

The Role of Major Labels in the Building of a New Business Model in the Music Industry

Emilien Moyon

IAE de Lille

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Snider Entrepreneurial Research Center



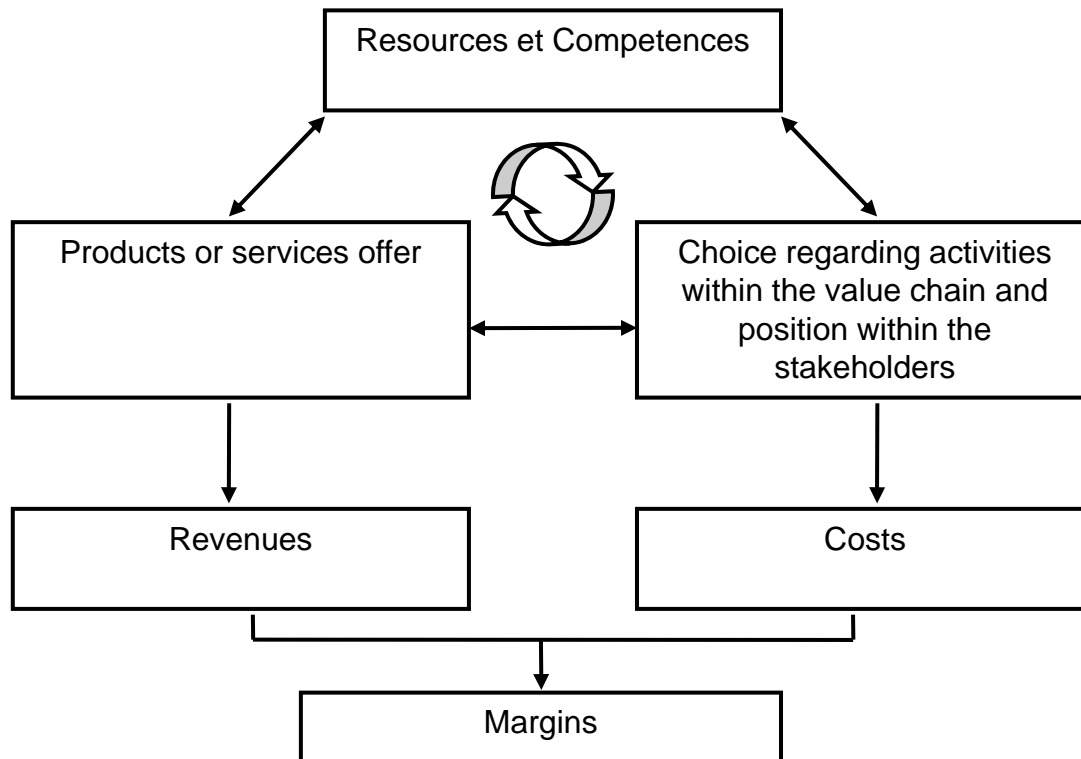
2 Levels of Analysis...

but 2 sides of the same coin

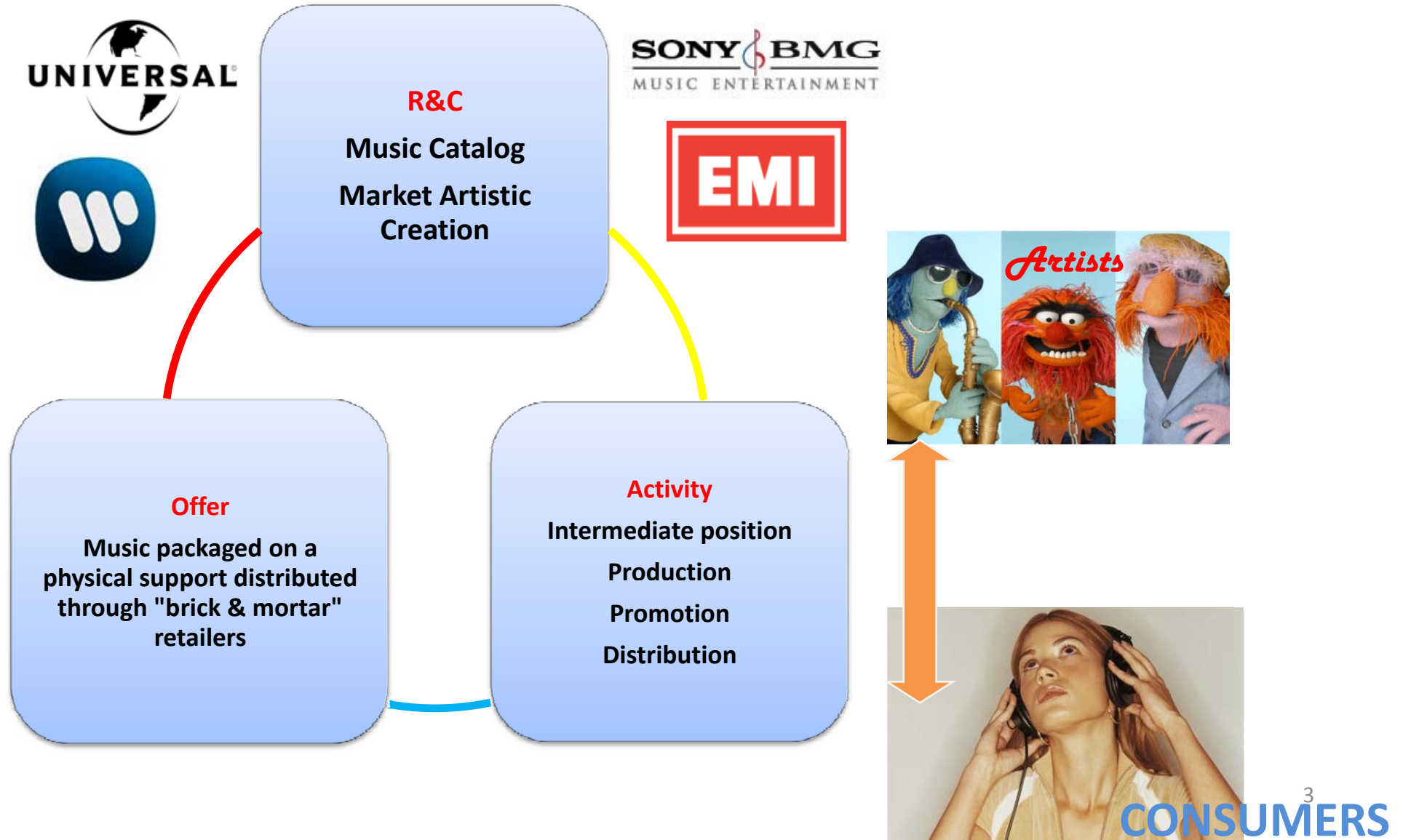
- The way the firm operates to create value & revenues
- Activity system

- “A business model depicts the content, structure and governance of transactions designed so as to create value through the exploitation of business opportunities” (Amit & Zott, 2001)

Value network

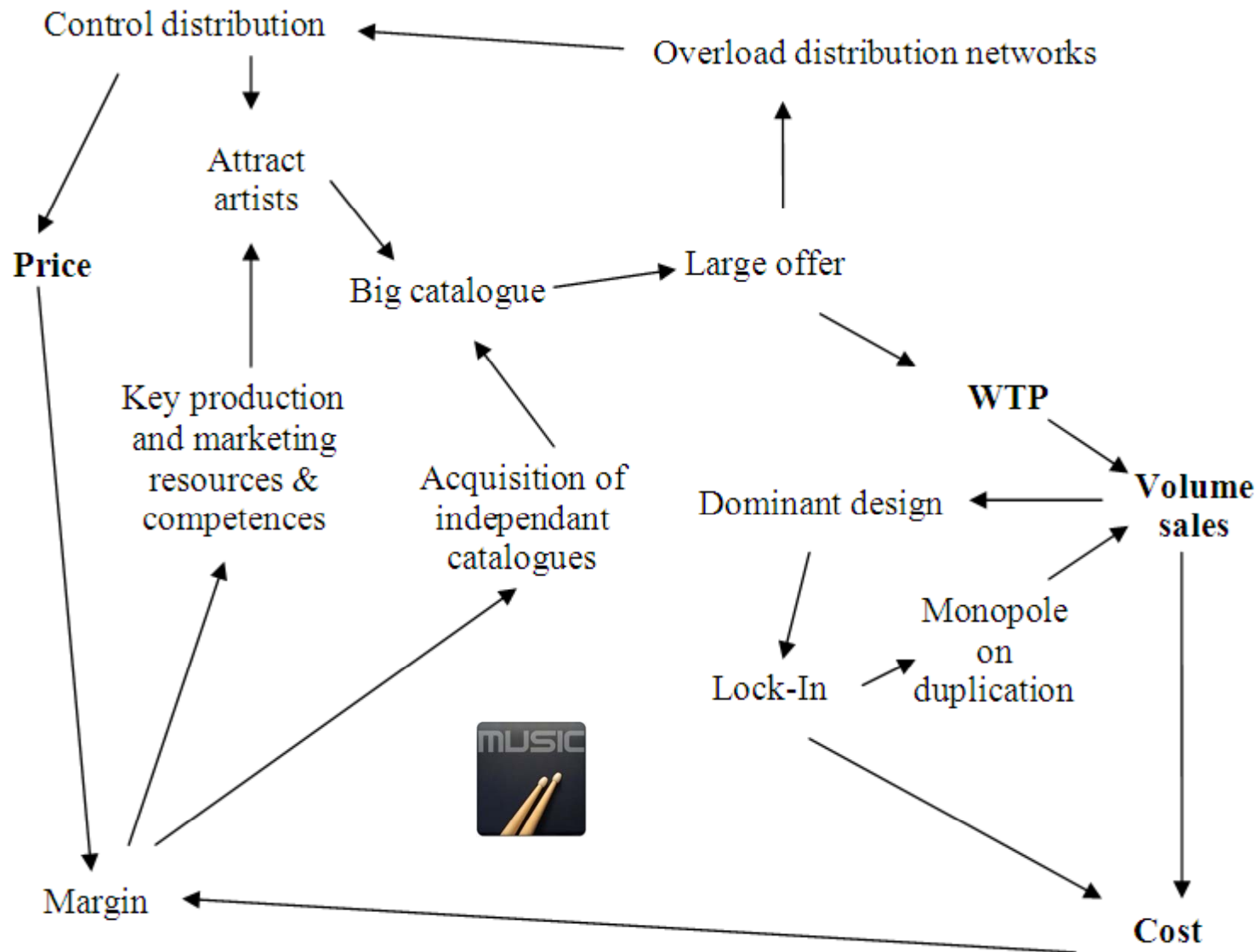


Traditional Distribution BM of the Major Labels before 1998

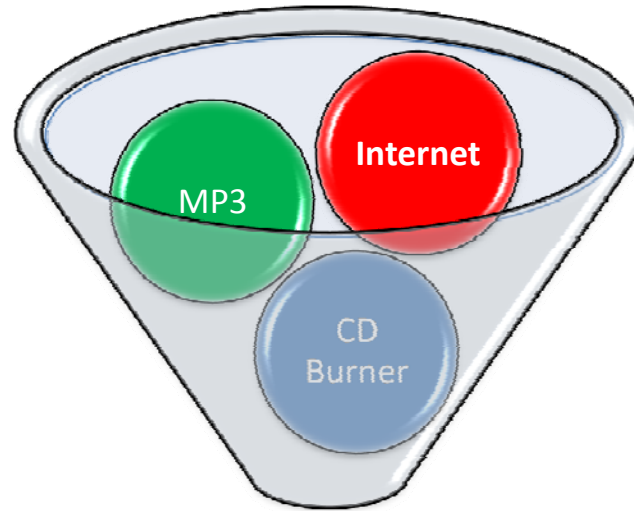


Traditionnal BM

(Casadesus-Masanell & Ricart, 2007)



Technological disruptions in the late 90's



New Consumption Patterns

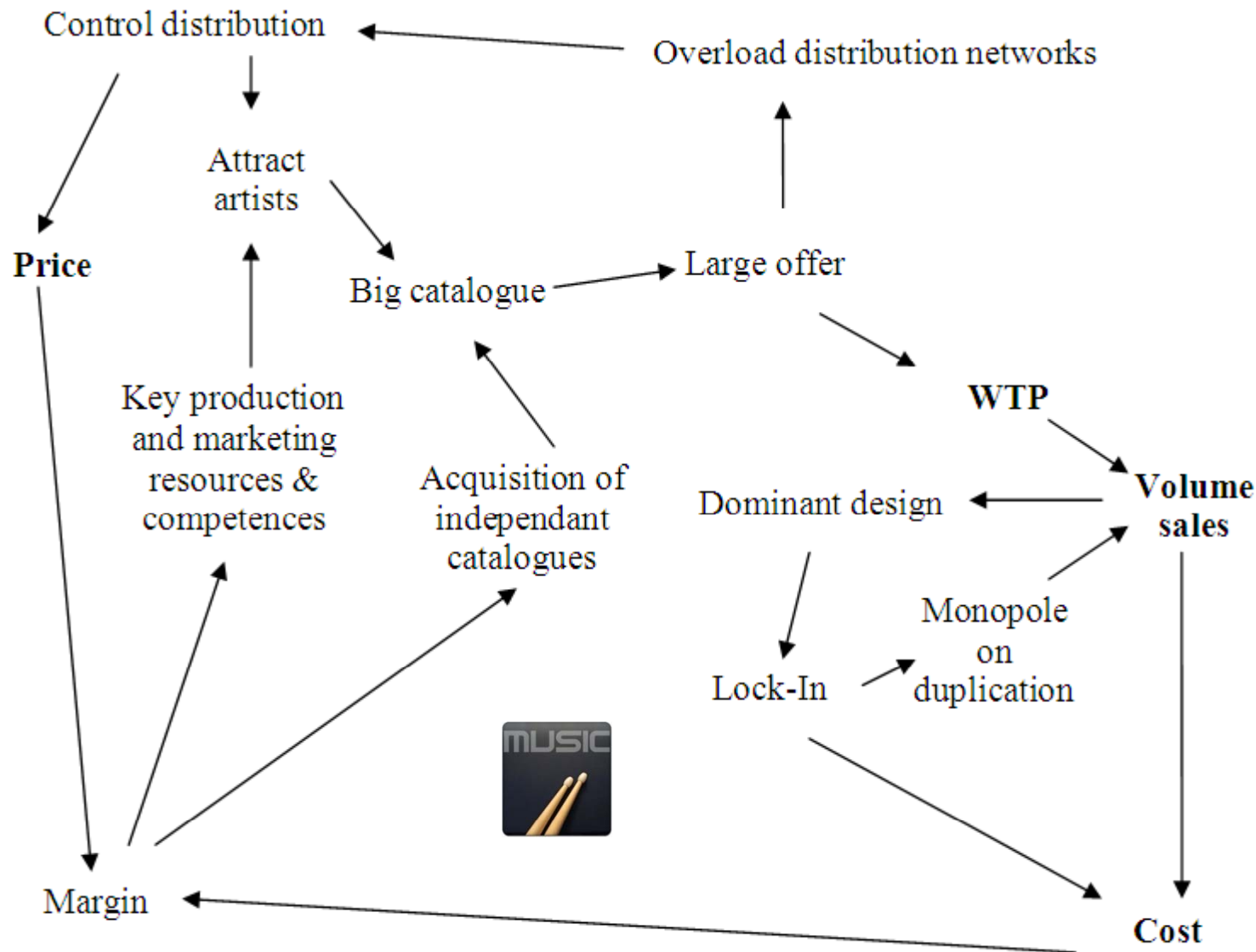
New Distribution Networks

New entrants



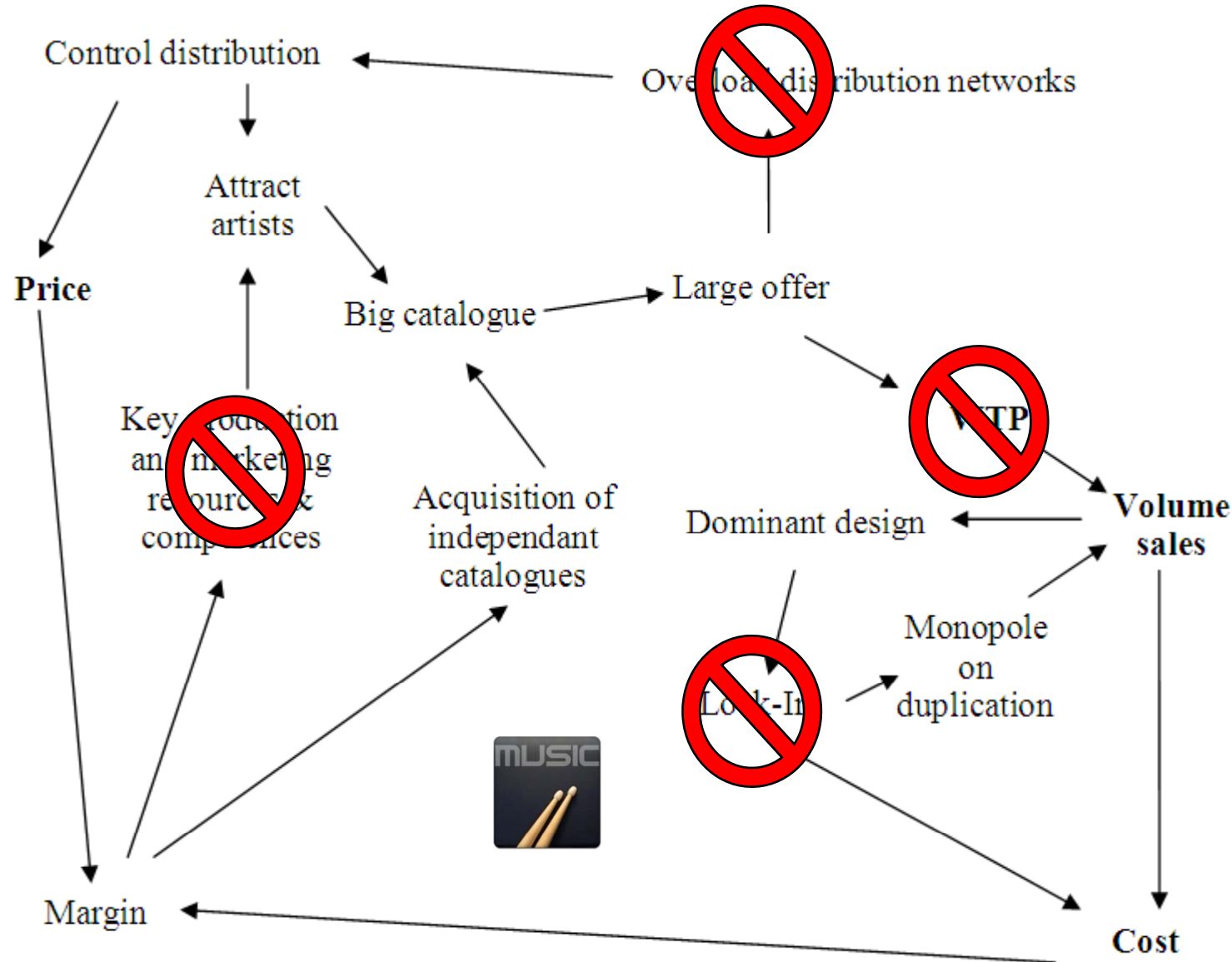
Traditionnal BM

(Casadesus-Masanell & Ricart, 2007)

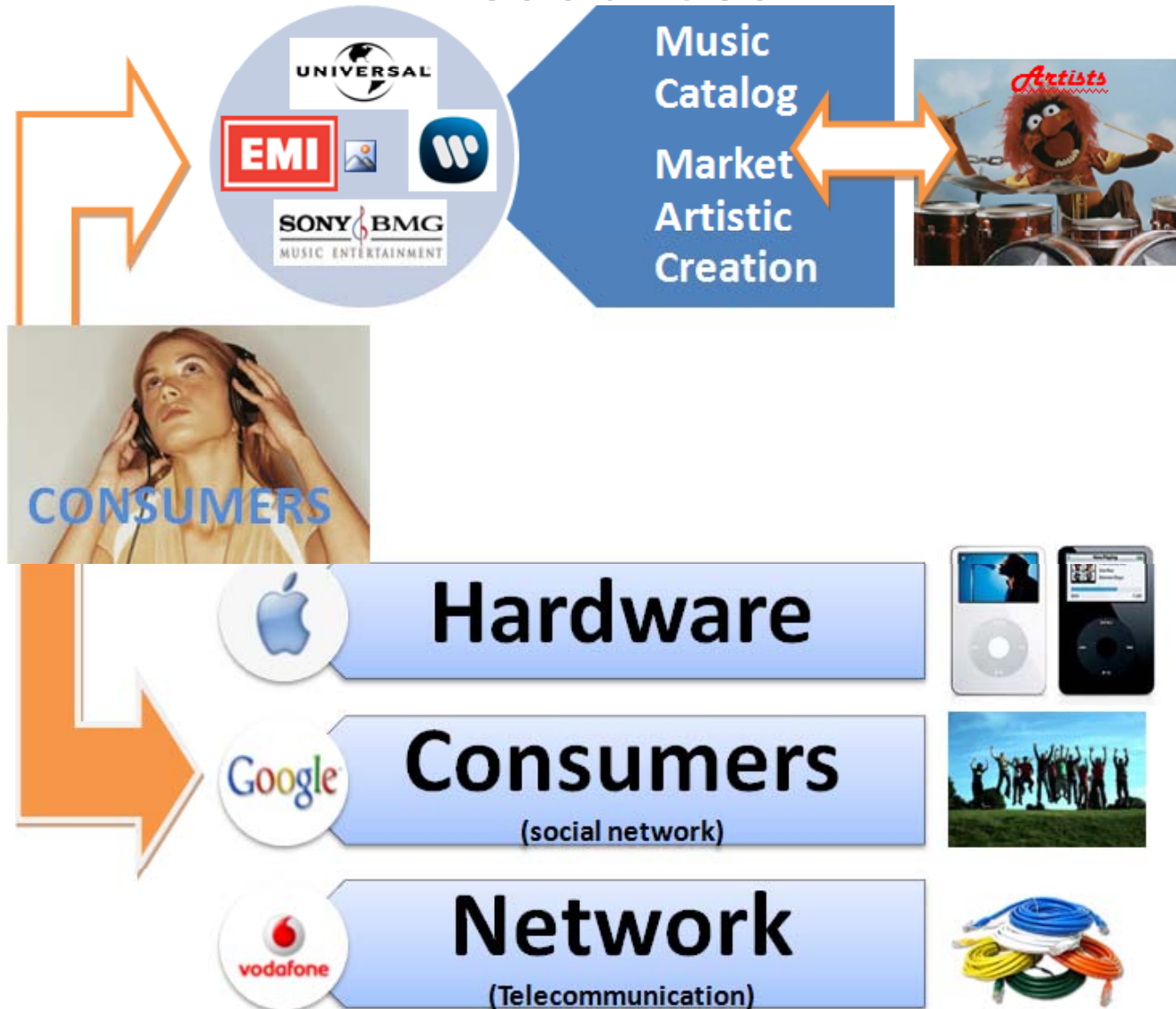


Impact of change on the traditional BM

(Casadesus-Masanell & Ricart, 2007)

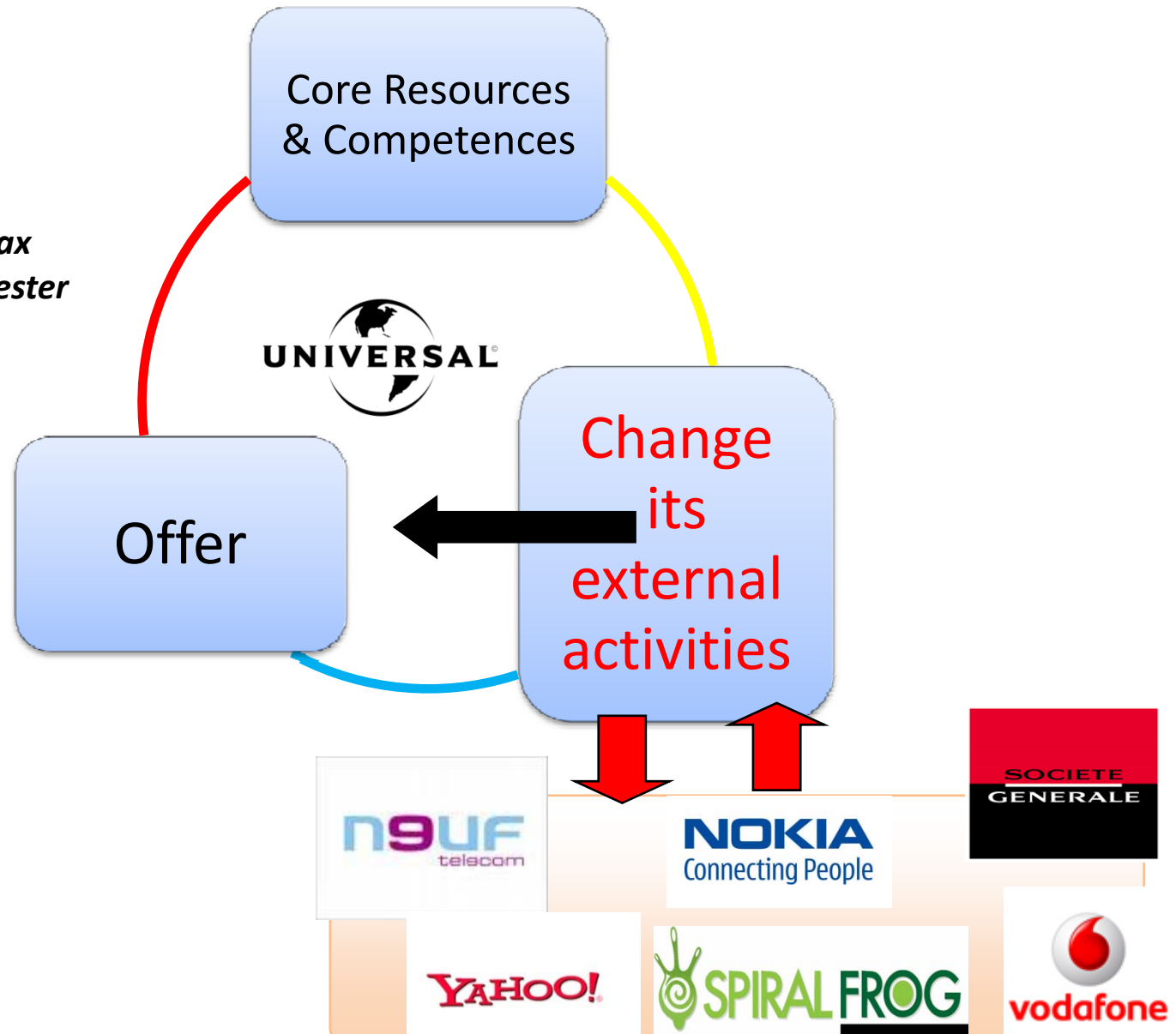


New Entrants Introduce New Key Resources

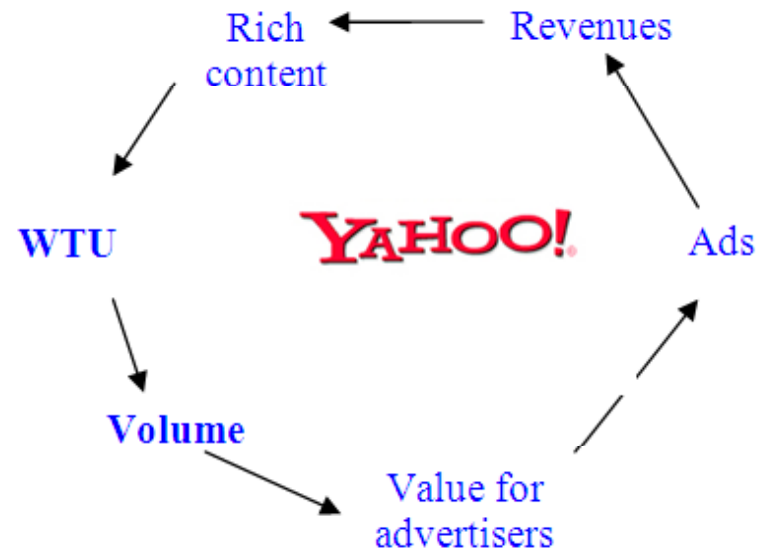


Universal reacts by adjusting its external activities

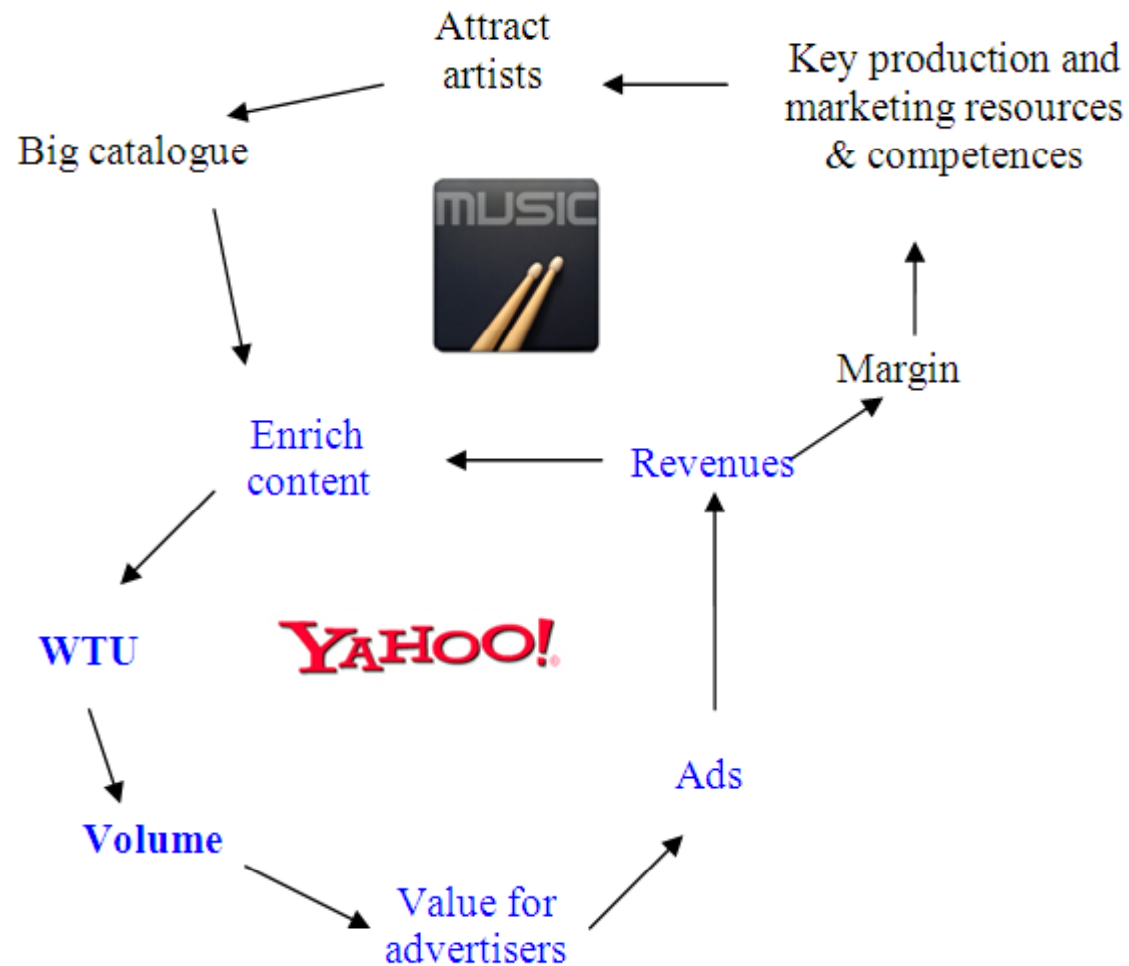
130-million £ pre-tax profit in the last trimester



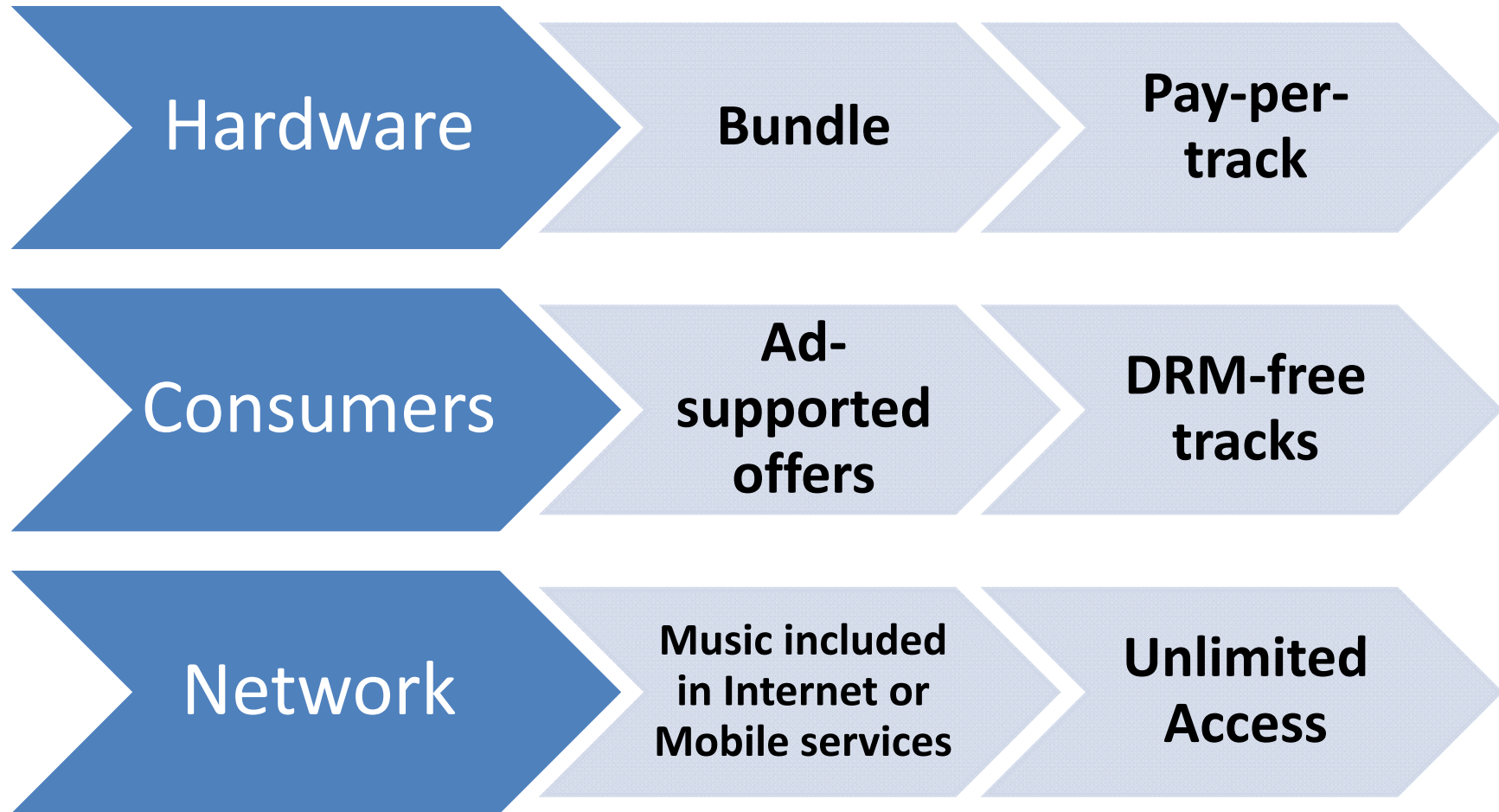
Yahoo's virtuous loop



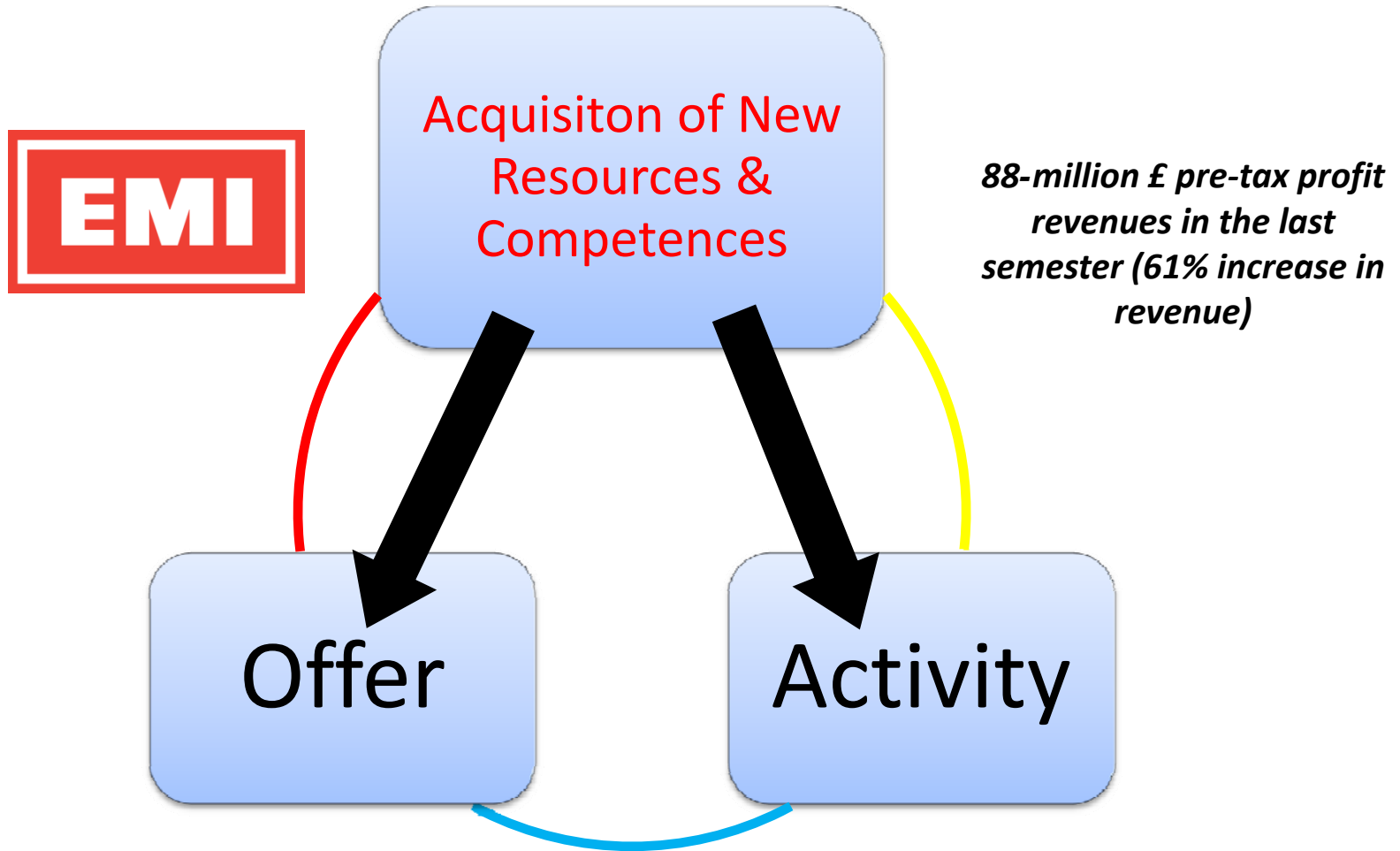
Interdependences between Yahoo's & the majors' BMs



New Key Resources Modify the Offer



EMI Music transform its Resources & Competences



Results & Contribution

Industry level

- Introduction of new resources radically impacts BM (dynamic effects within BM key elements)
- Interaction between firms leads to new opportunity to create value → new BM

Firm level

- Facing technological disruptions and new entrants from adjacent industries, firms that changed their BM have better financial performance than firms that didn't...
- Different leverage to adjust BMs in evolving industries:
 - Focus on core R & C/Diversification of external activities with partners that own new complementary R&C
 - Focus on new valuable R & C/Redefinition of the activity/Externalization of core R&C

...Thank you for your attention

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