

# Company of the Month: The Music Industry

## Part One

This month we examine the business of the music industry. In this first part we examine the early years of the industry from the beginning to the 1950s. The second part will be the Company of the month next month.

### Introduction

It was a bright sunny afternoon on April 11<sup>th</sup> 1902 when a young tenor from the southern Italian city of Naples walked in the Grand Hotel in Milan to meet Fred Gaisberg from the Gramophone Company. Two hours and ten songs later, Enrico Caruso walked out of the hotel with £100 in his pocket.

Amongst the songs he had recorded was the aria *Vesti la giubba* from the opera *I Pagliacci* by Leoncavallo. This record became the first to sell a million copies around the world. This was the first 'hit record' for the recorded music industry.

£100 was a lot of money in 1902 (About \$10,000 in today's money). But Enrico Caruso was only paid this 'fee' for his performance. He did not get any royalties on the million records which were sold. Of course, we can say that because of this record Caruso became famous all over the world. He was paid to travel and perform in theatres and opera houses all over Europe and in both north and south America.

The music industry is currently in crisis. Incomes from record sales are falling drastically while costs are rising. But, as the following history will show, the music industry has constantly been moving in and out of crisis.

### Early beginnings

Since 1806 scientists had been able to record the vibrations created by sound on paper, but they could not play back the sound which they had recorded. In 1877, a self-taught inventor, Thomas Edison, produced the first working phonograph which could record and play back the human voice using Alexander Graham Bell's recently invented telephone mouthpiece both as a microphone and as a loudspeaker. The voice was originally recorded on a thin sheet of tin foil which was wrapped around a solid cylinder. This was quickly replaced with a wax cylinder. During recording and playback this cylinder was turned by hand while a stylus either recorded or played back the voice.

**Title: Music**

Edison thought his invention would be useful as an answerphone and dictating machine. Edison did not see the entertainment potential of his invention. Early Edison recordings were very noisy and indistinct but soon he had improved the original machine using a battery driven motor to turn the cylinder.

Edison's cylinders could record only a two minute message. Edison experimented with short musical performances but there was no system of reproducing the cylinders to make multiple copies of the original recording. If a singer wanted to make eight cylinder recordings, he had to sing the song eight times!

Edison's cylinder was doomed to failure.

**Recorded Discs**

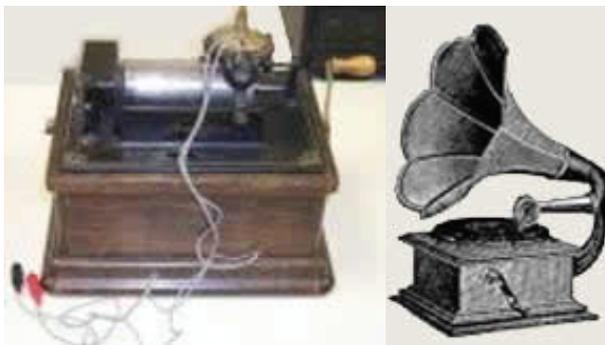
In 1888 Emile Berliner a German immigrant to the USA developed a system for recording sound on to flat discs. Originally these discs were made of a soft metal, zinc. Berliner's disks did not produce very good recordings but they had one great advantage. From his original zinc 'master disc' he could make multiple copies of the original recording. Berliner called his invention the Gramophone.

Between 1890 and 1900 Edison's cylinders and Berliner's discs were being used to reproduce voices and music as a curiosity in travelling fair grounds. The record industry as it later became known had not started.

Famous voices were recorded including Queen Victoria and the poet Robert Browning. Florence Nightingale also recorded a message.

Berliner's Gramophone Company started pressing disks using an organic lacquer called 'shellac'. Shellac is collected from a large insect called *Coccus lacca* which lives on trees in India and Southern Asia.

**1 Read the descriptions of Edison's cylinder player and Berliner's disk player and match them to the pictures below.**



**2 Why was Alexander Graham Bell's telephone important for Edison's player?**

**1900-1914**

The beginning of the 20th century saw the birth of the music industry. The three major companies were the Columbia Gramophone Company, Edison's National Phonograph Company and the Victor Talking Machine Company. There were still important and expensive battles about copyrights and patents. Mass production of records had started. In 1904 the first 'double-sided' discs with recordings on both sides became available. A ten inch disc increased the possible duration of recordings.

Fred Gaisberg worked for the Phonograph Company in London. He was travelling in Italy when he heard Enrico Caruso singing at the La Scala Opera House in Milan. He approached Enrico Caruso and asked him to make some recordings. Caruso asked for £100. Gaisberg sent a telegram to his head office in London and received the reply "FEE EXORBITANT STOP FORBID YOU TO RECORD STOP". Gaisberg decided to ignore the telegram and used his own money to record Caruso's voice on new 10 inch discs.

Caruso became the most famous operatic tenor in the world and the Phonograph Company became rich from by selling more than a million records.

Opera stars such as Caruso, Adelina Patti and Francesco Tamagno were very successful and popular with record buyers. This allowed the Victor Talking Machine Company to consolidate their place as market leader. With new recording contracts, the Victor Company (later HMV) could guarantee famous names singing and playing in your living room. Classical music had produced the recording industries' first stars. People thought that disks had better sound quality because they were louder. In fact, the sound quality from the new cylinder players was technically much better.

People began to see the many problems with cylinders. There were many different designs of cylinders and players. Each player would only play one specific type of cylinder. Also cylinders were far too bulky for storage.

The "Victrola", a player made by the Victor company was made to look like a fine piece of furniture which people were happy to have in their homes.

Over the next ten years Edison continued to develop his cylinders and players but these new developments could not stop the decline in sales.

When the First World War started in 1914, theatres and music halls closed. Many people bought gramophones and discs for their entertainment. A new 'portable' player called the Decca was introduced so even soldiers fighting in the trenches could enjoy music.

**3 In what way were cylinder recordings superior to disk recordings?**

**4 What were the disadvantages of cylinders?**

*5 Why did people think that disks sounded better?*

*6 How did the First World War help the music industry?*

### **Radio – the first crisis**

After the end of the First World War, radio was developed in America and other countries. Now people could get music in their homes without paying for gramophones and discs. The record industry had spent the first 20 years of the century convincing people that they needed a source of music in their homes, but now they could get live music at home through the radio – and it was free! So, people stopped buying records and players. The music industry had its first big crisis.

In 1928, the first sound movie “The Jazz Singer” was made. It was quickly followed by many more movies with sound. The movies became the ‘talkies’ and the music industry faced another important rival in the entertainment world.

In the business world, the new rich companies were the radio and movie companies. They started to eat up the record companies. The Radio Company of America (RCA) bought the Victor Company to become RCA Victor.

*7 Why did the radio cause a fall in sales of records?*

### **The Wall Street Crash**

In 1929 there was the Wall Street Crash - the collapse of the stock market and the beginning of the Great Depression in the USA. Few people had money to spend on entertainment. Larger corporations survived by buying up smaller rivals. In America, Herbert Yates started the American Record Company (ARC) and in Europe, Louis Sterling started EMI (Electrical and Musical Industries).

These business developments and mass production reduced the price of records and record companies started to make more ‘popular’ types of recordings such as jazz and dance music. This was the start of the ‘Jazz Age’ celebrated by writers such as F. Scott Fitzgerald. The traditionally wealthy aristocratic business owners were being replaced by young aggressive businesses in the ‘new’ industries – radio, movies and oil.

*8 How did the Wall Street Crash change the faces at the top of big businesses?*

### **1939-1949**

At the start of the war in Europe there was an important strike by musicians in America. They felt they had lost money from live performances because so many people were buying recorded music and records were being played on the radio. They

demanded ‘royalties’ from the record industry. These royalties would mean that the musicians would receive a small amount of money for each record which was sold.

When the Japanese occupied many areas of South Asia, supplies of shellac became very difficult. Record companies had to search for a new material for making their records. They started making records from a plastic material derived from oil which was called Polyvinyl Chloride (PVC).

In 1948 CBS announced the invention of the ‘long playing’ record (later called the LP). This 12 inch disc was made of PVC and was played at 33 r. p. m. (revolutions per minute). This new LP could have as much as 30 minutes of music on each side.

Quickly, RCA Victor, the rival company of CBS announced a new style of disc. This was a 7 inch disc which turned at 45 r. p. m. and could play about 3½ minutes of music on each side. The RCA Victor format became known as the ‘single’ because it usually contained one song on each side.

These new disc formats meant that in the post war period people had to buy new ‘record players’ (the word gramophone had become old fashioned). These new record players could play the old 78 r.p.m. records as well as LPs and singles. Some of the new LPs were in stereo so people needed two loudspeakers instead of one.

The industry was ready for the sales explosion in the late 1950s and 1960s.

**9** *Why did the musicians in America go on strike?*

**10** *How did the Second World War lead to the production of PVC vinyl records?*

## Discuss

*The early years of the music industry were dominated by expensive legal battles about patents between Edison, Bell, Berliner and other inventors. Do you think innovation is better when inventors collaborate or when they compete?*

*When the record industry started their first successes were with opera and classical music. Later their profits came from popular jazz or dance music. Can you suggest a socio-economic reason for this change?*

Tune in next month for the second part of our in-depth look at the music industry ...

You can learn more about the history and hear some wonderful early recordings at:

<http://www.edisonnj.org/menlopark/birthplace/johnson.asp>

<http://www.bbc.co.uk/music/features/vinyl>