an ever larger share of music spend. The implication is of course that these consumers become crucially important and require careful nurturing, including with exciting new products.

13. The disparity between the monetary value of recorded music versus live music is pronounced and widening. The latest Adele album '21' runs for 53 minutes and with a retail price of £8.99 that translates to £0.15 per minute of music. To see Adele play live in the UK in 2011 a ticket can cost as much as £120. Assuming Adele plays for 2 hours that translates into £1 per hour, roughly 7 times more than the album, even though the live experience is inherently temporary whilst the album can be played again and again.

14. For example, music fans could be rewarded for every time they submit a remix, comment on someone else's mix, for each time they create a mash-up, participate in a forum discussion etc. Rewards could both be virtual - status related and virtual currency – some of which could be redeemable for relevant real world rewards such as concert tickets and merchandise. Real world in-product rewards could include unreleased remixes, studio outtakes etc.

15. Of the majors Universal has spent the last few years setting the standard among its peers for business model innovation, with EMI making a recent consumer experience innovation push with initiatives such as the Swedish House Mafia iPad App. Among the indies the likes of Beggars Group, Warp and Ninja Tune continue to try to level the competitive playing field through digital and marketing innovation.

16. I am indebted to former colleague for this excellent phrase. You can read Ian's blog here http://ianfogg.com/

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