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## **Production and Consumption Model of a Modern Music Product**

**Abstract:** *Introduction.* The relevance of the study is in the formation of conceptual and terminological apparatus for the functioning of the music industry in Ukraine, the identification of music product producers, determining the specifics of music product and its essence, to develop an effective mechanism for copyright protection of authors and performers (artists) in a crisis of royalty payments formed in Ukraine in 2021. *Purpose and methods.* The study aims to determine the model of production and consumption of a modern music product given the rapid digitization of such a product in the last decade. The methodological basis of the study is comprehensive, systematic, and historical approaches. *Results.* A music product is defined in two definitions: first, like a musical composition with lyrics (song) or without lyrics (melody); secondly, “artist” as a music product that is directly involved in creating a track (song), public performance (concert), products with the symbols of their brand (merch) and content for social networks, television, radio, including advertising. Modern manufacturers of the music industry commercialize the artist's brand, his unique story. This strategy ensures rapid monetization of the music project and reduces investment risks. *Conclusions.* The scientific novelty of the research results is to determine the specifics of the functioning of traditional and modern models of modern music product production and consumption. The practical significance of the obtained results is in the use of the concept of “music product” for the development and improvement of legislation in the field of culture, the functioning of the music industry, and the protection of intellectual property rights, including copyright.

**Keywords:** music product, music industry, cultural and creative industries, royalty, artist, musical composition, music.

## **1. Introduction**

**The problem formulation.** Currently, the Ukrainian music industry is in its infancy, although Ukraine has already passed its 30th anniversary of Independence. Particularly acute in the country is the problem of copyright enforcement and payment of royalties to authors and artists. Lawmakers are proposing many law drafts that would regulate copyright compliance and establish a royalty payment system through the accreditation procedure of special organizations – Collective Management Organizations. However, in Ukraine, there is no terminology regarding the functioning of the music industry as a whole, its subjects, and the types of economic activity that should be attributed to such an industry. Also, there is no term “music product” in the legislation of Ukraine. These issues are little researched in the scientific community too. Ukrainian scientists mostly focus on art education and vocal training. However, not enough attention is paid to music market research and the specifics of the music product. Ukraine also does not train specialists in music management at the level of higher education institutions.

However, the above problems of the absence of a clear terminological apparatus and developed conceptual framework; lack of systems of legislation governing the observance of copyright, and defining market participants do not mean that a music product in the form of a song (lyrics and music) is not produced or consumed in Ukraine. Ukrainian music product is even export-oriented and transcend the boundaries of the local market. It is worth remembering the recent success of the band GO-A at Eurovision with the song “Shum”. However, it should be noted that such “export” is not a pattern, determined given the strategy of cultural development at the state level of the country, but accidental, based on the enthusiasm and skill of artists and their management teams. If we consider the situation with authors who create lyrics (songwriting) and music for a song, they are, unfortunately, in the absence of certain rules of the game in the market focused on selling songs abroad, particularly in neighboring markets, because they will receive a guaranteed payment of royalties there. That is, the production of a music product in the country currently takes place in the absence of institutionalization of the music industry and support at the state level.

As for music product consumption in the form of song content, Ukrainians actively use the streaming services of the Swedish company Spotify and the American one – Apple Music. The share of YouTube Music users is constantly growing, and the streaming service of the French company Deezer is gaining momentum.

Ukrainian artists and production companies are also focused on their business models on the rapid shipment of releases and tracks to the music showcases of services through the services of distribution companies. However, the lack of a mechanism for obtaining any royalties, including from streaming platforms, as well as the existence of a pirated market on the Internet, makes it impossible for musicians (artists) and authors to make a profit in this area. An artist who acts independently or cooperates under a contract with a production company or label focused on profits entirely from a concert and touring activities. In a pandemic, such an orientation means a rapid loss of financial stability and a possible risk of closing a music project.

**State study of the problem.** Defining the model of production and consumption of a modern music product required clarifying the essence of the concept of “music product” and studying changes in the production and consumption of a music product: from the formation of the record industry to the present day. To do this, the scientific works of R. J. Burges (2014), M. Hilmes (1997), and C. Scott (2008) on the history of the formation and development of the music industry and media such as radio and television were studied. The functioning of modern streaming services, in particular Spotify, was studied according to the articles by modern scientists M. L. Barata and P. S. Coelho (2021), R. Towse (2020), P. Vonderau (2019). The specificity of the music product and its main manufacturers were determined based on studies of D. J. Byrne (2017), A. Herstand (2017), J. Williamson, and M. Cloonan (2007).

Defining the essence of the concept of “music product” was based on research of D. Hesmondhalgh (2013) on the product of the cultural industries’ production, J. Howkins (2001) on the specifics of the product in creative industries, I. Parkhomenko and K. Berezovska (2020) on the identification of approaches in defining the essence of the concept of “cultural product”, P. L. Sacco (2011) on the forms' transformation of support for the products of production in cultural industries during the study of the history of its production in society.

The value component of a music product, namely music (melody with or without text), was analyzed given the motivational theory of needs of A. Maslow (1954) and his modern follower S. B. Kaufman (2020). The music product as a product that creates impressions and emotions has been studied in the context of the scientific work of J. B. Pine and J. H. Gilmore (1999) on the theoretical concept of impression economics, as well as R. Rossman and M. Duerden (2019) on the transformation of impressions into emotions in the process of organizing and conducting events, the methodology of impression design.

The study of terminology in the legislation of Ukraine to ensure the protection of copyright of authors and music performers (artists), as well as the functioning of the music industry, was carried out through the study of

Laws of Ukraine: 1) Law of Ukraine on Culture (2010); 2) Law of Ukraine on copyright and related rights (1993). As well as the Government Resolution “Resolution on the definition of economic activities that belong to the creative industries” (2019).

**Unresolved issues.** Having highlighted the main issues of the music market in Ukraine, it is necessary to begin systematic research to develop clear and transparent rules of the market and ensure compliance with intellectual property rights in Ukraine, including copyright. Respect for such rights is also important, given Ukraine's desire to become a member of the European Union (EU). These rights are protected in the EU. There is an effective system of copyright protection in the courts, as well as mechanisms for paying various royalties there.

Therefore, the Ukrainian scientific community should start research and expert discussion on defining the essence of concepts and developing terms for the institutionalization of the music industry in Ukraine for future legislation: both the creation of new and renewal of existing ones.

## **2. Purpose and methods**

**The purpose and research tasks.** The purpose of the article is to determine the production and consumption models of a modern music product given the rapid digitalization of such a product in the last decade.

To achieve the goal of the study, we must do the following tasks:

- to find out the essence of the concept of “music product” and its features;
- to distinguish the stages of transformation of production and consumption of a music product in chronological order;
- to determine the model of production and consumption of modern music product, taking into account the producers and commercialization strategies.

**Methodology and methods.** The methodological basis of this study is the application of such approaches as comprehensive one to study the logic of modern music product production and consumption and the music industry functioning as a whole; the systematic approach allowed to determine the components of the logic of production and consumption in the music industry, analyzing the music product from sound recording (audio copies) to its digital form of a track on streaming services; a historical approach aimed at studying changes in the logic of production and consumption of a music product during the period of appearance, formation, and development of the record industry and the music industry. The philosophical methodology was used in the context of clarifying the essence of the concept of “music product” and its transformation in the context of changing the logic of its production and consumption,

the appearance of new individuals in the music industry; as well as clarifying the value component of the music product in the context of the needs theory of A. Maslow.

The study uses general and special methods of scientific research: heuristic methods and methods of theoretical research, namely observation and analysis of the artists' activities in social networks and their cooperation with label companies in the music market; epistemological and axiological approaches helped to clarify the meaning of "music product"; comparative and chronological ones aimed to distinguish changes in the logic of production and consumption of a music product from the appearance of sound recording devices to today's music platforms.

**Information base.** The information base of the study is based primarily on research by leading representatives of modern scientific thought on the study of the music industry, cultural economics, media, and the functioning of cultural industries. An important part of the study is the study of legislative regulation of protection and enforcement of copyright in Ukraine concerning the activities of music performers (artists) and authors of lyrics and melody (music), analysis of the present terminology in the legislation. The study also used materials from the music agency Soundbuzz report, which was conducted with the support of the Ukrainian Cultural Foundation in 2020, on the music market of Ukraine and its foreign economic prospects (Tarnovska et al., 2020).

### **3. Results and discussion**

#### **3.1. A concept of a music product and its features**

To build the production and consumption models of a modern music product, we must define its essence and identify the main participants who create it. The current Ukrainian legislation does not contain the term "music product". The subjects of the music industry are also not defined. The music industry is not mentioned in the context of creative industries, defining the types of economic activity that should be attributed to such (Cabinet of Ministers of Ukraine, 2019). The official names live music in the field of performing arts and also distinguishes between audio art and audiovisual art. The music industry is not clearly defined.

Instead, the Law of Ukraine "On Copyright and Related Rights" contains the following terms: audiovisual composition, phonogram, potpourri, composition copy, derivative work, public performance, audiovisual producer. At the same time, the definition of the term "electronic (digital) information" states that it can be "... audiovisual product, musical composition (with text and without it), phonograms..." (The Verkhovna Rada of Ukraine, 1993). However,

the legislators do not define the essence of the term “musical composition”. Accordingly, there is no clear understanding of how to distinguish a phonogram and a musical composition with a text, or perhaps these concepts are identical. The Law of Ukraine “On the Music Industry” is also lacking.

Thus, the functioning of the music industry in Ukraine is unregulated at the state level. Moreover, the product they create is not fully protected by copyright. After all, even the above analysis indicates terminological confusion in the law. However, this does not stop the market, which continues to create interesting music projects that overcome the local Ukrainian market and gain popularity abroad. For example, cases of bands and artists like Go-A, KAZKA, Verka Serdutchka, NK.

A music product can be called the final product (result) of production in the music industry. Its production requires the involvement of various subjects in the stages of its implementation: author, artist (music performer), music publisher, label, distributor, music platforms (streaming services). We also consider the music product as a project that contains specific stages of implementation: from conception, strategy development to sales in the digital storefront of streaming services (Herstand, 2017).

The Ukrainian legislators focus on a specific information carrier that fixes copyright. The logic of the legislation is focused on copyright protection. However, it should be noted that today the concept of “music product” goes beyond the definition of it exclusively as a “song” or “track” contained on information media, such as a CD. First, music product manufacturers primarily seek to place the artist's track on music platforms: Spotify, Apple Music, YouTube Music, and others. Given the development of streaming services, the CD has lost its relevance and primacy as a form of consumption. Secondly, in the context of the strategy of a music project and its sale development, the “artist” is not only the one who performs the song (track) publicly but also he is a music product. After all, the artist's image is a character of a certain story, which is sold to the consumer (listener). This is the basis of modern marketing strategy in the music industry.

In this case, the artist produces a musical composition (with or without text), a public performance (concert), merch (goods with branded symbols of the artist), and content of various formats for social networks, television, radio, including advertising. In the case when an artist creates a musical composition, he also acts as the author of the work. The artist is a necessary participant in creating the value of a music product. It is possible only the creation of musical composition without him: writing the lyrics, melody. Recording a song already involves its performance by an artist in a recording studio, as well as playing a melody.

The concept of “music product” is proposed to be defined in several definitions. First, given its essential component, which has developed historically with the advent of sound recording devices that could record and reproduce various sounds (melody and voice of the artist). We mean a musical composition that can be with or without lyrics (in case there is only a melody). The melody and the text, displayed and published on the information carrier, for example, on the staff are protected by copyright. Therefore, one of the earliest actors in the record industry and later in the music industry is music publishing (Burgess, 2014). Publishers recorded copyright, primarily on paper. Today, music publishers license the rights of authors and performers to receive royalties in full. Publishers provide their services for a percentage, which is prescribed in the contract with the author, artist, company that is the owner of the copyright.

Secondly, a music product can be determined by the logic of its production and consumption. We are talking about the industry only when it comes to mass serial production, manufacturer seeks to sell it on the market. With the invention of the sound recorder, it became possible to make copies of audio. As you know, the first carrier was a gramophone record, which was first released in the United States in 1897 (Burgess, 2014). Gramophones made it possible to play music at home by buying records. Consumers (listeners) had the opportunity to choose the music they like and listen to it. Later, in the second half of the 20th century, the development of radio and television provoked the need of the public to contemplate and listen to entertaining content in the form of performances by the artists and their music. Not only the sound recording of a musical composition is commercialized but also the image of the artist, which is reproduced by the media.

Parallel commercial sales of records (CDs in the 80's of the 20th century) and concert activities of artists served as a criterion for the popularity of artists, given the number of copies and tickets to their concerts that were sold. This is how democracies such as the United States, Canada, the current EU, the United Kingdom, and others have determined the winners of music charts based on market sales. Currently, this option is implemented through the criterion of the number of listens on various streaming services. Subscription for the consumer to such services is mostly paid.

We should note that the logic of production and consumption of a music product changes in the following chronological order (Burgess, 2014):

1. 90's of the 19th century – The appearance of the gramophone and gramophone record led to the gradual commercialization of sound recording and the serial production of audio products. For the first time, potential consumers have the opportunity to choose to buy a gramophone record based on their musical preferences.

2. 20's of the 20th century – The formation of a radio industry with a state monopoly and private radio (for example, in the United States), which broadcast music, news, and then short talk shows. Privately owned radios were also licensed. They did not get state funding but received advertising revenue. In 1928, there were 677 radio stations in the United States, and business expenses for radio advertising totaled \$14.1 million in the same year (Scott, 2008). The music product has been streamed.

3. 30's of the 20th century – The publication of the first music charts in specialized magazines marked the institutionalization of the recording and music industry and radio, which determined the criteria for the popularity of the artist and musical composition. These are such criteria as the number of copies of the recording sold and the frequency of sounding on the radio.

4. 60's of the 20th century – Television provokes the commercialization of the artist's image and his talent at the same time. Video content is gradually displacing audio. We are talking about the emergence of an audiovisual product. The BBC is airing a TV show with a music chart showing the first music videos of, for example, "The Beatles". The video clip for the song is aimed at illustrating the story conveyed by the text of the musical composition and its performer.

5. 70's of the 20th century – Rapid growth of consumption of audio recordings on cassettes with the help of tape recorders. In addition to cassettes with audio recordings of songs or melodies, the consumer can copy the recording himself by purchasing so-called "pure" cassettes. There is a problem with pirated audio copies. Accordingly, the copyright of the artist and the author is violated.

6. 80's of the 20th century – The advent of CDs and CDs (and later, DVD) players focused on improving the quality of audio and video during playback and recording.

7. 2000's and until now – The development of new forms of consumption of musical compositions (tracks) by placing them on streaming services (music platforms). Consumption is based on the fact that a potential consumer has a smartphone. The consumer does not buy a media carrier but a subscription to use the platform and listen to tracks at a convenient time without advertising and even without an Internet connection. Streaming services offer a personalized approach to the user, because the algorithms of these services offer tracks to the listener, constantly studying the musical preferences of such consumers (Barata & Coelho, 2021; Towse, 2020).

Given the selected stages, the music product should be considered not only as a musical composition, the serial production of which became possible due to the emergence and improvement of sound recording devices and various media carriers: records, cassettes, discs, and others. Television and the first video clips allowed the artists and their management to commercialize not only the



voice, performance manner, lyrics, and melody but also the artist's unique image. Reusable video allows consumers to see the artist at regular intervals. At the same time, the musician may be in another place and perform completely different work, such as giving a concert.

First of all, the artist's image complemented the video clip story created for the lyrics. However, later with the advent of the Internet and social networks, above all the actual “artist” is commercialized as a certain story hero, forming his brand. The artist's repertoire is selected in the context of the story they seek to commercialize. This approach of storytelling to create the artist's value is the key to the rapid commercial success of contemporary artists. After all, long-term music projects are a greater investment risk for companies that produce the artist's activities (labels).

So, now the music industry subjects commercialize not only musical compositions (audio and video) but also the “artist” himself as a product of output, working on the personal brand creation. This is taken into account in their business models. For example, labels have an A&R department in their organizational structures that search for new talented artists (Herstand, 2017). Publishers are interested in creating hit songs for artists, and they inspire authors for this by gathering them for special campings for authors. Moreover, if you look at the rapid growth of bloggers in social networks, in particular TikTok, this platform works to monetize the blogger talent. Music content is a product that participates in the creation of added value of the “blogger” – “artist” as a product. These cases are traced to the functioning of the so-called TikTok Houses in the social network TikTok.

The essence of the concept of “music product” can also be considered given the consumer needs – a potential fan of the artist's work. The song and melody (like its performer) provoke certain emotions and feelings in us. What he says, what he does, what he is like in life, what values he professes are interesting for us. It’s important that this be real, not invented specifically as content. Such “true” content in the form of a full story, consumers want to see 24/7 in the social networks of the artist. Modern cultural industries, including the music industry, create an impression as a product that can become an emotion and grow into a feeling (Rossman & Duerden, 2019; Pine & Gilmore, 1999). The nature of a music product is emotional and sensual. The artist and the music product created by him allow the consumer to have an emotional and sensory experience. While emotions can be completely different range: from aggression to joy. In the modern music industry, market participants at the initial stage of a music project (artist's launch) seek to commercialize just one specific emotion that is understandable to the potential consumer.

According to A. Maslow's motivational theory of needs, the music product does not belong to the basic needs. However, the oldest flutes in history, found in caves in Germany, were in primitive societies. Thus, primitive man was not deprived of the attraction to music. Of course, first of all, we should talk about the desire for knowledge, creativity, and aesthetics in human nature. A. Maslow (1954) in his monograph, writes about the needs of knowledge and aesthetic needs as an engine to the so-called "higher" needs: love, respect, and recognition in society and self-actualization (p. 97). The need for cognition and creation is pervasive and is inherent in human nature, regardless of the level of satisfaction of basic and higher needs. Music entertains and inspires, generates an emotional and sensory response in a person. Therefore, music is constantly present in human life and society as a whole in different historical and cultural periods: from primitive society to the present day.

### **3.2. Traditional and modern models of production and consumption of current music product**

To determine the production and consumption models of a modern music product, it is necessary to identify its producers who are currently engaged in economic activities in the music industry. Although this is not yet legally regulated in Ukraine. We also consider it necessary to emphasize that the "model" in this study means a pattern that reflects the principles of the music industry as a structure.

We should note that the music industry is part of the structure of cultural and creative industries. After all, the specificity of a music product falls under the essence of the concept of "cultural product": the manufacturer in the field of culture is focused on creating, first of all, unique content (values), and only then on the concomitant commercialization of such product (Parkhomenko & Berezovska, 2020). We are talking, first of all, about the activities of the author of musical composition (with text and without it – melody) and about the artist who creates his own story of creativity through voice, manner of performance, public demonstration of values through various channels of communication. The author and the artist create a cultural product in the format of musical composition and respectively their own story (brand). We emphasize that without an artist, it is impossible to create accompanying music products, including a public performance (concert). Even if we talk about the demonstration of the hologram on stage, it is still a replicated image, familiar to consumers. The song is also recorded using the artist's voice, as it is impossible to play the melody without musical accompaniment. Concert and touring activity is a necessary component in the activities of the artist but can not exist separately from him. The primary is a music product.

The record industry operates within the modern music industry, performing primarily the function of recording audio copies, which provides serial production of a music product in the form of tracks or releases of the artist. The recording also allows recording copyright. With the advent of the record industry, we start talking about the industrial production of musical compositions performed by artists. Whereas the TV industry and the appearance of an audiovisual product in the form of video clips of the artist allowed to broadcast the artist's image to the public with constant frequency. To see the artist you do not need to buy a ticket to the concert and wait for it, you need just to have a TV in your apartment. The Internet and social networks create an imitation of direct interaction with the artist 24 hours a day, providing the consumer with personalized content in the feed of social networks, thanks to subscriptions to the artist's account and special music publics. Music platforms work according to similar algorithms: they offer artists and playlists to the consumer based on his musical preferences.

In addition to the main producers of the music product (the author and the artist), the music market has the following participants (Herstand, 2017):

1. Sound recording studios that perform the function of creating artists' tracks: arranging, compiling, mastering, etc.
2. Music publishers license the copyrights of authors and performers by collecting royalties.
3. Labels – companies that invest in the activities of the artist, signing a contract with him, and providing him with a team of managers. Having signed a contract with Major Label (Sony, Universal, Warner), the artist cooperates without intermediaries with streaming services, because the latter directly cooperate with such services. The functions of the record label are constantly transforming, as they have existed since the time of the recording of the first records. These records adapt the set of functions to their main target audience – talented artists.
4. Distributors act as an intermediary in the delivery of the artist's track (release) to streaming platforms. They work for a percentage. An artist can upload a track to a music platform only through a distributor (even when it's online services).
5. Streaming services or music platforms function as a digital storefront for music and the artist's works. The consumer buys a subscription to such services and listens to music through his smartphone. Music platforms also form playlists for listeners.

The above participants are producers of a music product, they create its value. We emphasize that without an artist, it is impossible to create accompanying music products, including a public performance (concert). The author and the artist (music performer) are the main producers, without whom the

creation of a music product in the form of a musical composition is not possible. The image of the artist is also unique; it reflects the values of the artist's work, his brand. The brand is the basis for creating a story about the artist, which is bought by modern consumers (listeners). Producer companies are involved in creating the commercial value of a music product. The basis of the functioning of the music industry is the reproduction not only of the audio product (recording) but also the image of the artist, his story.

We should note that the companies that book or organize tours and concerts of the artist are also involved in the commercialization of a music product and can be part of it. However, they are not the main in the context of building a strategy for rapid monetization of the artist and his popularity. These companies provide services to artists, most of whom have become popular and have a specific target audience. Moreover, the concert is a form of public performance of the artist. It's a product that he creates in the process of creative activity. The concert can also be considered as a channel of communication with the audience but not everyday as an artist's account on social networks. The concert is a platform for creating emotions that are remembered by the audience, which then they tell.

Given the above, we can distinguish between traditional and modern models of production and consumption of modern music product. The traditional model has developed historically with the appearance of, first of all, the record industry and the further development of telecommunications services and the Internet. It looks like a set of companies that are directly involved in creating a music product – song (recording studios), management and marketing of the artist as music project (labels), licensing of copyrights of authors and music performers, and collection of royalties (publishers), distribution (delivery) of songs on music platforms (streaming services), where the artist's track is consumed by purchasing a subscription by listeners. The traditional model is focused on a strategic approach in the formation of the artist's brand and long-term perspective.

The latest model is based on changes in the production of a music product. The rapid development of social networks such as Instagram and TikTok has created opportunities to implement a strategy of rapid popularity of the artist without attracting significant financial investment. First of all, the artist in the social network TikTok can launch the so-called “snippet” – a piece of the song's chorus, and offer a set of simple movements for it. Offering such simple but interactive content, the artist aims to get into the trends of the social network. A TikTok account can also serve as a channel for recruiting subscribers for another social network – Instagram. Therefore, such an independent artist can often be a blogger. Then the main type of his profit will be advertising, and the music product is a by-product.

In the newest model of music production, labels can transform, and specialize in the collaboration of young and talented artists (bloggers), focusing on search of them. Moreover, the labels are currently looking to work with aspiring artists who have a sufficient fan base of active followers on Instagram and TikTok. This facilitates the path to the artist's popularity within the national market and beyond it. Distributors, publishers, and music platforms remain in the value chain of the music product.

#### **4. Conclusions**

In the research to determine the model of production and consumption of modern music product, given its digitization, the following conclusions were made:

1. A modern music product can be defined as, first, a musical composition with lyrics (song) and without lyrics (melody); secondly, the artist (brand), which is the main producer of many products like a song (track), concert (public performance), goods with the symbols of the artist's brand (merch) and content of various formats for social networks, television, radio including advertising. Authors and (or) artists are the main producers of musical compositions and the above products. The logic of production and consumption of a modern music product is built around the artist.

Other companies in the music industry, including labels, can take part in creating an artist's brand, as his image and unique story. However, this does not necessarily, because the artist can create his brand through social networks and, thus, monetize the music product he creates. The task of such an independent artist in the market, as well as other who works under a contract with the label, is to sell a product means to sell an "artist" who creates unique products on the market, including performing songs but not only it.

The specificity of a music product is its intrinsic value, namely the impressions and emotions that it creates. According to A. Maslow's motivational theory of needs, song and melody are not a product that should be referred to as basic needs. We do not find the need for music at the highest levels of the Pyramid. However, given that music has accompanied mankind at various stages of its development: from primitive society to modern times, it is worth considering the need for music as a "pervasive" need that exists at all stages of the Pyramid. After all, we are talking about the need for knowledge and the desire for creativity, due to which man is the creator of culture in its philosophical sense.

2. The essence of the production and consumption of a music product is undergoing changes in the development of various devices for recording

and reproducing audio, video and media, as well as given the appearance of media: from radio to new media today. The chronology of these changes is reflected in this study and highlights the stages of commercialization of a music product and the transformation of its essence.

The logic of music product production and consumption is based on such components as product seriality (sound recording), content flow and continuity (television, social networks, streaming platforms, radio), quick access to music through devices such as a smartphone.

3. The modern music industry operates given the traditional and modern models of production and consumption of music. These models reflect the manufacturers' approaches to the commercialization of the music product and the artist's popularity strategy. The definition of models was based on the study of the value chain of a modern music product directly in the process of its production and consumption. The traditional model has developed historically and provides a clear structure of producers of a music product: artist (author) – label – distributor – music platform – the consumer. The latest model is, first of all, based on the commercialization of the artist's brand, focused on rapid monetization through the artist's social networks. It provides for the reduction of investment risks in the project.

**The scientific novelty.** The scientific novelty of the study is to identify two models of production and consumption of modern music product: traditional and modern; determining the essence of a modern music product and its intrinsic value given the emotional and sensory component that it creates; identification of periods of formation and development of the music industry in chronological order: from the record industry to digital storefronts of music platforms.

**The significance of the study.** The results of the study on building a model of modern production and consumption of music can be used in law-making to develop regulations on the music industry in Ukraine, define clear terminology and regulate economic activity in this area. This study also raises the issue of protection and enforcement of intellectual property rights in Ukraine, in particular copyright and royalties to artists. After all, streaming services require the implementation of a mechanism for paying royalties through intermediaries (distributors) at the level of national law. The world's biggest players in the music industry – major labels, refuse to work in a country where there is no agreed legal framework for copyright, and there is a piracy market.

**Prospects for further research.** Further research into the functioning of the music industry could focus on clarifying the copyright mechanisms for artists and the guaranteed royalty payment system identified in the European Union, the United States, and South Korea.

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