

Convergence in the Music Industry

Technology creates new, untapped markets

By Michael Goodman



The line between *recording* and *playback* is quickly blurring. And so is the line between *professional* and *amateur*. Technology has made new products smaller, feature-rich and more affordable. When anyone can record their music and offer it on the web for the whole world to enjoy, there is suddenly little difference between *musicians* and *listeners*. The music industry is rapidly converging and new market opportunities are being created every day. What does this mean to us?

Steely Dan just recorded a new album, "Everything Must Go." Engineering the project were Elliot Scheiner, Dave Russell and Roger Nichols - all of whom received Best Engineering Grammys® for the group's previous album "Two Against Nature." "We did a few things differently," commented Elliot Scheiner, superstar tracking and mixing engineer in the band's press release, "including tracking and mixing in analog instead of digital. That contributed to giving this album a really rich and satisfying sound".

We find this comment pretty remarkable - the world's leading recording engineers need to step *backwards* to differentiate themselves. Seems that digital is no longer in favor - or is it? We've all heard complaints about the "cold," "soulless," "computerized" sound of digital audio. Analog continues to possess a special appeal because of its intrinsic non-linear processing capabilities. With analog, every stage in the signal chain is a source of coloration, a source of added processing. With digital, every stage is virtually the same.

In the last decade, digital technology has achieved a certain level of clean perfection, allowing a much wider audience to put together decent-sounding, "CD-quality" work. This, no doubt, creates more competition for the professional recording engineers. Of course, it takes a special talent to win a Grammy; nevertheless, more and more people are producing their own CDs on independent record labels with very good results.

We all remember Napster and the amount of controversy it created, as well as its impact on the record industry. A similar transformation is underway in the world of recording, and it will affect all of us as both consumers and producers of audio content. This transformation is called convergence, and in our view it will take three distinct forms:

1. Convergence of the Producer and Consumer Markets
2. Convergence of the Recording and Playback Domains
3. Convergence of the Computer Tools for all of the above

The first type of convergence is most easily illustrated on the example of a club DJ. Here we basically have a consumer who grew up listening to records, who has evolved into a producer of original content by creating innovative musical collages for the audience to enjoy. This type of convergence and the associated consumer trends have sprung new life into the declining turntable and record needle industries and given birth to new market segments in DJ mixers, effects, lighting and sound reinforcement equipment. Computer

software like ACID™ extends this trend to the desktop user through sample manipulation and adds to the creative possibilities of people without the training and experience to play a “real” musical instrument. More people can generate original content now than before. The line between the consumer and the producer of content has blurred.

The second kind of convergence is primarily due to miniaturization and performance increases in microprocessors. Consider MP3 players, for example. The Apple iPod took the world by storm in 2002 with over a million units sold, far surpassing the sales of all other MP3 players combined. Curiously enough, the processor chip used in many MP3 players is capable of not only playing back, but also encoding MP3 files onto the hard drive.

This means that a device that fits into your pocket can theoretically also function as a stereo recorder, which in turn opens up possibilities for recording live shows, practice sessions and demos on a small budget. No longer do you need an expensive studio and racks of gear to put together a demo. If all of your instruments are electric, you can easily record a complete project in a spare bedroom. The home, which has traditionally been a playback-only domain, now doubles as a recording domain as well.

The third kind of convergence is brought about by the recent performance increases in personal computers. Even though purists continue to favor tape-based recording mediums, the success of ProTools™ and Radar™ software has demonstrated that you can reliably record to a computer. And with plug-ins, the signal processing has also migrated into the computer. This has changed the landscape dramatically – music stores now offer blowout specials on 19” rack cases, because no one buys rack mount processors anymore. The plug-in industry almost entirely replaced the stand-alone rack-mount audio processors that were industry mainstays from the 60s to the early 90s.

Today’s young people may not understand the controversy. Students at college-level audio programs are truly perplexed when given the opportunity to learn tape-based recording. They ask a typical question: “Why should I learn both? Isn’t digital clearly better?” This brings up an interesting observation: the recording and production engineers of tomorrow are growing up on an entirely different set of tools, the ones driven by arrow keys and the Enter button. The “purists” will continue to prefer analog, but the majority of newcomers grew up on digital and will likely stick with it.

Manufacturers that have responded to this convergence trend are reaping the benefits of a barely tapped new market. Others need to develop new products fast. Computerized technology has shortened product lifecycles more than ever and development timeframe is now a critical issue. Successful manufacturers understand that while their core competency may be quality audio and not rapid rollout of digital technology, the right outsourcing partner can make all the difference.

We are witnessing yet a fourth type of convergence today. It’s the merging of information and entertainment appliances. The new term “Infotainment appliance” was coined to refer to these all-in-one devices. We believe that this subject has already received enough attention and will direct the reader elsewhere for the in-depth analysis of this trend. One point is worth making, however. As we learned from the evolution of the Personal Organizer in the period from 1995 to 1999, a device that is designed to do a few things well will achieve greater market acceptance than a device that tries to do many things poorly.

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Michael Goodman is managing director of CEntrance, Inc., a design firm at the forefront of innovation, which develops professional audio and consumer electronics products used in homes, radio stations, recording studios, concert venues, and virtually anywhere else music is made or heard. By paying special attention to product definition, design, and user interface, CEntrance develops products that customers come to rely on-and love. For more information, please contact CEntrance at 847-581-0500 or via email at info@CEntrance.com