

STRATEGIZING THE MUSIC INDUSTRY: TRENDS, PRINCIPLES AND PRIORITIES

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Abstract. Subject: the music industry as a part of the creative economy. Goals: theoretical foundations determination of the strategy development and implementation of the music industry and its actors. Methodology: we used the methods of economic analysis, synthesis, comparison and benchmarking. For strategic analysis, the well-known concepts of strategic marketing and branding are used, as well as the methodology of strategizing by Foreign Member of the Russian Academy of Sciences (Life-time), Dr.Sc. (Econ.), Professor of Political Economy, Honored Fellow of Higher Education of the Russian Federation – title given by the President of the Russian Federation V.L.Kvint. Results: the study identifies the features of the functioning of music industry brands, substantiates the theoretical foundations of developing a strategy for music industry brands, analyzes global trends in the development of the music industry. The authors also developed a strategic communication system for a music brand. Application and conclusions: the conducted research has an applied orientation and can be used by all actors for their long-term strategic development

Keywords: strategy, music industry, strategic communications system, trends.

JEL codes: O33, O34

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Introduction

The modern music industry is a complex of socio-economic agents involved in the development, promotion and sale of various musical products. The music industry is a part of the entertainment industry, which also includes the films, computer and video game industries, the book industry, television, radio and gambling.

The development of the music industry as a cultural and creative business directly depends on its constituent parts: record companies, musicians, tour organizers (booking companies), concert halls and music clubs, music TV and radio channels, companies directly involved in the marketing of music products. Thus, the most of the market actors in the music industry are engaged in various economic activities to make a profit. We can characterise the music industry as having intense competition. Many organisations of the industry are keen to make use of all the available tools to increase competitiveness. One of the tools is the development of meaningful music brands through the design and implementation of a strategy.

There is an urgent practical and research task to examine aspects of music brand strategy development and to identify its main elements of a strategic communications system.

Results and discussion

1. Specific features of the functioning of music industry brands

The most important strategic development priority for companies of the music industry is the establishment of successful music brands, which is based on analysing and applying a whole range of strategic marketing tools. As a brand in the music industry market may be a particular artist, band and their musical works, a record company's trademark and other products having high consumers demand and can be

economically productive.

By theoretical studies on marketing of goods and services strategy, brand building is the one of the elements of a company's marketing management, irrespective of its sectoral affiliation. Any brand has a number of competitive advantages by which consumers can identify brands by their distinctiveness and their own experience of buying and using goods and services. In marketing management, the development of a unique brand and its further launch into the marketplace is called branding.

Today's music industry is a complex industry involving many actors. They share the artistic and commercial aims of creating musical products and marketing them using all possible marketing channels.

The modern music industry attracts a large number of researchers who study issues of various kinds:

1. the specificities of industry functioning in sectoral and regional contexts (Astapov & Khvorostyanaya, 2021; Aryandari, 2021; Cusic, 2019; Cloonan & Williamson, 2017; Dyce & Smernicki, 2018);
2. business modelling of the whole industry and its individual actors (Joshi & Patole, 2019; Fox, 2004; Berry, 2021; Russ, Kuilboer & Ashrafi, 2016);
3. the strategic impact of trends, tendencies and regularities (Owen (Baldock) & O'Dair, 2020; Hujran, Alika & Durrani, 2020; Snezhinskaya, 2018);
4. The commercialisation of technology and the innovation capacity of the industry (Zilber, 2016; Nordgaard, 2018; Mozumder et al., 2021).

The music industry has changed considerably in the past few years, aided by the rapid development of innovative technology, primarily thanks to the Internet. The main functions of organisations involved in the music industry are:

- the creation of music;
- the recording of music;
- replication of media and their subsequent sale;
- digital music distribution;
- organisation and management of concerts;
- the development and promotion of music brands;
- production and sale of musical instruments and sound equipment.

For many years, the work of the actors in the music industry has remained unchanged. This market was controlled mostly by major record companies with the rights to produce, promote and commercially distribute musical works. The main source of record companies income is a percentage of sales of performers' records. Until the beginning of the 21st century, this business model focused primarily on the production, replication and subsequent sale of musical media: vinyl records, audio cassettes and CDs. Since 2002, the situation has begun to change dramatically with the rapid development of digital technologies and the gradual transition to new formats of the musical works distribution.

Figure 1 shows the dynamics of the global music industry from 2002 to 2019.

By the graph, market volumes remained at the same level throughout 2002-2006. This period was characterised by a high level of record company activity and the appearance of a large number of commercially successful music projects with long-term contracts with the record companies. Since 2004, the first commercial digital music formats have begun to appear in the music industry's market. Their revenue in 2004 was to US\$400 million (approximately 2% of the total market). By 2012, it was \$4.2 billion (28.5% of the total market). By 2012, it was \$4.2 billion (28.5 per cent of the total market).

The main elements of the business model used by most record companies today:

- 1) The production and replication of musical works;
- 2) Strategic marketing of brand development and promotion;
- 3) A set of distribution channels: physical media, digital distribution, realisation of a set of copyrights, organisation of concert activities.

Record companies remain the main market players in the music market today. Their market success is largely determined by the number of contracts with popular musicians and the effectiveness of the various music brand development strategies. The market structure of the industry is oligopolistic. But recent years the

music market has been operated by 3 major multinational recording corporations:

- Universal Music Group;
- Sony Music Entertainment;
- Warner Music Group.

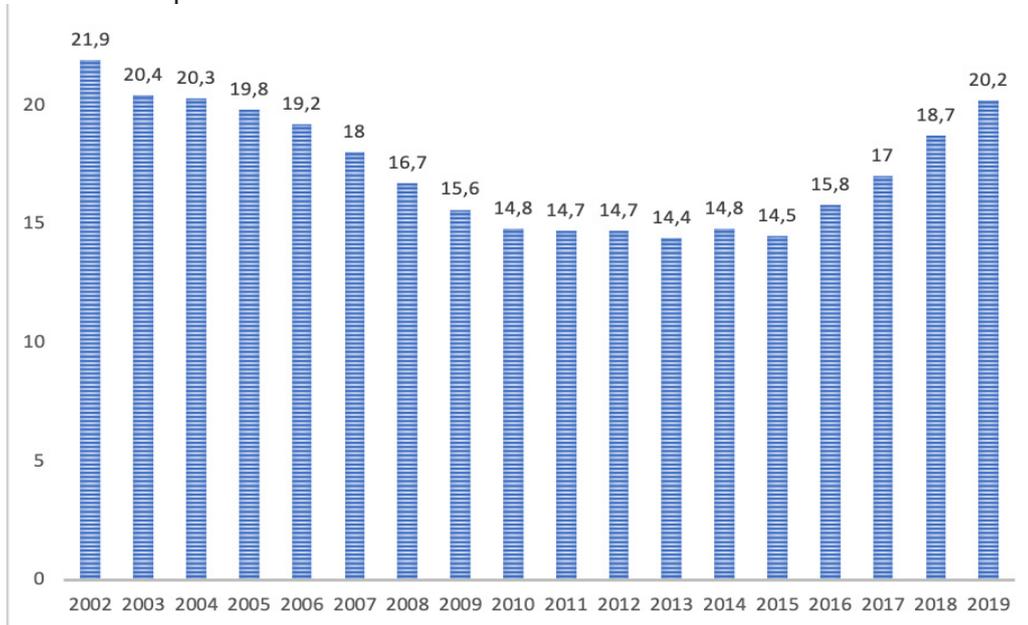


Figure 1. Dynamics of global music industry market size from 2002 to 2019, (US\$, bln.)

Source: IFPI Global music industry report 2019

As of the beginning of 2020, these companies control more than 85% of the music industry market, and most of the famous artists from different countries have long-term contracts with one of the above-mentioned record corporations.

In order to operate successfully in the market and meet their strategic goals and objectives, record companies take a strategic approach to the formation and promotion of music brands.

2. Theoretical basis of strategy development for music industry brands

The brand strategy in the music industry is crucial to the total concept of strategic development of all actors in the market. Methodologically correct strategy of music brands significantly increases their chances of commercial success. It is the basis for increasing the competitiveness of companies operating in the music industry market. Before considering a conceptual approach to the implementation of a music brand strategy, it is necessary to define the meaning of 'strategy'.

The famous American marketing and management expert F. Kotler viewed the concept of "strategy" from a marketing point of view. By 'strategy', Kotler meant a set of logically structured activities aimed at solving the market challenges faced by an economic entity. He did not point out that any economic entity must have a strategic mission and a set of strategic goals. Thus, the Kotler's definition does not reflect the meaning of 'strategy' (Kotler, 2019).

Professor of the University of Alabama Arthur A. Thompson defined strategy as a formulated and approved plan for managing an organisation in the prevailing market conditions to meet consumer demands comprehensively (Thompson, 2018). Thompson's definition largely reflects the meaning of modern strategy, but focuses on the current business environment and does not consider the prospects of strategic development of an economic agent in future.

The most complete definition of the term 'strategy' is that of Academician V.L. Quint. He defines a strategy as a set of activities in the field of searching, formulating and implementing the concept of management of organizations based on its mission, goals, objectives and strategic priorities in the current and future business environment (Kvint, 2019).

The process of establishing and realising of any strategy, including a music brand strategy, is based on a sequence of strategic steps. The strategy algorithm for music industry brands is shown in Figure 2.

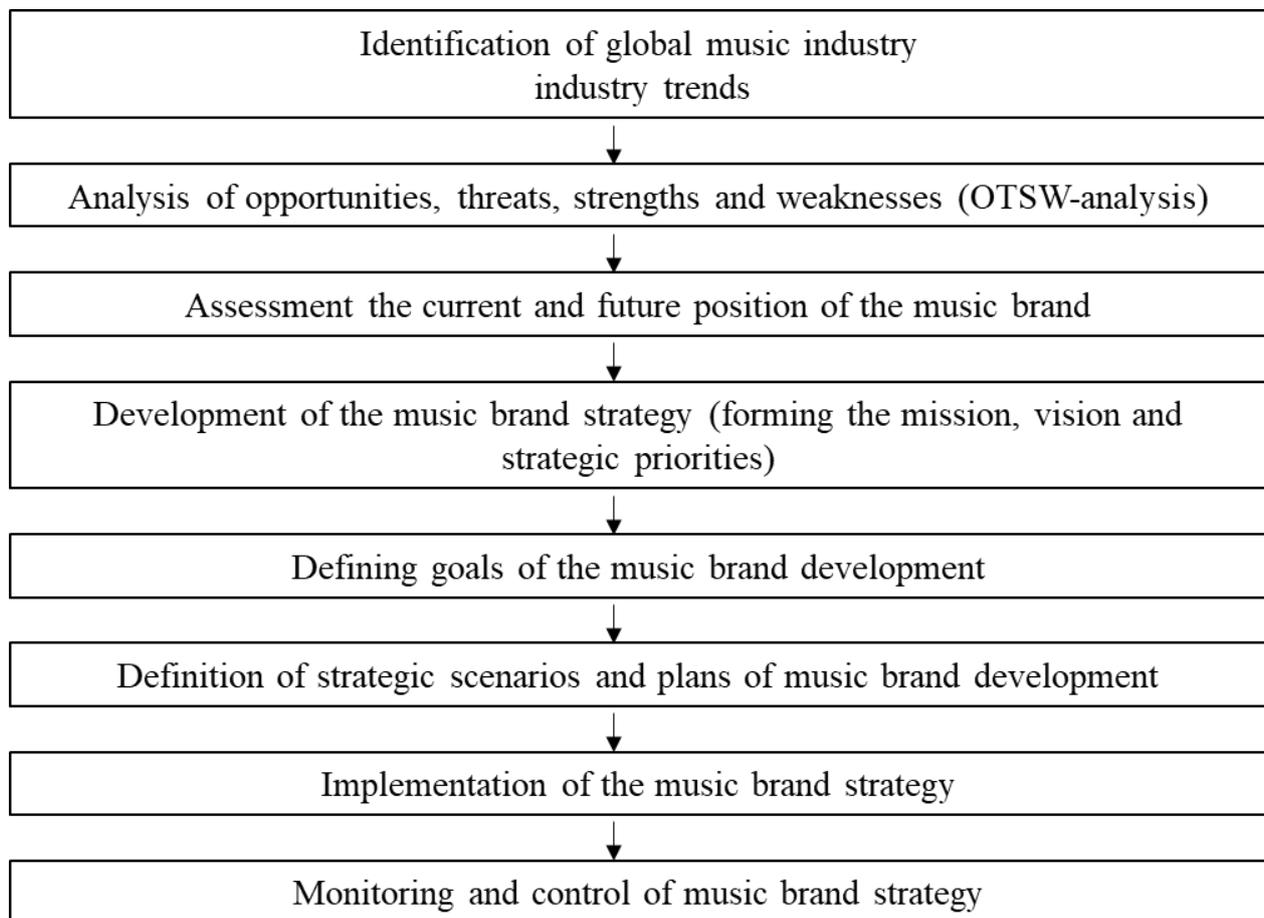


Figure 2. Algorithm for developing a music brand strategy in the market

Source: Kvint, 2019

The first strategy phase is an analysis of global and industry market trends in the music industry. In establishing and promoting a music brand, global and industry trends occupy an important place, as they determine the total strategic development vector of the industry. By the strategic analysis of global and industry trends, the company identifies what music brands are able to achieve market success.

One of the trends of mid-2000s was the music industry digitalisation. Demand for physical media declined significantly in that period and is still declining today (in 2019, physical media in the music industry represented only 21% of the total market, down from 55% in 2010 and 98% in 2001). But digital is the main format for selling music brands' products, a new global trend in music content distribution - digital streaming (audio streams) - is currently gaining popularity. In it is the provision of access to music through the use of various commercial services (Apple Music, Google Music (from December 2020 - YouTube Music), Yandex. Music, etc.). The consumer is able to access music without limit through the use of the Internet, either for a fee or free of charge. Paid subscribers pay a monthly fee to access audio content and to download it to any computer device (desktop computers, mobile phones, tablets, etc.). A free subscription means the user has limited access to audio content. In the contrary he is required to receive additional promotional content while listening.

This global trend is related to the increasing number of computer devices worldwide and the increasing speed of access to the global network, including through the use of mobile internet. These technologies allow consumers to access audio libraries online no matter where they are.

The streaming audio market was US\$11.4 billion at the end of 2019 (more than 56% of the total music industry market).

The second stage of strategic planning involves an OTSW analysis of the music brand, which considers its market opportunities and threats, strengths and weaknesses. The promotion of specific brands of music (musicians and the works they produce), the opportunity to maximise their popularity among listeners is subject to primary assessment. Thus, the development of a music brand strategy considers various communication channels, including the possibility of presenting works on popular thematic resources, participation in popular entertainment shows with a large TV audience, distribution of works through social networks, etc.

The OTSW analysis helps to identify the current and future status of the music brand and to assess the future market opportunities and competitive advantages.

Developing a music brand strategy involves establishing its mission and strategic plan. Developing of a music brand mission is a complex process, due to the personalized nature of perceptions of music works and brands. Every music consumer has his own preferences in music style, genre, etc. In this regard, the development of a music brand's mission should take into account the specifics of the consumer audience, contain a specific value and benefit.

Music companies usually formulate the strategic priorities are formulate during the development of a music brand strategy. These priorities may differ for older and newer brands. The strategic priorities of a music brand can be related to reaching the maximum possible audience, developing the performer's brand-community, maximising the number of appearances in rating TV and radio programmes, attracting sponsors to make additional investments in promoting the music brand.

Also music companies formulate the specific brand development goals and objectives based on the strategic priorities. The goals of the music brand strategy are qualitative. They based on the total strategic vision of the brand in the current and future periods. The tasks within the goals should be qualitative because they form the basis for developing a strategic plan for the music brand - specific activities related to brand positioning and promotion in the market.

The music brand strategic plan is used during the implementation phase of the strategy. The specific tasks of a strategic plan for a music brand might include:

- regular rotation on a certain number of thematic radio stations;
- certain number of downloads of a music track on streaming audio services;
- certain number of views/listens to the song on social media resources, etc.

The strategy is monitored and controlled at the end of its implementation phase. At this stage, the results obtained during the implementation of the strategy are benchmarked against the planned indicators. If the tasks have not been completed, we have to make an additional research to identify the key causes (factors) having a negative impact on the promotion and development of the music brand in order to further adjust the strategy and improve the results.

3. Global trends in the music industry development

The modern music industry is a specific area of the entertainment and media market. Also it is the one of the fastest growing markets in recent years. Nowadays, the entertainment industry is in a transitional phase of its development, largely driven by global digitalisation. The development, implementation and active use of digital technologies are changing the way people live and digitising most processes, including various services. Recent years the media industry, which includes the music market, shows a positive trend. By estimates, the industry is expected to grow at a rate of 4% to 5% through 2023 and the total media entertainment market will reach US\$2.6 trillion (Media Outlook. PwC Report 2019, 2019).

A characteristic features of the industry in recent years is an active cooperation with companies in other sectors, primarily financial and telecommunications, to create new business models target to increasing the loyalty of the audience and, as a result, increasing the effectiveness of the media sector commercialisation.

As the music industry recognizes the importance of current trends and changes in traditional consumption patterns, it have to develop and implement new models of interaction with consumers and update innovative approaches to the development and promotion of media products in a competitive market.

Digitalisation is the most important global trend for the music industry in 2020. PwC's annual 2020 study notes that the gap between digital and non-digital sources of income for the total media industry has grown radically in the face of the pandemic. In fact, during the isolation, which has become a major limiting measure in many countries, including the Russian Federation, the digital media segment has become one of the few market segments to show positive dynamics.

Figure 3 shows the level of global music industry market income in 2020 by selected sectors

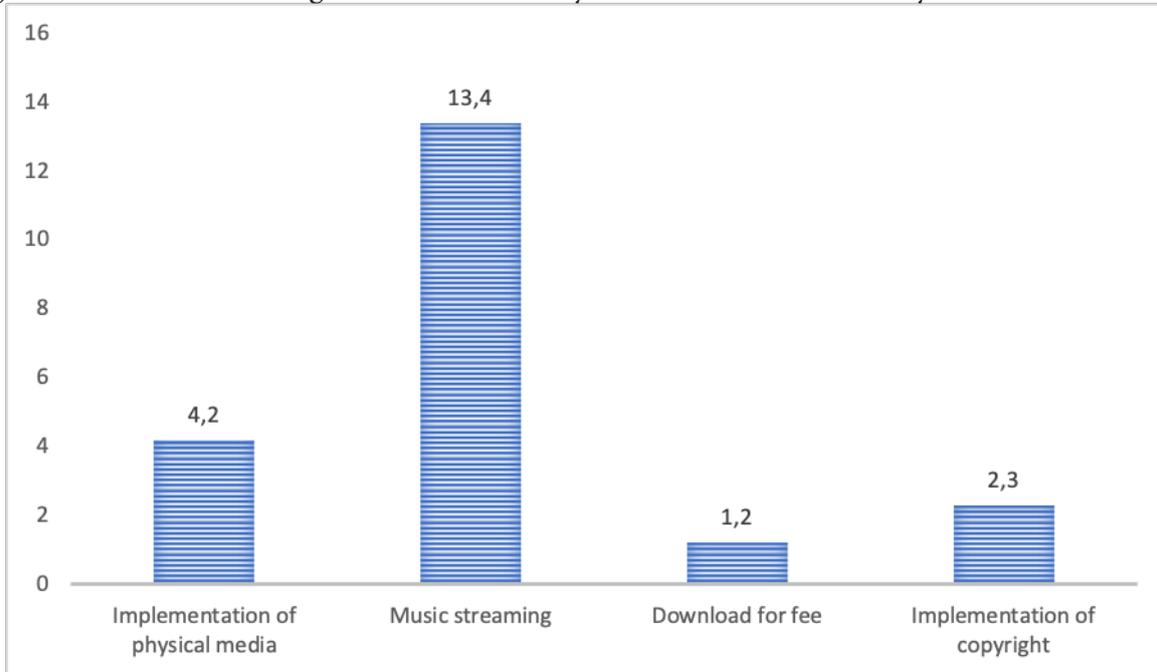


Figure 3. Global music industry market income in 2020 by selected sectors, (US\$, bln.)

Source: GMI Report 2020.

The music streaming shows the steady growth rate every year over the past few years, with a record 19.6% increase between 2019 and 2020 (from \$11.2 billion to \$13.4 billion). Music streaming was the only format to show growth over the past year, with other formats showing a decline of between 5% and 15%. It can be explained by the consumers' behaviour. Most consumers are listening to music and other audio content on mobile devices. The sales show the positive results every year. The most of the mobile devices based on the Android and iOS operating systems. Each of these operating systems uses its own application system, including music subscription services. The mobile device uses to play audio content when there is access to the network.

The rate of market development in the global music industry differs for individual regions (Figure 4).

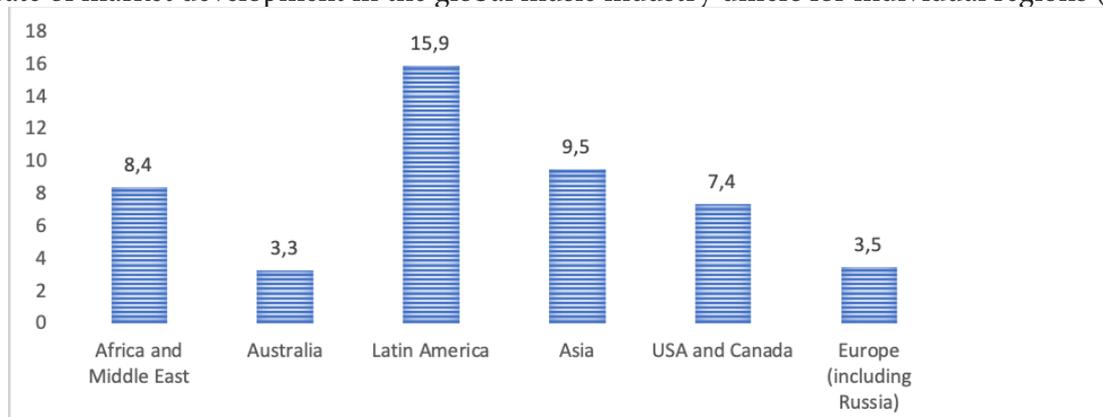


Figure 4. Music industry market growth rate by world region, % (2020 to 2019)

Source: GMI Report 2020.

The music streaming business model is the ultimate evolutionary stage (Figure 5).



Figure 5. Global music industry evolution of business models

Source: composed by the author

Global music industry evolution of business models has paralleled the development and widespread implementation of new information technologies. In the mid-2000s digital formats replaced the physical media. These digital formats allowed users to download music for a fee. This format offered unlimited access to audio content, but was largely unprofitable for artists and labels, as it popularised the illegal distribution of content online. Once purchased, content could be replicated digitally and distributed illegally. The rise of "piracy", low income determined the transition to a new modern format - music streaming with digital downloading options. This business model is based on conditional free and paid subscriptions. The main advantage is the providing of different monetisation approaches. Services monetise access by providing advertising from partner organisations, generating income through advertising when conditional free subscriptions are used. The service earns part of this income as its own income. The part of this income is used to pay copyright to music labels or to individual musicians. In the most cases, paid subscriptions provide access to audio content without integrated advertising and remove various restrictions on the use of this content, such as the ability to download it to the user's device in order to listen to it offline.

The consumption of audio content predetermined the success of music streaming services. In most cases, streaming is considered by consumers as a priority listening format due to the following:

- if the network is accessible, the consumer has the possibility not to download the audio content;
- streaming provides a user-friendly interface (the mobile application) for searching for audio content and playlists.

Labels and musicians are also interested in using streaming services. It allows them to popularise their work and earn a steady income from copyrights.

Another important global trend is the development of a communication process between members of the music industry and the target audience. As modern technology allows rapid and effective communication with consumer audiences, the music industry has also embraced the use of a range of these technologies to communicate with the target audience, identify their preferences, and conduct initial non-commercial distribution of content.

Mostly this trend is being realised through the high activity of both labels and individual musicians on various social media and online services. The most popular are Facebook, Instagram, TikTok, etc. The main challenge the music industry faces in using electronic consumer communication channels is to establish the community and maximise the number of fans. Increasing the number of subscribers allows music marketers to make use of modern communication techniques associated with word-of-mouth marketing. This technology actively involves consumers in the communication process and disseminating information about the artist, their concerts, new tracks and so on through reposting and sharings. The audience posts information on their own social media profiles independently. It allows to attract the maximum number of users in a relatively short period of time.

The realisation of this mechanism usually involves various participation activities such as raffles, quizzes and others.

The additional promotional tools are the musicians' personal profiles. They post additional content also attracting the interest of the audience. This includes audio and video content from sessions, recording new tracks and albums, shooting video clips and so on. Musicians often use live video streaming through various social media services. These services include the live communication with the target audience.

All these trends are commercial. The increasing of the number of subscribers through active communication increases the number of potential consumers of streaming services and the level of popularity of labels and artists.

4. The music industry development trends in the Russian Federation

The Russian music industry traditionally developed through active concert and festival activity. In Russia this trend developed historically. The main mode of commercialisation of musical projects in the Soviet Union was based on regular concert activities. It generated the main income both for record companies, which held legal rights to performers' content, and artists, who worked mostly on a fee-for-service basis.

2020 became a serious test the music industry. The pandemic was the reason of mass cancellations of cultural events, including concerts and festivals. Figure 6 shows the total volume of the Russian music market.

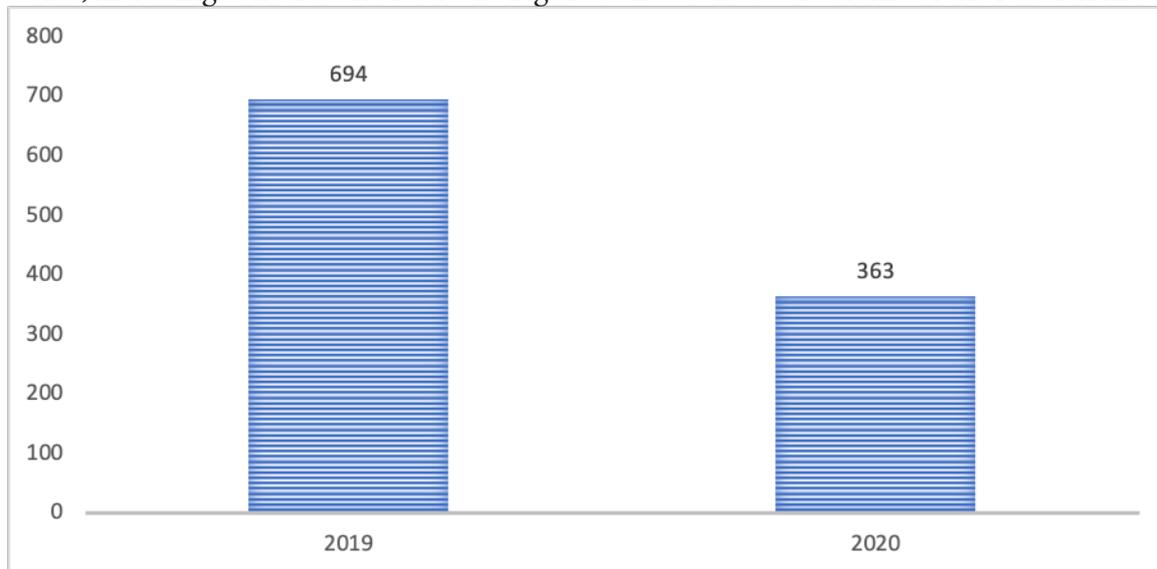


Figure 6. Volume of the Russian music market in 2019-2020, (US\$, mln)

Source: PwC Media Outlook 2020.

As concert activity was and still is limited for most market players, the main source of income during this period was the active development of digital tools. The main is music streaming – a way of distributing music content (audio and video) without the use of physical media. This service allows to download the content to the user's devices (personal computer, mobile devices) at any time, as long as they have access to the Internet. Industry experts predict that music streaming will become a major industry trend over the next few years, with the share of live music shrinking by 20-30%. By the analytics of 2019, the Russian music recordings market cost is \$156 million. The market is projected to grow at an average annual rate of 20-22%. The main trend contributing to such growth will be the development of music streaming, which has recently become the main channel for the distribution of musical works. Nowadays, the Russian market is 80.7% of the total music recordings market (US\$ 126 million), and in the next five years this share could rise to 95-97% and almost completely displace all types of physical music media. The consumer audience regards physical audio media as antiques. The number of retail outlets for such products in the Russian Federation declined to a minimum over the past few years.

Figure 7 shows the largest Russian streaming platforms by audience share

The major foreign music streaming platforms develop the new services although there are a number of dominant companies in the market.

In the summer of 2020, Spotify (Sweden), the largest foreign streaming service, entered the Russian market along with the markets of Ukraine, Belarus and Kazakhstan. This service considered the Russian market as one of the most promising and profitable strategic development markets during the pandemic. Spotify's total subscribers were 286 million at the end of 2020. 130 million are premium subscribers and pay a monthly fee for the service.

Its important strategic advantage is the use of a price differentiation tool, which aims to actively attract the target audience through flexible tariffs. The monetisation of any online service is a very important element of the market strategy and determines the total income level. Spotify developed differentiated tariff plans for the Russian market:

- Premium (169 rubles a month);

- Family (269 rubles a month);
- Student (85 rubles a month);
- Free (limited, with podcast advertising)

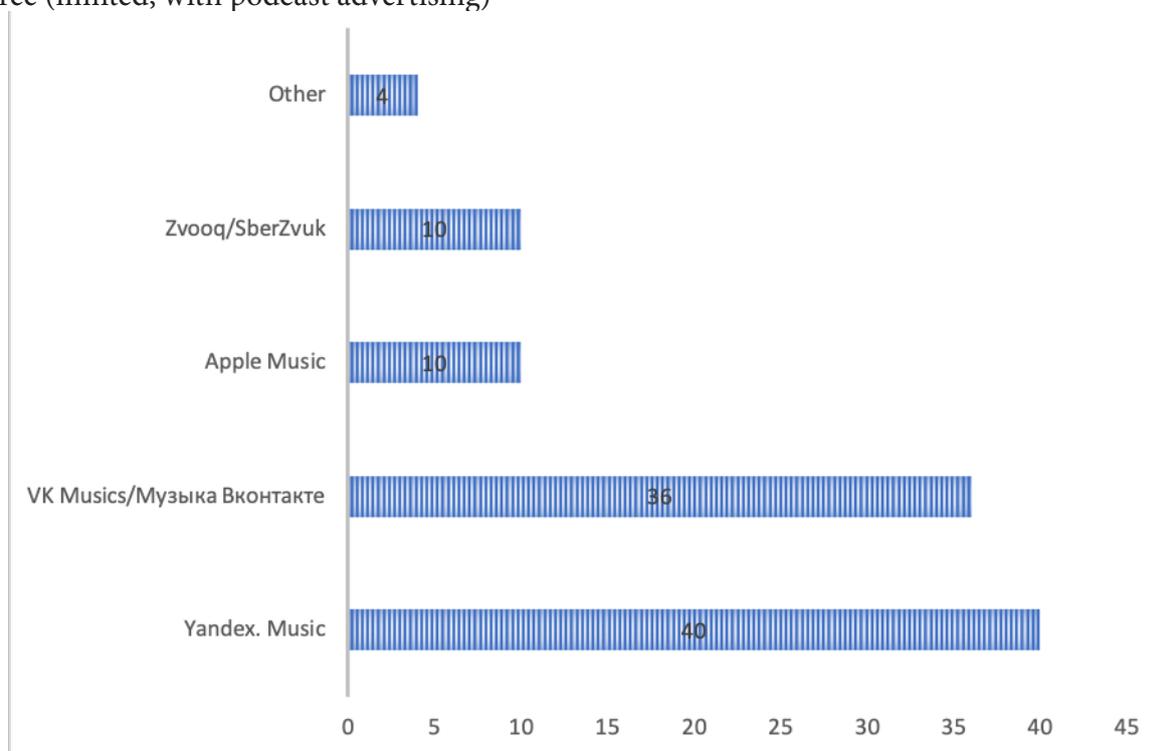


Figure 7. Share of streaming music platforms in the Russian Federation, 2020

Source: PwC Media Outlook 2020.

The high popularity of the service worldwide and the active growth of musicians' interest to digital positioning and promotion allow Spotify to developed a special service for artists. it helps them to receive statistical information about their tracks, audience and communicate with them directly.

In September 2020 Sberbank bought Zvooq.ru, the one of the first music streaming services in Russia. Sberbank made a strategic decision to integrate the music service into its own ecosystem. Today the name of the service is SberZvuk and it is part of subscription to the bank's non-financial services.

Also there is a segment deals with the sale of artists' rights to public broadcasting of musical works. Its market volume was USD 19.7 million in 2020. The activity of audio branding companies was a major factor of the music industry growth. These companies effectively mediate between rights holders and companies that are interested in acquiring rights to music for further use in their activities. For example, for advertisements sounding or as soundtracks for films.

The pandemic significantly reduced the industry's income from concert and festival activity. All major mass events have been cancelled, including annual music festivals (Picnic Afisha, Usad'ba Jazz, Alfa Future People, Aliye Parusa, Nashestviye, VK Fest, Rock nad Volgoi, etc.). These events attract large audiences every year. The public authorities are supporting them as a part of regional social policies. For example, Europe's largest one-day rock music festival, Rock Nad Volgoi, had an audience of 300,000 to 500,000 people. There was a record in 2013 - 692,000 spectators attended the festival.

However, many musicians used this time to organise online concerts through various online streaming services (Okko, Yandex and others) in order to promote their creativity and positive image. These collaborations provided a series of free live performances, which have attracted a large number of spectators. For example, the concert of the rock band Bi-2, hold via Okko video streaming, attracted a large online audience (more than 2.5 million people). By its own streaming service the social network Vkontakte realised a week-long festival, VK Fest, attracting over 41 million viewers from more than 200 countries around the world.

Last years the separation of popular artists from music labels is an important trend of the Russian

music industry market. It is related to the artists' desire to achieve commercial autonomy which would allow them to increase their income from the sale of musical products. The basis of commercial interaction between an musicians and a label is a contract signed for a specific period of time, within which the rights to musical works, fees from live performances and sales of music compositions in digital format and on physical media belong mainly to the music label. Under the terms of the contract, a part of the artists' commercial income goes to the label, holding the rights. The artist will be required to perform a certain number of concerts, participate in major festivals and release the songs at a certain interval. And the label commits to providing information and financial support for the artist, which includes:

- payment of various items of expenditure (music equipment, services, transport, accommodation, etc.)
- realisation of a set of marketing promotional activities (advertising, public relations activities, communication activities);
- looking for collaborative activities opportunities (recording tracks together, finding composers, musicians, etc.).

By various sources, many music labels took 40-70% of an musicians' income. So they refuse to cooperate with labels is primarily explained by commercial reasons. The main driver of this process is digitalisation. When becoming popular, many musicians promote themselves through numerous online channels, including social media and services that allow them to post audio and video material in a convenient format. The active development of streaming services also contributes to the self-promotion of musicians through the availability of music charts - ratings of the popularity. The Russian musicians want to develop their own images. But in most cases music labels manage this process based on studies of current global trends and consumer audience behaviour.

The increasing independence of musicians has a significant impact on the music industry and provide a number of new industry trends. Firstly, an musicians' promotion and level of income are directly depend on their digital activity and the amount of online media content. It effects positively on the audience, increases the musicians' media potential and popularity.

5. OTSW analysis of the music industry in the Russian Federation

The global and domestic trends determine the development of the music industry in the Russian Federation. But in recent years the global ones have become increasingly important. They focus on improving the quality of the business models and target to improve the cost-effectiveness of all market players. The commercial success of the music industry market plays a major role both for the market itself and for the development of musicians and labels.

In order to understand the strategic prospects of the music market, it is reasonable to conduct an OTSW analysis to identify opportunities and threats to the development of the Russian music industry and determine its main strengths and weaknesses (Table 1).

Table 1 - OTSW analysis of the Russian music industry

Features	Threats
Digitalisation of music content Developing of music brands strategic communications system Multichannel marketing system through the interest of large corporations in building their own ecosystems	The increasing level of competition between labels and artists Increasing competition between online services Decreased quality of content
Strengths	Weaknesses
Market potential An developing system of strategic communications	Low public capacity to pay Issues of copyright legal regulation High share of illegal content

Source: composed by the authors

The main strategic opportunity for the music industry market for the Russian Federation and other countries is the active transition of its participants to a digital format. The COVID 2019 pandemic limiting concert activity reinforced this opportunity, reflected in an increased level of demand for online services. Many musicians are actively using the online format to promote their own brand and to communicate with consumers.

The development of communication technologies in the Russian Federation is associated with the most important priorities of the national programme "Digital Economy" – cultural and entertainment services are becoming available to a larger number of potential consumers. But there is an objective risk for the Russian market. It can be the increased internal competition between services. Many large Russian corporations began to pay attention to the digital services, which are the foundations of digital ecosystems. This trend originates from the desire of large companies to diversify their business based on current market trends related to the digitalisation of various business areas. Large market players bought the music services in order to form a portfolio of their own brands and provide a wide range of services. Sberbank is an example of this market trend - the company aims to diversify its business portfolio by introducing various non-financial services for its clients in order to generate new sources of income.

The development of telecommunications technologies and high-speed Internet access enhanced the communication strategy and marketing opportunities for musicians. The active social media promotion reduces the time for the new artist's track launching. But there is a risk of a rapid decline of the quality content being and its clear commercial nature. For example, the active involvement of the commerce in promoting of brands through the musical audio and video content of popular artists is a serious problem. Consumers interpret this as advertising content. So it is causing a negative reaction to the artist's or music label's work.

The great problem of the Russian market is the low consumer demand. Despite the online music services offer quality content and a differentiated approach to pricing their services, the level of demand for these services is still significantly lower than in the US and Europe. The another problem is illegal content as Russian consumers prefer to the legal one. The Russian legislation has little or no regulation of copyright infringement for consumers of content, And the level of illegal content remains relatively high. The possibility to obtain music and also any other entertainment industry content for free in Russia reduces the desire to buy relatively inexpensive online services. This problem can be solved only by strengthening of existing legislation for individuals.

6. Developing a strategic communications system for a music brand

Thus, the most important challenge for companies and brands operating in entertainment industry is applying the right methodological approach to their own development. As discussed earlier, establishing a communication system for a music brand is a strategic aspect of enhancing its competitiveness. The communication solves many problems related to brand promotion, expanding the target audience and increasing the project economic effectiveness.

The communication is essential for a music brand and successful implementation increases brand value for consumers, resulting in higher sales and more effective commercialisation of music products. The main goal of music industry communication system is to provide audience growth through the development and distribution of information and the active use of other marketing methods. The effectiveness of a music brand communication system depends on the strategic approach of its further development.

The economic actor (music label or individual artist) is able to identify the key strategic priorities by using the tools of strategy in the design of a music brand communication system. It allows to achieve the market success and realise the key development goals.

The strategic characteristics of a music brand communication system consist of:

1) Using digital channels to communicate with target audiences allows a music brand to take a strategic approach to its development and generate a unique competitive advantage, which is very important for publicity increasing and audience loyalty;

2) We should take into account the modern regional market trends, when developing a concept for a

music brand's strategic communication system;

3) The strategic success of a music brand is in maintaining the necessary level of publicity by creating awareness and regular communication through various tools, including social media;

4) All possible communication platforms should be used to promote the music brand and ensure equal access in order to reach the maximum target audience.

7. Strategic priorities for establishing a music brand communication system

The strategic communication system of any brand, including a music brand, deals with a number of important strategic tasks related to promotion and commercialisation. These challenges resolving enhances both the social and economic effectiveness of the brand and makes it relevant to the competitive market. By contrast with the market for consumer goods/services, the music industry is largely driven by the current tastes of listeners. This change is impossible to predict from a scientific point of view. In this regard, the development of strategic priorities for a music industry brand is probabilistic, but also takes into account existing trends in music brand development practices both internationally and in the Russian markets.

Strategic Priority No. 1. Development of digital distribution channels by maximising coverage of popular services.

Many services provide the digital music distribution in Russia, the most popular are Yandex.Music, the Mail.ru music ecosystem, Spotify, and many others. For most musicians, there are 3 ways to collaborate with these services:

- 1) posting through the label;
- 2) self-posting through the paid services;
- 3) self-posting through free services.

In case of placement through a label, the label conducts the digital distribution itself, but the musician will have to pay a charge by the terms of the contract. The charge is defined individually for each singer and depends on many parameters, but on average in Russia it ranges from 30% to 50%. Thus, the label can take up to 50% of total musician's income for placing songs on digital distribution services.

If the musician is self-hosting, the services accept tracks for posting only through official partners (ONErpm, AWAL, UnitedMaster – paid agents), FreshTunes, Amuse - free). Paid services are fast and offer additional services for musicians, and their fees range from 10 to 15% of the musician's income. Free services do the hosting for free, but are monetised by providing various services by track promotion, attracting additional audiences, additional track processing, etc.

Table 2 presents income from track placement on digital distribution channels in the Russian Federation.

Table 2 - Level of track listening fees on streaming services in Russia

Service	The price of 1,000 auditions according to data of the beginning of 2020, rub.
YouTube Music Premium	280
Yandex Music	60
Spotify	160
Apple Music	160
Google Music	150

Source: composed by the authors

But the data in the table are also relevant for private singers. For well-known artists and the labels that represent them, the rates of digital services may vary. However, the realisation of the strategic priority will increase the level of income from audio content distribution.

Strategic Priority No. 2. The promotion of digital channels of communication with consumers through the development and support of the music brand's social media profiles.

The second priority proposed by the author of the paper is the promotion of digital channels of communication with the consumer. The popularity of music brands and independent artists largely depends

on the number of their fans. The modern world today can be characterised by a strong shift towards communication through digital formats. The promotion of brands in social media is a strategically important step to ensure a positive fan dynamic, which will be reflected in an increase in the number of followers and members of the brand's official social media communities. The world today is characterised by a strong shift towards communication through digital formats,

The realisation of this priority lies in increasing the number of publications about the music brand, regular posting of industry news and artists, which has a positive effect on the number of newsbreaks and attracts special attention to the brand. Modern artists who have become popular in the Russian Federation actively support personal blogs and social media pages, posting a variety of content for their fans, which allows them to constantly keep the necessary level of engagement and inform them about important upcoming events (concert, track release, etc.).

As an example in the Russian music industry is the active use of communication channels by popular Russian singer Yulia Zivert (Zivert), who used a YouTube channel to post her music in 2017. The channel now has an audience of more than 777,000 people and a total number of views of more than 629 million. In 4 years, the singer has managed to build a loyal audience. The successful integration of social media and digital distribution tools has enabled her to succeed in the Russian market - the singer's compositions topped the charts on many online services throughout 2019-2020.

Thus, we can conclude that a strategic communication system when forming and developing a music brand should be implemented through a combination of different tools, which can attract an additional audience of listeners and fans. This will successfully monetise the content being posted through cross-posting.

Strategic Priority No. 3. Popularise the music brand by increasing activity in non-core (non-music) directions.

In a competitive environment, many music brands (both labels and individual artists) need to develop new promotional tools. The strategic directions can be considered:

- participation in the advertising campaigns of commercial organisations;
- participation in socially important projects supported by the state and public authorities;
- actively maintaining their own blogs (both for promotion and monetisation);
- participation in media projects.

These trends positively influence the level of awareness of the target audience and increase the number of information occasions, which leads to an increase of the socio-economic effectiveness of the music brand in both domestic and foreign markets.

Conclusion

The music industry today is a dynamic creative industry, driven by current trends. The strategy as a long term system allows to interact with other market actors, which is essential for improving social and economic efficiency. The practical recommendations proposed by the authors in the field of music brand strategy and strategic priorities have the significant value.

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