

## Waves from the Effects of COVID-19 on a Music Business

Art Phillips

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### Introduction

This article examines the innovation of an Australian-based company, [101 Music Pty Ltd®](#), its product lines, customers and income streams. The changes that occurred - from the effects of the COVID-19 pandemic and the hiatus of television and visual content productions around the world due to social distancing measures and isolations - have resulted in a catastrophic downturn of licensing and performance income in the music soundtrack industry.

### Music – Providing Emotional Solutions to Storylines

When we think of music we generally recall the famous classical pieces, the popular radio hits and the theme music from television and feature films that take us on those memorable emotional journeys.

Composing music is a creative art form and can serve a variety of purposes, but one very important medium is music that accompanies the visual and its storyline – the television/film soundtrack. Have you ever sat and watched a film or television series stripped of its music soundtrack? If you have, you will quickly notice that the program does not have the same impact without music, as music propels stories, like an invisible character, like a 3<sup>rd</sup> dimension. Music in a visual program moves and sways the viewer in ways that are consciously - and many times subconsciously - designed to help underpin, guide and define the story.

Music can either be written specifically to the visual by a music composer, or music can be licenced from existing commercial song recordings, or with the licensing of 'production library music' – the business of [101 Music Pty Ltd®](#).

### Production (library) Music and Licensing for Television, Film and Advertising Content

[101 Music Pty Ltd®](#) is a production library music catalogue and record label. Production Music is music that is created, composed, produced and recorded before we even know where it will be used. This source of music has been in existence for over 100 + years and is manufactured specifically for the synchronization or dubbing into audio-visual programs, which can include television series, documentaries, feature films, advertising campaigns (radio or television), websites, online games, music on hold, ringtones, and many other areas.

Production music is licenced to content producers for their visual production. It has seen a surge of use and a popular source of music licencing, especially since reality television has become a staple for viewers over the past 25 years. Television shows such as Survivor, Police Rescue, 60 Minutes, The Today Show, E-Entertainment, Oprah, Crime Story, Missing Persons documentaries, and the like, use production music extensively. It is fast and efficient to obtain as it is already composed and produced, making music licensing clearances (the paperwork) quite simple.

Statistics from the Production Music Association (PMA), an American industry association, has placed a dollar value on the revenues generated by production music for the first time, citing it as a billion dollar a year industry. As PMA Chairman and Associated Production Music President Adam Taylor says: *'Production music, which is heard in most film, television and video productions, is often hidden in plain sight'* (Dillion, 2017).

## The Company & Business

[101 Music Pty Ltd®](#) exports its product across 85 global territories under some 24 separate distribution agreements. Our music distributors are our agents, or as we call them in our industry, 'music sub-publishers'. 101 Music is the originating music publisher and record label, where we sub-license product under a term of 3 years and renewable for one-year increments to the most suitable foreign sub-publisher distributor in each region. We pick and choose carefully who will represent 101s product as the 'export market' is our lifeline. *'101s distributor list can be found using the territorial flags on this menu'* [here](#) (Phillips, 2021).

[101 Music Pty Ltd®](#) currently has 67 production music albums in its asset portfolio, encompassing a variety of genres - from drama, sports, comedy, positive feel-good, extreme impact trailer style, travelogue, news themes, calm landscape style, corporate, industrial, and many more. *101s releases can be viewed and heard as marketing teasers'* [here](#) (Phillips, 2021).

The 101 Music logo and name is trademarked ® across numerous territories. We also use a short sales 'slogan' to sit with the business name and logo: *emotional solutions through music*.

**101 emotional solutions through music**, where we also incorporate that slogan into the logo design:



## Waves from the COVID-19 Pandemic

The consequences of the global pandemic have been felt by my company as with so many other businesses across the world. The situation with a production music company is a little different than most other businesses, as we don't see income returns from a music license for some 9 ~ 18 months after the agreement is made with a content producer.

And with respect to broadcast performance income, which is another income source, we don't receive this stream of income from anywhere up to 2 ~ 2.5 years after the program is aired (broadcast) to the public.

In light of these facts, I realized early on in the Covid-19 pandemic, e.g. March 2020, that my company would need to implement an effective plan to deal with the effects from this pandemic, being an income downturn, which would not begin to hit my business until around March 2021, which it did – and I am proud and fortunate to state that **101 has survived to tell the story.**

Most businesses experienced an immediate downturn of revenue from the pandemic, and many were able to achieve government support by showing a 30% decline of income. My company did not see an income drop until a least a year following the beginning of Covid – making my business sound very lucky, but actually not so fortunate in many aspects – as the worst was to come with a delayed effect.

I realized that television and film productions were unable to continue filming due to health regulations in every territory given the social distancing measures and isolations - but nobody knew for how long. I also realized that any new music licences would halt due to the reproductions from the hiatus – no filming, no new tv shows = no music being used.

I needed to take steps urgently to plan efficiently and to pave the road ahead in order for my company to survive. My business would either have to stop manufacturing completely in order to save on costs, or to have less album releases per year, to compensate for the upcoming income decline. As I saw it, both of these ideas would not have been a good solution. I had to find a way to cut manufacturing costs without effecting the quality nor quantity of new product being released.

If my company stopped the creation and manufacturing of product releases completely or simply just slowed down the number of releases per year, that my company would lose its optimal search/find 'algorithms', with respect to 'search results'. This would deplete substantially on each territorial website – and therefore be an additional disaster of its own kind. That is an article in itself.

After careful thought, I decided to utilize existing asset resources, by repackaging these resources to obtain a cost savings method and formula, in order to continue with product activity and output.

My theory was – let's put these assets to use by repacking select product in an innovative manner to increase exposure to the company, and to keep the algorithms of 101 Music alive. Once the pandemic subsides, and the clients and users of my product begin searching for music to suit their needs, 101 is still on top – it never stopped producing.

101 Music already has some 1200 music titles (song titles) in its portfolio, with product previously released and active in the marketplace. These music productions have already been created, composed, produced, recorded, mixed and mastered, and have their own metadata that accompanies their original release.

I could therein create 'compilation' album releases, using existing material, reactivating and re-packaging 12 existing music pieces that fit nicely together into a new and specific emotional album direction. Emotional, as music is all about emotions, and then marketing the compilation album releases under an emotional descriptive banner – drama, comedy, dance, etc.

Since 'keywording' is a critical process for every music product release, this compilation concept would be best focused by using only 'one' keyword in the album product title, such as Calm, Summer, Mystery, and the like.

I moved forward with this by creating a sub-label for 101 Music, called **101 Music Compilations**, where I'd release the **Best Of's, Best Of \_\_\_\_\_**.

Rather than spending generally AUD 10,000 per album release on manufacturing and production costs, I could cut this back to AUD 2,000 per album release by repackaging existing music from the 101 music catalogue into a new release album compilation such as the [Best Of Home](#) (a suitable title to be the first in a series of 101s compilation albums as everyone is staying home – where the music aim would be warm, cozy, safe, relaxed, content - then I later released [Best Of Summer](#), then [Best Of Calm](#)).

*Click on the above titles to better understand the sound of the music and marketing descriptions employed for these releases.*

Next in the series will be **Best of Positive** (upbeat, radio friendly, feel-good).

Historically, my company releases an album every 2 months, generally 6 albums per year. Rather than spend \$ 60,000 per annum, this concept would only cost \$ 12,000, or possibly less. This would also keep some of my independent contractors working with a bit of income flow during the pandemic, and also gives my composers the additional outlet to have their music re-released, repackaged for additional exposure and extra performance income.

The only manufacturing work that needs to be processed on Best Ofs album is finding 12 appropriate tracks from my existing asset catalogue – then repackaged with fresh artwork for a new look, under a new brand, and just recompiling the metadata from its existing release to suit its repositioned genre.

These best of compilations are like a music 'playlist' that one would create of their favourite pieces from the 60s or 70s so to speak. With the 'Best Ofs', I achieve a savings of 80% in direct costs (costs of goods sold), which allows for a large percentage of income downturn as a safety-net.

I am now just realizing the effects of the downturn in television production from around the globe, such as productions coming out of Los Angeles, New York, UK, Japan, Germany, South Korea, and locally. On analysis, I am seeing a depletion of sales revenue of some 42%.

As from the start of 2021, I decided to intersperse a new original album release (normal production and costs) with every second release being a 'Best Of' compilation, therein achieving enough of a cost savings to keep the company unaffected by the wave of the pandemic crisis. This way, I am not diluting 100% of new innovation for the company and am feeding a fresh asset pool of original copyrights.

From my catalogue content analysis, from the 67 album releases to date, I could continue this trend for approximately 3 years before the compilation approach would become overcooked, stale and mostly impractical.

Another survival method that I have employed is focusing more on music for radio ads, as the downturn of production has not effected radio much at all – as group gathered personel and production sets are not required for these type of productions. I've now focused more on new original album releases that are positive, upbeat, radio friendly, and corporate sounding - utilizing unique one-liner song lyrics, a lyric that is the title of the music track, such as **Let's Do It** (from Motivations, as noted below). These lyric one-liners repeat through the audio file with a vocalist singing the hook line, but do not have a continued lyric storyline, just the one-liner. Examples can be referenced here:

**MOTIVATIONS 101M051** <https://101.audio/portfolio-items/new-101-music-release-101m051-motivations/>

**RADIO FRIENDLY 101M044** <https://101.audio/portfolio-items/101m044-radio-friendly/>

**TURNING CORNERS 101M041** <https://101.audio/portfolio-items/101m041-turning-corners/>

Using the on-liner song / lyric approach allows a multitude of usage, rather than it being too specific to an exact or distinct advertising story situation – therein, heightening the usage possibility. A positive one-liner title / vocalized as a purpose driven direct message works for any product. Why limit oneself to a specific advertising use.....we are going for the larger game – any product, with a long and continued ability for usage.

Radio ads have continued through any hiatus due to Covid and its health restrictions.

## Conclusion

The above strategies have allowed strong sustainability for the business, and has been a safeguard against the waves of the Covid economic downturn. The results are working, as I have begun to see just recently - now two years since the beginning of the pandemic.

These strategies have provided positive opportunities, such as new innovative product, a new business arm (a business tributary), a farther reach for my business assets –all of which supply a stronger 'long tail effect' – income from assets that continue to grow over time.

*'The long tail is a statistical pattern of distribution that occurs when a larger share of occurrences occur (happen) farther away from the centre or head of distribution. This means that a long tail distribution includes many values that are far away from the mean value. In an economic context, this signifies that more products are purchased that are different from the most mainstream products'* (Anderson, 2004).

Businesses need to find ways to survive in the greatest of disasters, or get swallowed-up. A business plan has always been necessary for action, and being aware of 'change' in ones business plan is essential.

Aside from running my own business, I lecture part time in Entrepreneurship Research Report at the Universal Business School Sydney, teaching two classes a week. I am passionate about sharing my knowledge and experiences with students.

I teach postgraduate students how to write an effective business plan, being the only assurance in running a business smoothly. I also talk about the importance of **change**, and how necessary it is to positively embrace situations such as the pandemic.

As I quote to my students:

*'Effective entrepreneurs are exceptional learners.*

*We learn from everything.*

*We learn from our clients, our customers,  
our employees, our associations, our suppliers.*

*We learn from other entrepreneurs.*

*We learn from experience, from doing,  
and importantly –*

*we learn from making mistakes.*

*The core to success is how you will engage with **change**.*

*Hurdles are our friends.....*

*Disappointments are never our enemy' (Phillips, 2021).*

## References

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**Art Phillips** is the owner and director of [101 Music Pty Ltd®](https://101.audio/bio-art-phillips/). His bio can be found here at - <https://101.audio/bio-art-phillips/>.

Art is also an Adjunct Professor at UBSS and Director of the UBSS Centre for Entrepreneurship