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Is blockchain a new opportunity or too good to be true?: a social representation study of artists in the Korean music industry

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Is blockchain a new opportunity or too good to be true?: a social representation study of artists in the Korean music industry^a

1. Introduction

The distribution of the royalty share of online music has been opaque and unbalanced between artists and business actors. Discussion to attain fair distribution structure has been a persistent controversy and yet overlooked mission until today worldwide, including Korea.

Realizing the necessity of structural reform, scholars and practitioners have been paying attention to blockchain technology as a potential solution to disintermediation of royalty distribution structure in music industry (Chalmers et al., 2021). The emergence of such technology is deemed as an innovative technology to raise the next paradigm shift by allowing direct interaction and trade among the creators and consumers, disregarding the intermediary trade commissions by business actors (Leja et al., 2017). In other words, blockchain demonstrates a silver lining to gain a just profit share to copyright holders and overcome the decade-old problem of unfair distribution.

Furthermore, blockchain grants new possibilities to open a new revenue channel via the NFT, the Non-fungible Token. Indeed, entrance to the NFT market has been a global trend in music industry where artists utilize their own intellectual properties (IPs) to sell digital products (Chang, 2022). Because NFT enables the originality of digital goods, it provides unprecedented values to consumers such as a scarcity and ownership of digital products. Hence, numbers of artists and entertainment firms have been diving into the NFT market, hoping to earn positive outcomes in revenues and develop more intimate and diversified ways to interact with the fan community.

In a nutshell, the blockchain is perceived to bring two new possibilities to artists in music industry: reconstruction of the obsolete royalty distribution system and a new revenue channel through selling NFT contents with IPs. Meanwhile, as much as the logical understanding of the adoption of blockchain defines the next era of the music industry, there also exist concerns for recognizing such technology as an utopian and radical panacea (Baym et al., 2019).

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2. Literature review and research question

Most research on blockchain in music industry has been constrained to explorative discourse and qualitative approach. Chalmer and his colleagues have conducted case studies on ventures which bases their business model on blockchains to incarnate disintermediation of the global music industry (Chalmers et al., 2021). Sitonio and Nucciarielli have explored the possible outcomes in music industry with adoption of blockchain based on the literature review and secondary data (Sitonio & Nucciarelli, 2018). Baym and her colleagues have provided in-depth debate of both positive views and potential challenges when the techno-utopian solution encountered the music industry (Baym et al., 2019).

While there exist various research to understand blockchain in the context of music industry, majority of findings are confined to predictions of possible scenarios pertaining to a double-sided coin of a disruptive technology. This brings importance to fill in the academic gap by embracing real-life knowledges from a major stakeholder in music industry regarding the upcoming future. Hence, the research aims to discover how artists perceive two new possibilities derived by the introduction of blockchain in the music industry and observe the experiential views on the realization of the next era of a disruptive innovation through the lens of their understandings, perceptions, and identities. Therefore, the research question of the paper is as follows:

RQ1: How do artists perceive the reconstruction of the royalty distribution system via blockchain technology in reality?

RQ2: How do artists perceive an opportunity of a new revenue channel through the entrance to the NFT market in reality?

3. Methodological framework

The research utilizes social representation theory (SRT) to understand the copyright holder's perspective on possibilities derived by blockchain. The research will then conduct content analysis with a core-periphery approach of social representations to understand the collective thoughts with graphical visualization towards the adoption of blockchain in the music industry. The author conducts semi-structured interviews with the artists in the local domain to collect data.

4. Expected result

Contrary to the academic acclaims towards the adoption of blockchain in music industry, regardless of the interviewees' optimistic views on new opportunities, the majority still questioned the possibility to realize the reconstruction of the current distribution system. Some perceive an existence of a fixated hierarchical structure controlled by the business actors. Furthermore, hesitation lies within artists to migrate to the blockchain-based music platforms due to the high switch cost of sacrificing the brand values and promotional effects pertaining to the existing music streaming platforms. Regarding the new opportunities in the NFT market, most interviewees do not expect a meaningful income by selling their NFT contents because the willingness to buy does not account for those who lack fandom. Realizing a distinctive gap between the logical possibility and reality, the paper seeks to provide practical implications by offering a feasible approach of a successful adoption of blockchain to develop a sustainable ecosystem in the local music industry which not only embraces artists but also other major stakeholders. The paper also seeks policy implications to explicate the roles of the government and copyright associations to assist in the settlement of new technology with stability and reliability to the public.

5. Key References

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