

Distribution & Sales Control in Music Companies in the Industrial Era 4.0: A Case Study in the Indonesian Music Industry

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Abstract

On April 4, 2018 the Government of the Republic of Indonesia through the Ministry of Industry & Trade launched the 'Making Indonesia 4.0' program as a road map towards industrial competitiveness and industrial transformation. In a step to implementing Making Indonesia 4.0, the Ministry of Industry & Trade of the Republic of Indonesia also launched the Indonesia Industry 4.0 Readiness Index (INDI 4.0). Namely the Index to measure the industry's readiness to transform and a reference to assess the industry's readiness to transform itself. In Indonesia, the music industry has also developed towards 4.0, which is still intended for users of music products in Indonesia, namely Karaoke Companies. Namely a company in the tourism and entertainment industry that provides space services, musical instruments and catalogs of various songs. The problem is, the quantity of playback of each song A, B and or C still cannot be controlled properly by the Government, where and only hand over control to music publishers who have licenses and permits from the Government as an institution that controls the circulation of products and works of artists, as a result there is no clear transparency regarding reporting so that the control provided is not optimal. This results in an unequal distribution of profits, so that the profits obtained are still mostly owned by some collectors who are under the auspices of music publishers and often harm the creators of works, as well as musicians, so that they do not get the royalties or remuneration that they receive. and can also harm the Government, where the Government should derive income from taxes in the music industry. However, in reality the Government does not earn significant income from taxes in the music industry because the games from several music publishers tend to play a hidden role in generating profits in the music industry, so that the supporting infrastructure in the recording process and the process of monitoring the distribution and circulation of music products is still not yet available. exist, so that the necessary control is still weak, and provides opportunities for unequal distribution of results to creators, musicians and also the Government by Collectors due to the sale of all performance rights and mechanical rights through entertainment venues and channels. Digital Music Distribution (Music Aggregator) is not transparent and tends to harm the creators of works, musicians and also the Government regarding acceptance.

Keywords

Digital Music Sales & Distribution, Sales Accountability, Industry 4.0, Music Publisher, Record Label, Music Aggregator, Internet of things, ERP



I. Introduction

In recent years, several global music companies have entered the Asian market in general and Indonesia in particular. In Indonesia, especially from a conventional industry

perspective, the Music field is an industry that is not seen as a prima donna industry. Meanwhile, several giant global company names in the music sector have been present since the term industry 4.0 appeared to the public. Among these companies are: Sony Music, Bertelsmanns BMG, Universal Music, Warner Music, EMI Group. These companies have their respective parent companies. But in this era of industry 4.0, these giants have also given birth to several record labels that have gathered in them. There are so many world-scale Record Labels entering the Asian and Indonesian markets. They have the ability to market music artworks with unlimited access and unlimited distribution. These companies provide access to all music art creators to work with them. Meanwhile, local record labels do not have their own digital outlets and the inability of local resources to build an interactive and integrated platform. So, like it or not, they must also entrust the distribution of each of their production works to international companies. Thus, without the limits of transaction and consumption patterns in the music industry and with the invasion of global scale companies into the domestic market, are we still looking down on the music industry? How attached and close is the music industry in the implementation of the industry These companies provide access to all music art creators to work with them. Meanwhile, local record labels do not have their own digital outlets and the inability of local resources to build an interactive and integrated platform. So, like it or not, they must also entrust the distribution of each of their production works to international companies.

According to Over the past 2 decades the music industry in Indonesia has experienced 3 surprises that seem too late to anticipate. The 3 surprises are in the realm of production, product and distribution. The first surprise occurred in the period early 2000, where a number of Recording Studios owned by local Record Companies went out of business and sold their production infrastructure. This is due to a wave of changes in music production technology from analog medium (hard copy) to digital medium. In the mid-2000s, the telecommunications industry gave rise to horizontal differentiation products in the music industry known as Ring Back Tone. For music artists, for almost eight years RBT has been seen as the safest alternative medium for music works from piracy & copyright confiscation. And again in 2012 the music industry in Indonesia had to look for another, more reliable medium to market musical works. Because the golden era of RBT sales has been tarnished by criminal acts committed by several unscrupulous state telecommunications companies. RBT entered its decline phase in 2012. We can say that after experiencing a vacuum for two years, the Indonesian music industry has then revolutionarily changed following the pattern of the global industry which has actually implemented what is meant as industry 4.0 since the early 2000s.

Like other industrial fields, industrial activities are related to the activities of production, marketing and distribution of material and immaterial goods in society. The concept and implementation of the music industry itself has also been transformed linearly with the transformation of technology. In the music business, the music industry has experienced changes in its 3 period characters, as described by (Mulyawan et al., 2018) namely the historical, industrial and informational periods.

In the most recent period (informational period) models and distribution channels of music have changed the pattern of sales, transactions and controlling of sales and transactions revolutionary. This revolutionary artist himself then opened the tap and access for new music business actors and music artists. Access to distribution channels that seem so easy, unlike the industrial period is the reason. However, the ease of access to marketing and distribution is not linear with the ease of supervision. Where control over

marketing and distribution is not fully able to be carried out by new players in the industry. There is a large dominant space that cannot be entered, namely the Dominant Market. In a competitive market economy, the actors must have internal distribution channels and a system of supervision over the distribution channels they have. In the absence of these two things, the goal to enter the dominant market is only an empty mission. Every company must have a vision that accompanies the mission. A meaningful vision is the means and instruments, tools and systems to achieve goals.

Technological advances that seem to open the door to the development of industries and markets without borders so surprisingly turn out to be a camouflage and a mirage in terms of the music industry. Development is a systematic and continuous effort made to realize something that is aspired. Development is a change towards improvement. Changes towards improvement require the mobilization of all human resources and reason to realize what is aspired. In addition, development is also very dependent on the availability of natural resource wealth. The availability of natural resources is one of the keys to economic growth in an area. (Shah, M. et al. 2020). The Music Industry is now very closely attached to the definition and classification of industry 4.0. Both in terms of production, marketing and sales. Also, in terms of consumption and transaction lifestyle patterns. All of them are new cultures that can be accessed by the world community but are not really open spaces. Music industry players can produce, distribute and market at very low costs. However, these new actors, who incidentally are local producers, cannot access the dominant market space to compete globally. This is a cliché problem as the distribution channel model in the industrial era. That is where small producers inevitably have to ride into the distribution channels of large producers. Good for accessing the biggest marketing channels to getting the goods to reach the outlets. The classic industrial era distribution model looks complex but is very easy in the process of controlling distribution and sales management. And it is also very easy in the process of recording every sales transaction, namely because the product is in physical form. Even so, there are still gaps in it to carry out activities of depriving economic rights. Both piracy and copyright infringement.

Surprises that result in a new culture and lifestyle in the era of industry 4.0 which seem to open up new access and opportunities in the music industry still contain economic mirages and complexities. This complexity is related to real problems in the supervision and accountability of the circulation of music products with digital media. Despite the establishment of all institutions and institutions with specific functions that are stakeholders of music producers and music creators, it seems that it has created growth in the industry. However, in the absence of a specific technology that functions and is capable of controlling and supervising existing music products in the digital medium, economic growth is just a mirage. Era. Industry 4.0 is still dominated by the global market. And it could be even sadder, the music industry which is seen as not a primary and prima donna industry is still a black market in the economy and is still controlled by invisible hands because the reality is that the music industry is an industry with a large amount of money.

For example, a user of a music product in Indonesia is a Karaoke Company. Namely a company in the tourism and entertainment industry that provides room services, musical instruments and catalogs of various songs. Karaoke consumers are free to choose the songs they like to sing. So far, the collectors' organizations under the parent organization of music collectors assign a 'performing right' fee to each karaoke company based on subjective decisions. Meanwhile, the license holders (music publishers) of catalog songs consist of different business institutions. The problem is, the quantity of playback of each song A, B and or C still cannot be controlled properly by the Government. where and only

hand over control to music publishers who have licenses and permits from the Government as an institution that controls the circulation of products and works of artists, as a result there is no clear transparency regarding reporting so that the control given is not optimal. This results in an unequal distribution of profits, so that the profits obtained are still mostly owned by some collectors who are under the auspices of music publishers and often harm the creators of works, as well as musicians, so that they do not get the royalties or remuneration that they receive. and can also harm the Government, where the Government should derive income from taxes in the music industry. However Digital Music Distribution (Music Aggregator) is not transparent and tends to harm the creators of works, musicians and also the Government regarding acceptance.

1.1 Problems

1. It is not factual and accountable in recording the use of musical works in 'public displays' (performing rights) such as Karaoke and live music venues. Aggregate sales data reports are unreliable and inaccurate.
2. Unaccountable and inaccurate sales reports on the Digital Music Distribution (Music Aggregator) channel, because all aggregate reports are only one-way and supervised by the Collector in Indonesia (WAMI). WAMI only stores data in aggregate and then shares information with music publishers.

1.2 Research Purposes

The objectives of this research are:

1. To find a solution that can monitor the distribution and sale of recorded musical works in Indonesia, as well as recording the use of musical works in Indonesia.
2. To find a solution so that the mechanical rights sales report through the Digital Music Distribution (Music Aggregator) channel is transparent and accurate

II. Review of Literature

2.1 Supervision

According to (George R. Terry, 2013) Supervision is a continuous monitoring effort to understand certain areas of the planning that is being carried out. Good supervision will of course also function as an evaluation of the plans being carried out, because basically supervision will produce a final conclusion from the plans being carried out.

According to (Yahia et al., 2021) Supervision is the process of determining performance measures and taking actions that can support the achievement of the expected results in accordance with the predetermined performance. Supervision is a process to ensure that all activities carried out are in accordance with what has been planned

According to (Sianturi, 2020) Supervision is a systematic effort to set performance standards in planning, to design information feedback systems, to compare actual performance with predetermined standards, to determine whether a deviation has occurred, and to take corrective action necessary to ensure that all sources Company resources have been used as effectively and efficiently as possible to achieve company goals.

2.2 Product Distribution

According to (Tjiptono, 2008) When viewed from the business context, distribution is a process in distributing a product, from goods and services through producers to consumers, so that the product can be spread widely and can be bought by consumers who really need it.

According to (heryanto, 2015) Distribution is a marketing activity that seeks to expedite and facilitate the delivery of goods from producers to consumers, so that their use is in accordance with the type, quantity, price, place and time required. According to (Sadikin et al., 2020) Distribution is an activity or process of making goods or services that consumers can receive and use, without reselling them to other consumers.

2.3 Enterprise Resources Planning (ERP)

ERP is a multi-module business packaging application solution that enables organizations to integrate business processes and enterprise performance, common data distribution, resource management and provide actual access to information.(Kozic, 2010) ERP is an integrated cross-functional software that reengineers a company's manufacturing, distribution, finance, human resources and other business processes to increase efficiency, agility and profitability (Brien, 2013). ERP is a system that helps to manage business processes such as marketing, production, purchasing, and accounting in an integrated unit.(Wagner, 2013)

III. Research Method

This research is a qualitative research, which according to (Afrizal, 2016) Qualitative research is research that emphasizes there is an observation of the phenomenon and more research into the substance of the meaning of the phenomenon. The analysis and sharpness of qualitative research is greatly influenced by the strength of the words and sentences used, where Qualitative research is on the process and the meaning of the results. Qualitative research attention is more focused on human elements, objects, and institutions, as well as the relationship or interaction between these elements, in an effort to understand an event, behavior, or phenomenon.

3.1 Data Collection Method

a. Observation

According to (Sujana, 2010) is a systematic observation and recording of the phenomena studied. The observation technique is the systematic observation and recording of the phenomena being investigated. In a broad sense, actual observation is not only limited to observations carried out either directly or indirectly

b. Interview

Interview or interview is a question-and-answer activity or also obtain information. The form of the information obtained is expressed in writing, or recorded directly audio visual, or audio visual. Interview is the main activity in the study observation. Interviews can be direct or indirect (Sugiyono, 2017)

c. Documentation Study

Documentation study is a method of collecting qualitative data by viewing and analyzing documents made by the subject himself or by others about the subject (Arikunto Suharsimi, 2013)

IV. Results and Discussion

4.1 Music Industry Supply Chain & Stakeholders

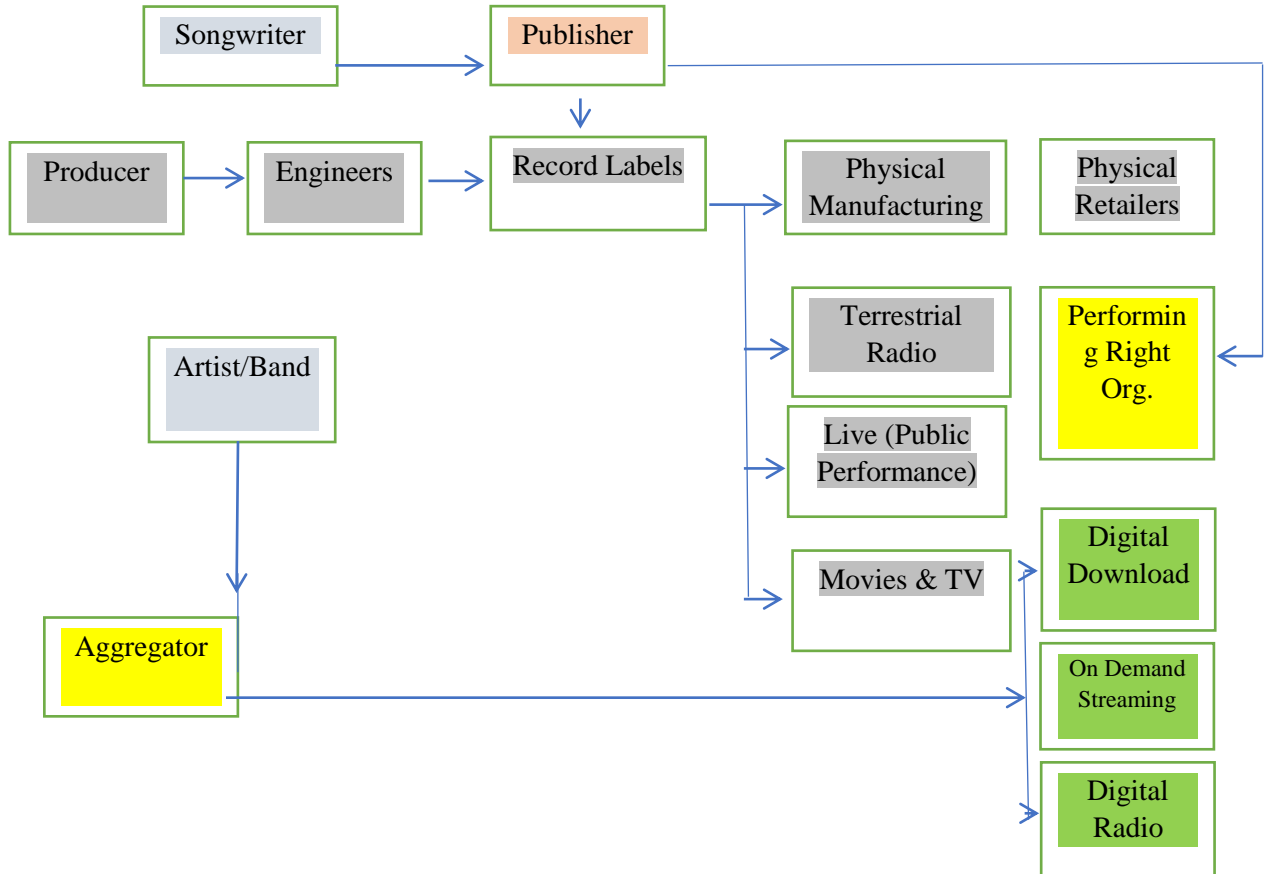


Figure 1. Musical Recording Supply Chain: Digital Age, Small Artists. Source: (August, 2015)

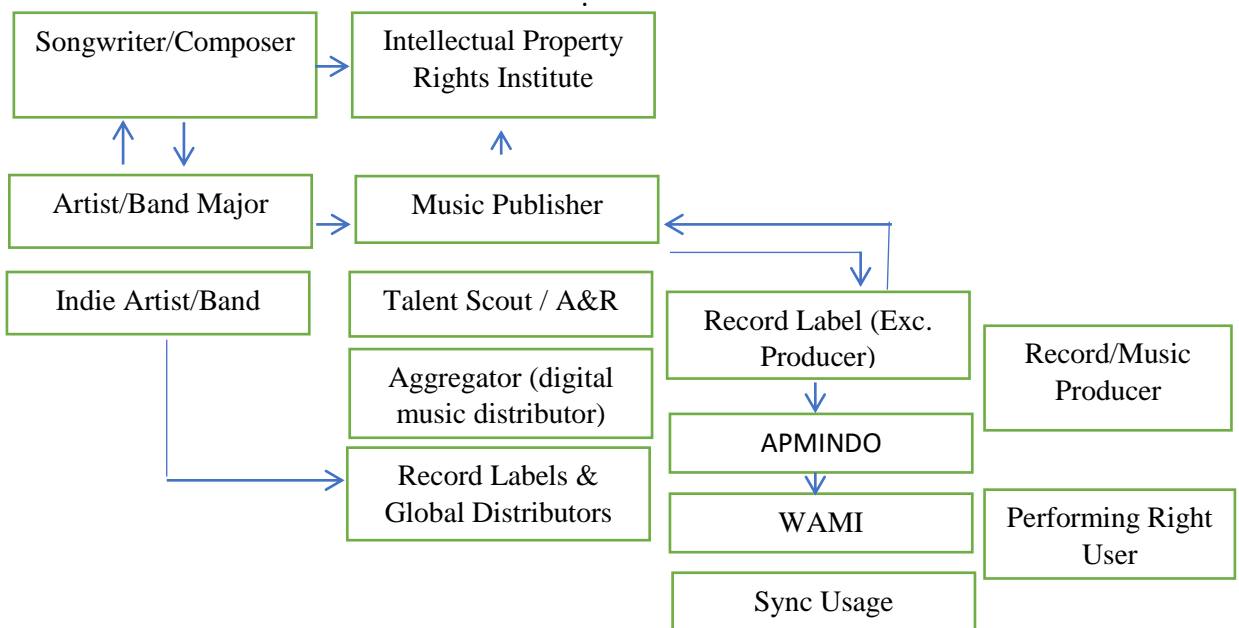


Figure 3. Music Recording Chain in Indonesia, Major and Small Label Artists research results

Based on Figure 1 and Figure 2 above, the supply chain of digital music products and the chain of recorded music in Indonesia which consists of performing rights and mechanical rights in order to provide transparency, and increase accuracy in product distribution, as well as product sales reporting through digital platforms are as follows:

1. The government must continue to be the conductor in the macro monitoring of the music industry by taking steps to solve technical and relevant to the implementation of industrial activities in the public sphere.
2. Distribution and sales activities belonging to the Industry 4.0 category must be supervised on the basis of appropriate and relevant technology.
3. It takes a centralized monitoring system based on technology without injuring the rights of the private sector and the independence of the private sector in conducting its business activities.

In order to implement the 3-point solutions above, interdisciplinary steps are needed, namely between Distribution Management and Digital Marketing, Cloud-Based Accounting Management and Information Technology. Among them are the use of ERP and Block Chain Systems which are carried out as follows:

1. Record Labels must have independent digital sales outlets (aggregator platforms) where this platform is an integral part or just a module of the company's ERP system.
2. Data recording of musical works in the government must be based on Block Chain. With codes (encrypt) that are not owned by any entity. And an unlock code will be given to anyone who has the right to access the data. Certain codes on this Musical Works are recorded only in the central data of the State Cipta Karya Institute.

This situation is according to research (Leon & Gupta, 2017) and (Omid et al., 2019) who found an innovation or infrastructure as an integrated system that can control the distribution of music products, and supervise its distribution so as not to harm the parties in the music industry.

V. Conclusion

Based on the results of the study, it can be concluded that to overcome problems in distribution and sales reporting, both through performing rights and mechanical rights, namely The government must continue to be the conductor in macro-monitoring the music industry, as well as distribution and sales activities belonging to the Industry 4.0 category that must be supervised on a technology basis that is commensurate and relevant by using ERP and Block Chain Systems, where this system can help Record Labels must have independent digital sales outlet (aggregator platform) that assists in the intermediation of reporting and recording of musical works and as a monitoring system for Digital Marketing and Distribution Management for mechanical rights music products.

The suggestion that must be put forward is that it is better for further researchers to develop this supporting infrastructure, so that it can help increase transparency as well as act as intermediary reporting and recording of musical works and as a monitoring system for Digital Marketing and Distribution Management for mechanical rights music products

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