

PREPARE and TRANSFORM

THE MUSIC AND FILM INDUSTRIES
MUST FIND NEW BUSINESS MODELS
IF THEY ARE TO BEAT THE ILLEGAL DOWNLOADERS

- IF THEY CAN'T,
IT WILL ONLY GET WORSE



CARSTEN BECK
head of research at the
Copenhagen Institute
for Future Studies.

"When the digitalisation of music took off at the start of the 1990s, the possibility of downloading didn't exist nor did the threat of illegal distribution really figure on the music industries radar. The industry lost track of developments and are paying the price now," observes Carsten Beck, head of research at the Copenhagen Institute for Future Studies.

He points out that the way people are making use of what is now digitally possible is a revolution, which has pulled

the carpet from under the record companies' existing business models, and that consumers have actually become used to regarding music and film content as something one can get for free from the Internet.

The music industry has been hit by the fusion of technological development with a generation of young individualists. They have been brought up with a stress on individuality both at school and within the family, and they are used to having free choice in every sphere of their

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lives. At the same time, this generation of young people have learnt that the best information is most commonly available free of charge on Wikipedia. Equally, much of the content available on the Net is legally free at present from excellent websites for a wide range of newspapers, from the major nationals to the daily freebies, just as TV and radio are perceived as being free, even though there always has to be some form of financing.

"The technology is brand new and has only existed for 10 years at most, so it is not really so surprising that the consumers and the industry have yet to really work out the rules of the game. We are going to see a lot of court cases in the next 10 years," stresses Carsten Beck.

He also points to the fact that the film and music industries must adapt to a world, which does not put limits on what consumers can get hold of in terms of free information.

"It is a question of power, and that has passed from the big companies to smaller ones, and, of course, that is not so nice. But move on. The industry cannot get out of this problem simply by lecturing and trying to change people's opinions," emphasises Carsten Beck.

Instead of claiming that "the world is against us", the music industry should look forward and work out new business models, without any taboos or prior limitations. Apple have managed it with iTunes, for example. Things are going very well for Apple now, and, having started well, it won't fail as long as the business model works. Carsten Beck suggests other business models, which tie up content with different types of events, hardware or new products, or make use of new financing methods.

"Why not let customers invest in the making of a film, just like a group of people can try to buy a football team on www.football.com," asks Carsten Beck and continues in a similar vein: "We can, of course, set out scenarios for various forms of micro-payments, but people will always try to avoid that. If new business models are not created, then the music and film industries' era is over. It happens every so often that certain people, in history, become irrelevant, if they are not prepared to transform themselves. Just think about the typesetters."

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Source: The Copenhagen Institute for Future Studies

