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Independent Music Label Business Transformation to Digitalization in Indonesia (Case Study: MDX Records)

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ABSTRACT

MDX Records is one of Indie Label which has published music albums both physically dan digitally located in Cimahi, West Java, Indonesia as the subject raised in this study. Comparing the effectiveness and efficiency of the Indie label business which is carried out in conventional and digital ways is aim of this study. Data collection stage by reviewing literature data on indie music, technological developments, and business digitalization which are considered related to the research topic, The author met face to face and conducted a direct interview the Owner and Producer of MDX Records to obtain valid and actual information from business people who were the object of research, and Documentation by using media such as cellphones for photos, videos, and sound recorders to record interviews to get information about the indie music industry and the development of digital technology. With the development of technology, especially in the music business, it has a very positive impact on the progress of the Indie Label business in Indonesia. With the advancement of technology, Talent Search, Music Production and Album Distribution which was previously very limited in scope, time, energy, and cost, can now be done at a much lower cost.

INTRODUCTION

In Indonesia, the independent music label business or commonly called Indie Label is generally a business entity that is not too large and has relatively small capital, with a relatively small number of physical music album productions with a limited distribution range, generally carried out conventionally by hand to hand. hand or through a distribution outlet (distro), so that the development of the business moves very slowly. Talent search is also done conventionally by visiting music events to see potential that deserves to be published, which is quite time-consuming, energy-consuming, and cost-effective. In contrast to overseas such as America, Indie Label business is generally a large professional business with global distribution using online media, both physical and digital sales, promotion and talent search are also carried out online using digital media, this method is more effective and efficient. Business transformation is one of the efforts that can be made by business actors to maintain their existence. By changing or repositioning the company to a field that is considered more profitable, it is adjusted to the current conditions faced by the company. Companies that carry out a complete business transformation and at the right time are companies that are able to change themselves in the face of future business challenges that will become companies that survive.

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With this background, this study raises the subject of an indie label named MDX Records located in Cimahi, Indonesia, which has transformed its business from conventional to digital based. MDX Records conducts talent search using digital media in the form of a website that has been facilitated with the Demo Submission feature to make it easier for labels to find talent. In the distribution of their albums, MDX Records has also implemented digitalization using Digital Distribution and Digital Marketing.

Digital Distribution (also known as content delivery, online distribution, and electronic software distribution) is the delivery or distribution of multimedia content such as audio, video, software, and video games, via online methods such as the Internet, so that it does not require physical media such as paper, CD-ROM, or DVD. Digital distribution generally refers to a standalone product, while additional material that can be uploaded is called downloadable content. Digital distribution content consists of both uploadable and streaming, and generally includes books, movies, music, and software. Uploadable products can be stored on the user's hard drive and can be used at a later time, while streaming content restricts access for a certain time, and cannot be stored permanently by the user. The number of singles uploaded via digital distribution increased from 160 million singles in 2004 to 795 million in 2006, with revenues of US\$397 million to US\$2 billion.

According to Chaffey and Chadwick (2016) "Digital Marketing is the application of the internet and related digital technologies in conjunction with traditional communication to achieve marketing objectives." This means that Digital Marketing is an application of the internet and is related to digital technology which is related to traditional communication to achieve marketing goals. According to Chaffey and Chadwick (2016), Dedi Purwana (2017) Basically Digital Marketing is a marketing activity that uses digital media using the internet that utilizes media in the form of Websites, Social Media, E-mail, Database, Mobile/wireless, Digital TV to increase target consumers and to find out the profile, behavior, product value and loyalty of customers or target consumers to achieve marketing goals. Digital marketing allows businesses to carry out promotions without draining a lot of budget. In ancient times, businesses needed to spend a very large amount of capital to advertise, and even then the results could not be measured accurately. Since the advent of digital marketing, all of these problems can be solved one by one.

This study aims to compare the effectiveness and efficiency of the Indie label business which is carried out conventionally and digitally. The problem under study is which business activities are more effective and efficient between the conventional music business and the digital music business.

MATERIALS AND METHODS

The method in this study uses qualitative research methods, with a case study approach (Cresswell, 2014). The focus of case studies according to Cresswell is the specification of cases in an event that includes individuals, cultural groups or a portrait of life.

Cresswell suggests several characteristics of a case study, namely:

1. Identifying cases for a study
2. The case is a system bound by time and place
3. Case studies use various sources of information in data collection to provide a detailed and in-depth description of the response to an event
4. Using a case study approach, the researcher will spend time describing the context or setting for a case.

This implies that a case can be studied as an object of study, using various data collection procedures based on a predetermined time (Stake, 1995).

This research was conducted in several stages, namely:

1. Data collection stage
 - a) Literature study by reviewing literature data regarding indie music, technological developments, and business digitization which are considered related to the research topic.
 - b) Interview

The author met face to face and conducted a direct interview with Vicky who is the Owner and Producer of MDX Records. Interviews were conducted to obtain valid and actual information because the information was obtained from business people who were the object of research. The researcher and the respondents discussed the business processes carried out and the problems experienced in the research object.

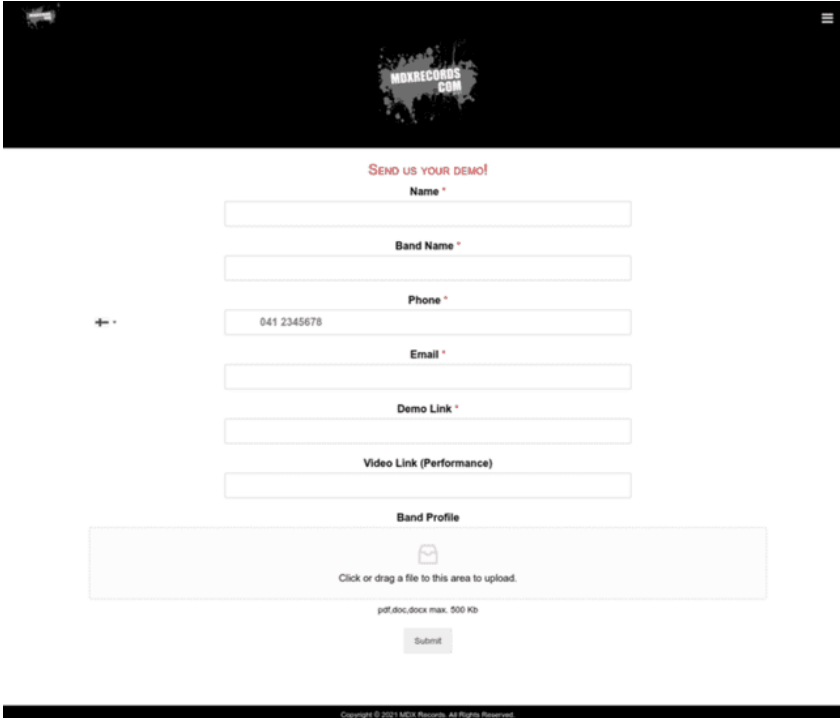
- c) Documentation
Documentation is carried out using media such as cellphones for photos, videos, and sound recorders to record interviews to obtain information about the indie music industry and the development of digital technology.
2. Data analysis stage
- a) Data reduction
Reducing data means summarizing, choosing the main things, focusing on important things, looking for themes and patterns (Sugiyono, 2015). This study focuses on the transformation of the independent music label business towards digitalization in Indonesia. The researcher discusses how the Indie label business is changing towards digitalization.
- b) Conclusion
The next step in analyzing qualitative data according to Miles and Huberman is drawing conclusions. Conclusions in qualitative research are findings in the form of a description or description of an object that was previously unclear, after doing research it becomes clear (Sugiyono, 2015). In this study, researchers conducted research on the indie label MDX Records, by conducting interviews with the owners and producers of MDX Records to find valid information about the business processes carried out and the problems experienced in the object of research.

RESULTS AND DISCUSSION

MDX Records is one of the independent music labels in Indonesia which was founded in 2011 so it can be said that it is relatively new where when it was established the label was already in the digitalization era, especially in the music field, so MDX Records were automatically required to follow the digitization process. An independent music label conducts talent search, recording, mixing, mastering, cover design, physical production (cassette and CD), album distribution and promotion independently. MDX Records does most of the process digitally. Based on this research, these processes can be described as follows:

1. Talent Search

MDX Records uses digital media in the form of a website as a talent search tool, namely by providing information in the form of news or flyers so that label seekers to produce their bands can view the information on search engines such as Google, Bing, and others. The website provides facilities for sending Demo Submissions or sending demo songs, band profiles, and even performance videos, making it easier for both parties, making it easier for labels to find talent, and for label seekers making it easier to send their work.



The screenshot displays a web form titled "SEND US YOUR DEMO!". The form includes the following fields and elements:

- Name ***: A text input field.
- Band Name ***: A text input field.
- Phone ***: A text input field containing the number "041 2345678".
- Email ***: A text input field.
- Demo Link ***: A text input field.
- Video Link (Performance)**: A text input field.
- Band Profile**: A large text area for uploading a file, with a placeholder icon and the text "Click or drag a file to this area to upload." and "pdf.doc.docx max. 500 KB".
- Submit**: A button at the bottom of the form.

At the bottom of the page, there is a copyright notice: "Copyright © 2021 MDX Records. All Rights Reserved."

Figure 1. Screenshot of the MDX Records demo song website

2. Recording (Recording Process)

After the label finds a band that is worthy of orbiting, the next process is recording where this process MDX Records already uses digital technology in the form of software or DAW (Digital Audio Workstation), so that the music produced has better quality than analog with simpler hardware needs and faster process.



Figure 2. Display recording using DAW

3. Mixing

Similar to recording, the mixing process already uses digital technology in the form of software to carry out the process. mixing has a very important function in creating music. Because, with the mixing will make the music and sound more harmonious to be heard. By using digital mixing software, audio quality produced much better than analog.

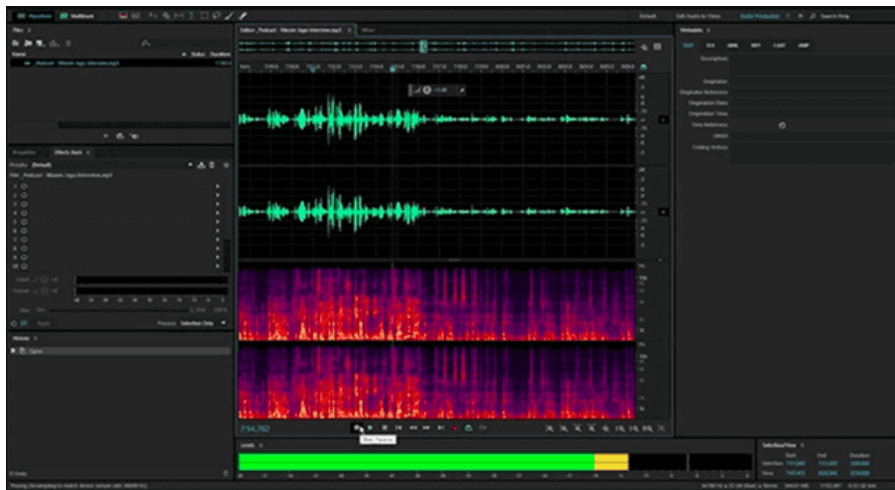


Figure 3. Mixing display using DAW

4. Mastering

The mastering process carried out by MDX Records has been carried out using digital technology where the process does not involve human hands directly, namely by using a web-based mastering software called CloudBounce. Cloudbounc is equipped with cutting-edge technology in audio and Artificial Intelligence which compresses, adjusts echo effects, equalizes and makes stereo enhancements, thereby improving audio quality. One of the advantages of digital mastering is that the cost per song is much cheaper than conventional mastering, so production costs can be reduced, but the quality is very decent. In terms of time, it is also very efficient, with online mastering the desired song mastering results can be obtained within a few hours, compared to conventional mastering the average mastering result is 1 week.



Figure 4. Display mastering using Cloudbouncer

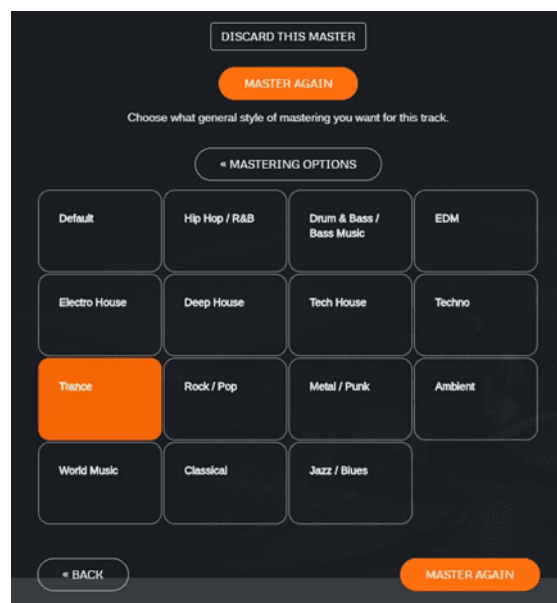


Figure 5. Display mastering options using Cloudbouncer

5. Cover Design and Layout

One of the factors to attract music fans is an attractive cover design. MDX Records uses cloud-based design software, namely Photoshop CC, where data is stored on the software's server or also known as Cloud, that the design process can be carried out anywhere without being limited by space and time.

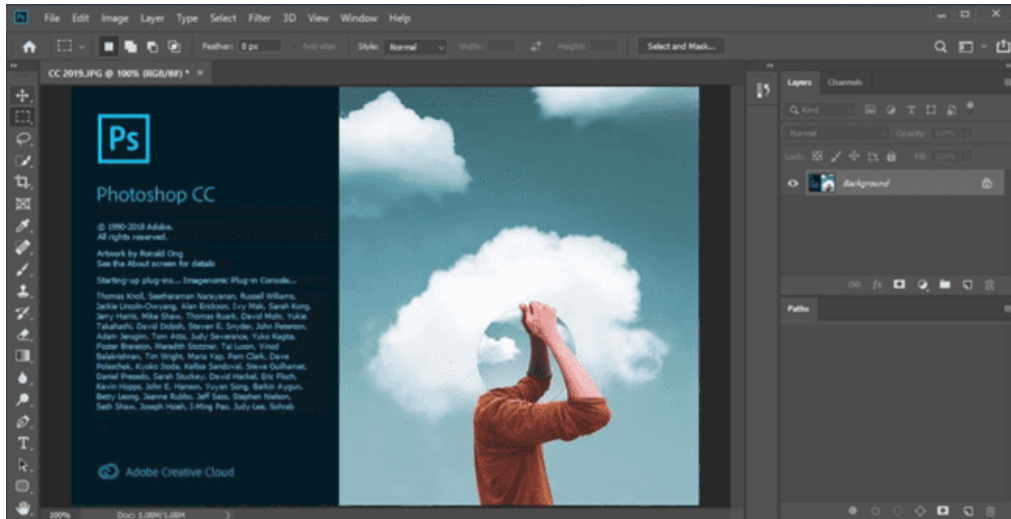


Figure 6. Photoshop CC screenshot

6. Physical Production of Music Album

After all the songs have been completed in the mastering process and the cover design has been agreed, the next process is the physical production of the music album. Currently, MDX Records only makes CD and digital albums. In an independent music label, physical production is generally only made a little, especially in the current digitalization era, where digital albums or music streaming are more popular.

7. Album Distribution

At the beginning of its establishment, MDX Records distributed physical albums conventionally, namely by setting up album sales stands at music events or by consignment to distributors, but the prospect of album sales was not good enough. Because distro visitors are generally not many, and sales are more aimed at clothing, indie music albums are only complementary. In 2017 MDX Records began to follow digitization in album distribution through Major Retailers who are well known globally, such as iTunes, Apple Music, Amazon, Amazon Music, Spotify, Deezer, Napster, Youtube Music, and others. Digital album distribution is considered to have more advantages than conventional ones, namely:

a) Lower distribution costs

MDX Records used Reverbnation for distribution, with the album distribution costs \$19.95 for the first year and \$45 for the following year. This figure is much cheaper than conventional distribution.

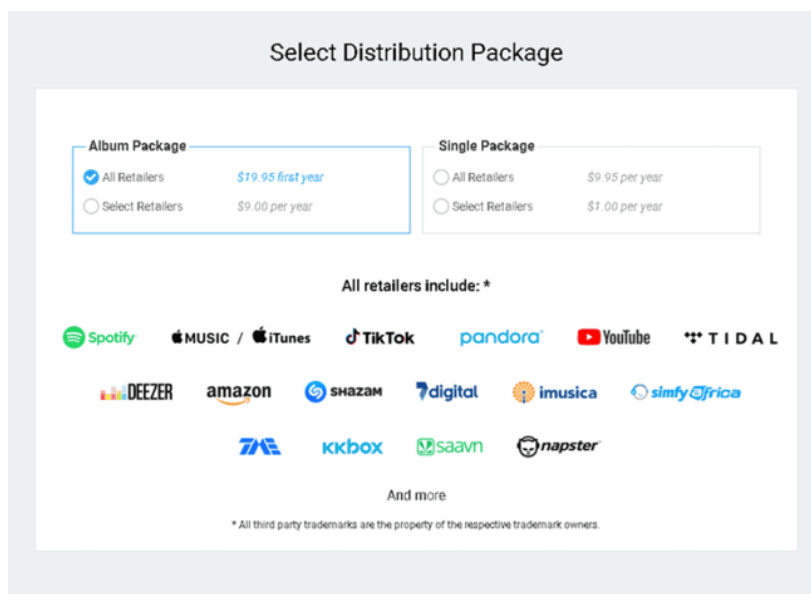


Figure 7. Digital distribution package selection

b) Global distribution reach

Distributed music album through digital distribution can be listened to or purchased by music lovers around the world. Of course, the sales potential is higher than conventional with a very limited distribution scope, based on MDX Records' experience for distribution in 3 cities it can cost more than digital distribution with very low sales prospects.

c) Reduce production costs

The distribution of albums has been done digitally so that the production of physical albums is currently only produced in small quantities, and it is possible that they will be transformed into a full digital direction. This provides an advantage in terms of more efficient production costs.

In addition to providing benefits for the label, digital distribution provides benefits for the consumer, namely:

a) Ease of buying music albums

Consumers can easily buy music albums without having to travel to find the desired music album at conventional music store, and it often happens when they want to buy the desired item is not available. With digital distribution, it makes easier for consumers to find the album they want, besides that payments can be made easily with digital payments such as Mastercard, Visa, Paypal, and others.

b) Adjusting consumer interest

Physical album sales, of course, in buying an album means buying the whole thing, even though it is not uncommon for consumers to only like a few songs. With digital distribution, consumers can listen to song previews to find out whether the song suits their taste or not and can choose to buy the whole album or only the songs they like. In addition, sales of digital albums / songs are not only in the form of downloads but are also available in the form of streaming music, so that they can be listened to anytime and anywhere without having to fill our device / gadget storage space.

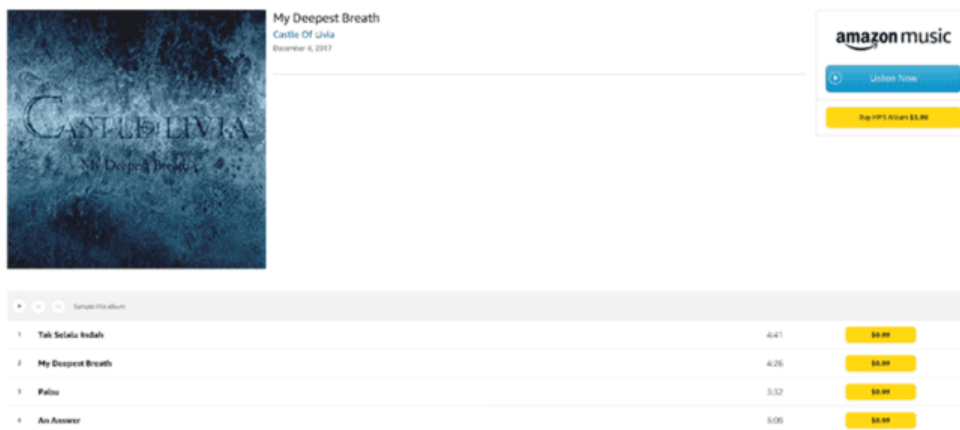


Figure 8. Digital album sales on Amazon

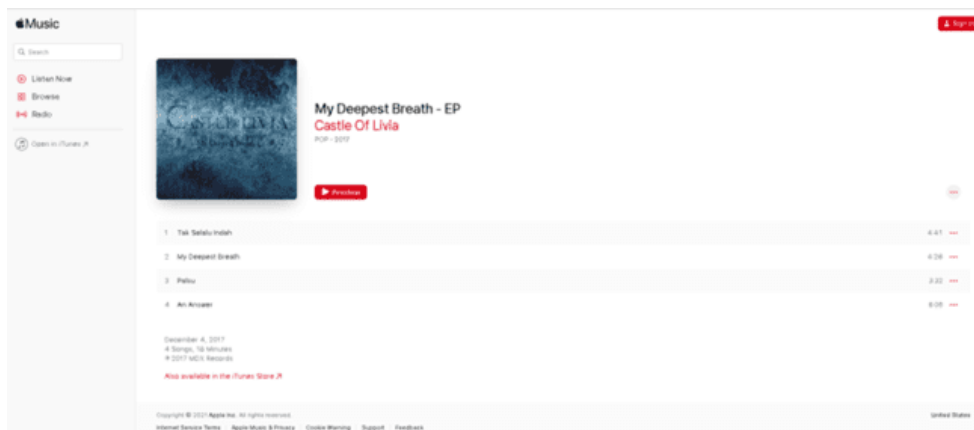


Figure 9. Music streaming on Apple Music

8. Promotion

Promotion is one of the main factors of success in business, with a good promotion it will attract music fans to listen to the music being sold. MDX Records utilizes Digital Marketing a lot by using social media in promoting its products or paid advertisements such as Google Ads, Facebook Ads, and others. Advertising through these media provides more assurance that the ad will appear to the right people, because digital advertising uses an algorithm that can identify users according to their interests, in this case music.

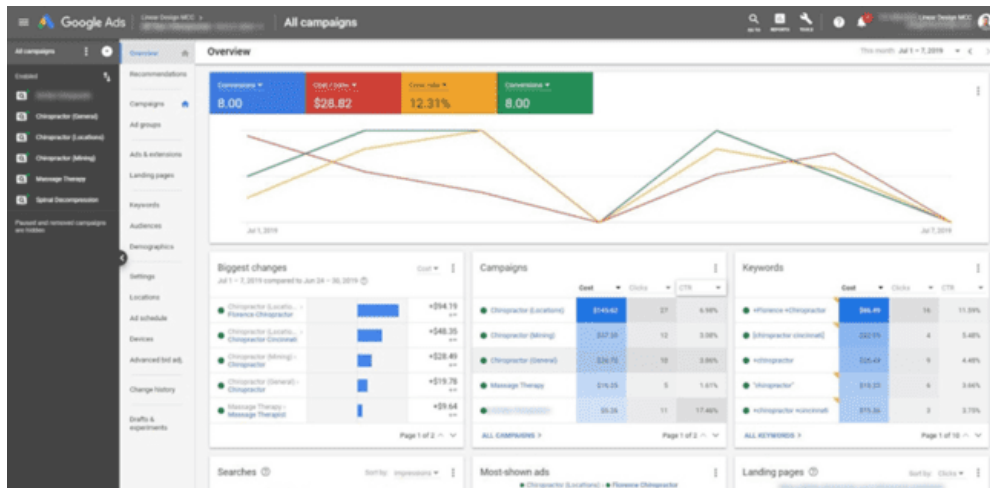


Figure 10. Digital marketing with Google Ads

The following are the results of an interview with Mut, the owner and producer of MDX Records: What has MDX Records done in transforming into a digital business:

"Initially we created an information platform about labels, namely a website, with that website we can display information on the albums we release, the bands we publish, even now we facilitate the web with a demo submission form, so bands who have songs can easily send their songs. With the demo, it's easier for us to find a decent band, cover design, production, album distribution, and even promotions we do online."

The perceived impact of MDX Records' business transformation towards digitalization:

"The impact that is most clearly felt is from a budget perspective, yes, if previously we only produced physical products with higher production costs, then mixing and mastering previously had to use engineers and the cost was more expensive, whereas now we use online mastering, in terms of quality it is not lost but at a lower cost, album distribution also if previously we had to come to events or leave distribution to distributors, which definitely drained energy, time and money, now we just have to use digital album distribution services that are directly distributed globally, again at a lower cost but a much wider range of distribution."

Hopes for Indie Labels in Indonesia:

"Until now, which is now the era of digitalization, many indie labels in Indonesia are still doing their conventional and even traditional business, of course the hope is that Indie Labels in Indonesia will start to transform their business towards digital, not only in terms of cost efficiency but also to advance development. indie music, because there are many musicians who have good talent but they are not on the mainstream track, with the digitization of indie labels in Indonesia they have a lot of hope and opportunity to move forward with their idealism"

CONCLUSIONS AND SUGGESTION

With the development of digital technology, especially in the music business, namely the existence of a website, software for audio processing and design as well as Digital Distribution such as iTunes, Apple Music, Amazon, Amazon Music, Spotify, Deezer, Napster, Youtube Music, and others, it is very positive impact on the progress of the Indie Label business in Indonesia. With these technological advances, talent search and production can save time, energy, and costs. Distribution

of albums that were previously very limited in reach, can now be distributed globally at a much lower cost. In terms of promotion, it is currently affordable globally at a much cheaper cost than conventionally which costs a lot. This allows music lovers from all over the country to hear and even buy products without being limited by space and time, that makes businesses can survive or even thrive.

Independent Music Labels or Indie Labels in Indonesia transformed to digital business and develop online media to facilitate musicians submitting their works and make it easier for labels to find talents from quality musicians who are not facilitated in the mainstream.

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