Harmonizing artist management by tuning into digital twin technology
Abstract

Music industry icons from Elvis Presley, Madonna to Lady Gaga have made millions and built a huge following by working with major record labels. However, digital technologies and an emerging generation of artists are transforming the way music is made, distributed, and consumed. While globally, recorded music grew by 7% in 2020 to reach $23.1 billion, it was significantly below the 11% increase seen in 2019. On the other hand, independent artists grew faster in 2020 by 34.1%, ending the year on $1.2 billion and increasing the market share to 5.1%. Driven by new production tools and services in a ‘creator economy’, artists can today build a successful mainstream music career without the backing of a record label. They can release their music and engage with fans directly through digital music distribution, streaming platforms, social media, and online marketing tools.

Does this mean that musicians don’t need record labels anymore? The answer lies in how these companies are willing to leverage digital technologies to attract and retain artists. Data-driven insights from artificial intelligence (AI) is one of the ways record labels can provide more value to both the artists and the audience, while adding to the topline. This paper discusses how digital twin technology can be used to create virtual replicas of key entities in the recording business ecosystem. The twins provide insights needed to develop hyper-personalized strategies for building and improving artist relationships.

Changing tracks: Making music in the era of the artist

There was a time when record labels drove the music business, discovering the stars who would go on to become icons in the industry. However, there has been a cultural shift in the way music is made and shared with the audience. Social media platforms such as YouTube, Instagram, and TikTok have shifted the power of engagement into the hands of the artist – many have gone on to achieve global popularity. Brandwatch’s ranking of influencers on Twitter in 2021 reveals that musicians represent the most influential profession on the platform for the second year in a row, with 54% of ranked influencers falling in this category. It is not surprising that artists are questioning if they need to be bound by contractual restrictions. With the democratization of music creation, many new musicians decide to go independent or collaborate with smaller, indie labels. While this strategy may offer financial and creative freedom, artists should remember that navigating the music business...
is a complex task, riddled with uncertainty. Moreover, the digital music landscape is extremely competitive and saturated. By collaborating with the right record label, artists get the support of an entire team to execute their larger vision. The question is: are record labels providing enough value to make the artists stay?

The artist - record label relationship: It is important to harmonize

Think about a vocal performance with more than one singer where harmonies bring an additional layer of depth, texture, and emotion. A harmony is the sound of two or more notes heard simultaneously – it is all about synchronizing crucial elements such as timing, tempo, and pitch. At the same time, each of the singers can still retain their individuality. This is the sweet spot for artists and record labels – understanding the symbiotic nature of their relationship.

There are several demands for a successful music career as shown in Figure 1, some of them include dedicated time, resources, budget, and connections. For artists, having the support of a record label for distribution, marketing, merchandizing, and touring can significantly increase their reach and popularity. Record labels, by virtue of having years of experience in the music business, are better connected with promoters, booking agents, media, and venues.

Developing a social media strategy
Securing licensing deals, corporate sponsorship, and endorsements
Tracking royalties, record sales, streaming services, concerts, and more
Managing concerts and tours
Merchandizing for supplementary revenues
Managing public appearances – press interviews, award shows, television, and radio
Establishing a brand identity and growing a loyal fanbase
Making music videos
Managing growth on streaming services
Supporting physical and digital distribution
Producing and launching a record

Figure 1: The key responsibilities in artist management
While artists can figure out how all this works, it can be expensive and time consuming, and cuts into their core focus area—making music. In addition, being independent may give artists creative control with respect to their artistry and music style, but it can be a long road to success and cost more upfront. More importantly, music like any other business, requires a deep understanding of the end-consumer and what kind of product or service creates the most impact. Record labels today still have a better view of the micro and macro trends in the music industry. The artist and repertoire (A and R) department takes the responsibility of managing an artist’s growth beyond an album or record. The onus is on record labels to prove that they can provide real value beyond financial support. It will mean leveraging insights across the ecosystem to offer the right combination of services which maximize the future potential of the artist.

**Creating value for artists using AI**

Like every other business today, the music industry must embrace next-gen digital technologies. According to a McKinsey report, 70% of companies will have adopted at least one AI technology by 2030.⁴ Al-driven insights are the answer to harmonizing the relationship between artists, record labels, and the audience. By backing the gut instinct with a data-driven A and R, Al and machine learning will be vital in making better choices, driving innovation and transforming the creative process. Some leading labels have appreciated the need for AI adoption. For example, Warner Music Group acquired the tech startup Sodatone⁵ to leverage its proprietary A and R insight tool, which combines streaming, social and touring data with machine learning to predict which unsigned artist has the best chance at success.

**Augmenting the power of Al using digital twins and simulation technologies**

AI is also incredibly valuable in boosting an artist’s growth and improving audience engagement. AI-based digital twin technology would help record labels create virtual replicas of key entities in the business, which include artists, the audience, distribution partners, digital distribution channels such as Spotify, merchlines, promotional campaigns and so on. These digital twins incorporate explicit characteristics such as age and language and implicit attributes such as behavioral traits, loyalty and human sentiments and affinities. The twins are then launched in a virtual environment that appreciates externalities such as environmental influences for e.g., COVID-19. Or context brought by technological advancement for e.g., Metaverse. This environment is then used as a virtual playground to experiment with various business decisions and predict and influence how the twinned entities of interest would respond.

With digital twins augmented by simulation technology, record labels can simulate various ideas in the virtual environment consisting of the converged digital twins.

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For example, the A and R manager can simulate the launch of a new artist or a marketing manager can simulate a change in budget across promotion channels.

Simulating the entire artist lifecycle, experimenting with various decisions such as the launch of a new album or a regional tour and evaluating outcomes of such decisions in a virtual environment first, minimizes ambiguity and risk. It would enable the A and R team to create hyper-personalized strategies to onboard and maintain new and existing talent, respectively. It will also help in optimizing record releases and predicting what results in greater returns for both the record labels and the artists. Record labels can also nurture lucrative relationships with various partners such as publishers, distributors, event planners, and merchandise manufacturers, using predictions which support better partner choices. They can also drive partners to perform better with effective incentives (based on insights from ‘partner digital twins’). This results in improved revenues and improved artist, audience and product lifetime values.

‘What-if’ simulation outcomes reflect the impact of business ideas on key performance indicators (KPIs) such as cost-per-listener, social buzz and revenues at various points in the planning process. Such insights determine the exact path the label and the artist should take for future success. Conversely, with ‘If-what’ simulations, KPIs can be calibrated on the simulation console to receive recommendations on the best route to achieve specific goals. These recommendations can be further compared and ranked based on a host of relevant KPIs.

Archetypes of twinned entities: A tool for effective decision-making

The real-life entities that have been dynamically twinned, can also be intelligently categorized into behavioral archetypes to drive strategic decision-making. For example, digital twins of the audience may give rise to ‘the recently heartbroken’ archetype, based on various factors such as their choice of music genre or ‘morning drivers’ based on their content consumption patterns. Archetypes can also emerge from digital twins of artists, for e.g., the ‘genre-loyal’ archetype of artists who create music of a typical style or origin such as Korean-pop or ‘fan-fam’ for artists who are closely connected to their fans, similar to Beyonce with her ‘beehive’ community.

Once created, the twins and archetypes can interplay within the context of their environments, highlighting interesting linkages. For example, the impact of a tweet from the artist on record sales, radio airtime, audience reception of a tour, merchandize inventories and so on.

Hitting the right notes in artist management

The music landscape has undergone tectonic shifts from both cultural and business perspectives over the last decade and a half, and continues to evolve with the rise of digital and streaming services. In order to stay relevant to artists and the audience, record labels need to rethink their roles, especially with tech startups looking to disrupt the traditional value chain. With the support of AI, record labels can be the perfect launchpad in addition to providing value-added services which promote and scale artists’ careers.
About the author:

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