

Listen to two people discussing changes in the music industry.

Optional exercise

Decide which of these is the best summary of what you hear. (Answer below)

A These are interesting times for the music industry. Sales of CDs are down and huge numbers of songs are shared illegally on the internet. There is however optimism for the future. Ringtones are a model of how things can be successfully sold digitally and there are new models of selling music.

B These are interesting times for the music industry. The fall in CD sales and the fall in demand for music means that the music business has serious problems. The market for mobile phone ringtones is a very big one but it is unlikely that music can be sold the same way. People will still buy CDs but the market will continue to get smaller.

C These are interesting times for the music industry. Falling CD sales are driving companies out of business. Music companies have to find new business models to meet changes in the market. Young people spend more money on ringtones than music and the music business can't catch up while file-sharing becomes increasingly popular.

P = Presenter

P: There's said to be an old Chinese curse – 'May you live in interesting times'. Well, these are certainly interesting times for the music industry. CD sales are down by almost 20% this year, the major chain of stores Tower Records went bankrupt earlier this year and there are constant gloomy predictions that the rise and rise of 'file-sharing' – people illegally sharing music over the internet – will force many companies involved in the production and sale of music out of business.

I'm joined in the studio by Peter O'Neill, who writes a popular blog about the business of making and selling music (pause) Peter, is this the end for the music business?

Peter: No, in a word. I think we need to say that the death of the music industry has been greatly exaggerated. I think there has never been as much demand as there is now for *consuming* music – and people are getting music in many different ways. The challenge for the big companies in the music business is to try and understand the changes that are taking place and come up with a *new* business model. If they can do that, I think there are very exciting times ahead.

P: Well, I don't want to contradict you but let's look at some of the statistics around file-sharing. An estimated 12 *billion* songs were swapped or illegally downloaded last year with an estimated loss of £325 million for British record companies. A European survey said 34% of 15 to 24 year olds had no idea of music as something you paid for. That, to me, looks like very bad news for the music companies.

Peter: Ah – but I think that's because the record companies have been very slow in finding ways to sell music in the ways that young people will buy it. Those same 15 to 24 year olds who have never imagined *buying* music are the people who pay £2.50 for a ringtone for their mobile phone. Ringtones went from nothing to a multibillion pound business in a very short space of time – because people could buy them *instantly* – it's a very easy process. And music sales are catching up. It's becoming very quick and easy to buy a song you want – on your computer or on your mobile or whatever. And levels of file sharing are remaining steady, not going up.

P: But ..

Peter: One more point. Last year the Arctic Monkeys released the fastest selling debut album ever. If record shops are dead – how did they manage to do that? Well, they made some of their songs available for free on the internet. People shared those songs and passed them on to friends and it all helped create a very positive 'buzz' about the Arctic Monkeys and when they released their record people wanted to *buy* it. *That's* the sort of model the music business has to look at.

Answer: A