

A youthful man, somewhere between the ages of 15 and 25, parses the media shelves of a local Target or Wal-Mart, searching for new music. He slowly sifts through album after album, searching for a diamond in the rough of popular music. After a prolonged and largely fruitless search, he comes upon a few albums that spark his curiosity. But alas—each album he finds is an out-of-reach and pricey \$15. Disappointed and broke, the man returns home and downloads a piece of software recommended and used by all of his friends: Limewire. He logs on and is instantly amazed by the infinite selection of music at his fingertips—every genre, song, artist ever imagined. He knows deep down that what he is doing is wrong; he always has bought his music to support artists and for the warm fuzzies of moral superiority to the baseless “downloaders” heard about on the news and in discussions over dinner tables. Yet he cannot resist having such an immense collection, the discography of the world, in his possession—and at the right price, too.

What is the value of a song or movie? Does something have to have a physical manifestation to have an intrinsic value? These questions, whether addressed outright or subconsciously, are asked by millions of Americans each day as they connect to peer-to-peer applications and networks to illegally download and swap copyrighted material such as music, movies, or television shows. An entire generation of young Americans has been brought up with and has adapted to such technologies, and the majority seems to have little regard for any ethical considerations or regret when downloading these said materials. This young, technologically savvy generation has brought about a *drastic* redefinition of intellectual property and its value.

The industries herald this downloading as their demise—how could a company possibly compete with “free”? They cite statistics claiming billions of dollars in lost sales, and have recently taken on draconian measures to attempt to stop peer-to-peer networks and piracy as a

whole. These measures include rights management software included with digital music, an unpopular and restricting safeguard, and also a slew of legal actions taken against the very customers they try so dearly to keep. These measures have brought about more harm than success, and have in some cases driven loyal customers to illegitimate piracy. The industry's "War on Piracy" (Harmetz 1) has been a largely failed attempt that has cost the industries billions in revenue, and continues to hurt it and repel possible customers. Instead of continuing this so-called war and continuing to ignore innovations that originate outside of the corporate sphere, media industries need to instead realize the power of such innovations and adapt as quickly as possible to it. The fact of the matter is that no innovation has the power to destroy the music and media industries: humans are and will always be insatiable consumers of entertainment, and eventual adaptation is unavoidable. Although many industry leaders believe recent technological innovations will collapse their media industries, I contend that adaptation to these new innovations and the new climate brought about by them is the only way to prevent the entertainment industries' ultimate ruin.

Firstly, I will address the arguments and ideas to come in brief. The media industry has had a long and turbulent history concerning technological innovations. With each new innovation, music and movie industries are exceedingly reluctant to adapt. They resist new technologies out of fear of an industry collapse and a loss of control over their intellectual property rights. This resistance eventually leads to a painful re-adaptation of technology and business models once the population has already created habits with the new technologies, whether legal or otherwise.

Moving to the present, I will address specifically the music industry's climate on the rise of the Internet. Media industries had long neglected the Internet, and eventually the digital

music void was filled by the creation its own illegitimate services, specifically Napster. The industry reacted very harshly to the emergence of piracy that sprung from this technology.

Corporations have mostly responded to new innovations by attempting to shut out new technologies by ignoring them or through forceful, legal means. Also, they have turned to suing participants in peer-to-peer networks. The ethics of these lawsuits are questionable, since corporations are ironically suing the customers they try so dearly to keep. The users who are being sued for exorbitant amounts in these cases have, in some instances, only downloaded one song in question, and the industry's method of publicly "beheading" pirates is, in my opinion, unethical and a largely failed effort.

Current business models of music corporations are not viable with the prevalence of peer-to-peer networks present today. The current models of the entertainment business are based on the scarcity and control of a product, and the industry has responded to the Internet likewise. Because at this point the stopping of piracy is practically impossible, businesses need to instead adapt and compete with it. Many examples of piracy competition will be discussed. All of these topics will be addressed in due time, and hopefully a valid argument will be crafted for a revamping of current responses and models of media industries.

Moving back to the historical precedents of innovation and piracy in the media industries, I will first address the industry response to prior innovations and the parallels to Internet piracy. An unfavorable industry response to some type of innovation goes as far back as the introduction of Edison's phonograph in the 1880's. With the popularization of such a technology, artists were convinced that their lifestyles would no longer be economically viable (Mason 36). They predicted that people would cease to go to concerts or employ performers, and that the public would simply listen to recorded music in the comforts of their own home. This paranoia is quite

understandable, though—the option of recording and distributing media was never before possible. But to someone in a modern age, the idea that the music industry could be destroyed due to the phonograph seems ridiculous. Most would think that the phonograph has actually enhanced the business in a major way through the opening of a new market and through the introduction of the music into the home.

The parallels between the phonograph and the Internet are not completely congruent, but there are many similarities between the two. The industries' response to the Internet and piracy is much the same as it was in the 1880's. Since one can look back from current times, it is easy to see the irrationality of artists, and to see that adaptation to new technologies is the best way to continue a viable business. Artists could have profited sooner and saved much effort had they adapted to the technology on the dawn of its introduction.

Moving to more recent times, the next large “disruptive innovation” (Easley 163) is the introduction of the compact cassette into the mainstream throughout the 1970's and 1980's. This medium was different from the phonograph in that people had the power to copy and, for the first time, “pirate” music. This created yet another paranoid piracy scare and crisis in the music industry. Many thought that the music industry would fail, and that the entire population would stoop to pirating their music. One article from *The Guardian* at this time heralds the cassette as causing a “collapse of the British LP market” (1). Further, legislators cited in the article put forth the idea of heavily taxing blank tapes, and then proportionally distributing this “piracy tax” to artists (1). Again, the introduction of new media innovations has repeatedly caused a scare among artists and industry leaders because of a fear of a loss of control. From our point of view these claims are baseless, but, just as today, it is and was easy to get caught up in the paranoia surrounding a new innovation that has illegal potential.

Moving forward again, one last upsetting innovation before the popularization of the computer was the VHS cassette. This was the first true “disruptive innovation” (Easley 163) to affect the movie industry. Up until this point, the movies lacked any physical manifestations and were confined to movie theatres and televisions. In both of these mediums, the movie industry had an immense amount of control. There was no possibility of piracy or copying, and the movie industry could make sure that all viewers had paid their dues, whether it be through a movie ticket or advertising through commercials.

All of this changed with the VHS. It brought control into the home, and allowed for people to watch movies by their own accord. With this came the copying, though—people began to record movies played on television, and found ways to copy friends’ movies and recordings. The movie industry responded harshly to this new loss of control. They, like the music industry previously, came up with draconian measures to suppress this new technology and to keep control.

In one *New York Times* article, the movie industry lobbying group, or MPAA, commented on the technology. Their president, Jack Valenti, said in an interview “I don’t think the future is in the VCR, it is in theatrical film...The video cassette recorder is a *parasitical* instrument.” (Kaplan 1). This telling quote exemplifies the media industries’ attitude towards new innovations. Instead of embracing the VHS, the industry saw the technology as its demise and brushed it off as an illegitimate tool. The VHS is obviously not a “parasitical” (Kaplan 1) tool, and its potential was realized as close to every home in America came to have a VHS player and recorder in the future.

Valenti continues in the article that “[the industry] has been frustrated by the introduction of new technology. We lost control with home video” (Kaplan 2). The video cassette recorder

was truly the first loss of copyright control with the movie industry. People began to record and copy movies, and this caused a massive scare within the industry. Even with this new lack of control, though, movie businesses were still viable. In fact, throughout the 1980's box office revenues continually increased from \$2,749,000 in 1980 to \$5,021,800 in 1990 (Box Office Mojo) throughout the period dominated by the VHS. This proves that media industries do not necessarily have to have totalitarian control over their products to remain solvent or profitable.

Valenti again comments in response to the VHS in the home that “people want to get out of the house, and they want to have a social experience. People don't want to be umbilically connected to an electronic box” (Kaplan 2). Although it is true that movie corporations sell the experience of a movie in addition to the movie itself, this quote shows how out of touch industry leaders are with their consumers. People did and still want to enjoy entertainment in the comforts of their own homes, and at this time Valenti and other executives should have realized public opinion and adjusted their businesses accordingly. Instead of resisting the VHS, they could have satisfied their consumers, brought about VHS movies sooner, and actually profited. This reaction would have been highly unlikely, though; the media industries as previously stated have an immense fear of a loss of control, and like to keep the *status quo*.

The movie industry, specifically Universal, took this un-adaptive and paranoid behavior to a new level with the court case *Sony Corporation of America v. Universal City Studios, Inc.*, in which manufacturers of VCR's came within only one supreme justice vote of being liable for copyright infringement (Langenderfer and Cook 1). Had the ruling been different, the technological climate of media would have been drastically changed forever. VHS technology as a whole would most likely never have caught on, and consumers would still be slave to movie times and TV guides today. Industries would have succeeded in shutting out the innovation of

VHS and VCR, and this ruling also could have blocked future innovations such as the DVD or possibly digital media.

The VHS proved to be a massive part of the movie industry's business once they embraced the technology. It took off with consumers, and became a massive part of sales had by movie corporations. The movie industry, through the VHS, could finally bring their product into the home for the first time, and this proved to be enormously profitable. This again proves that adapting to a new technology is the most beneficial strategy for a business to take, rather than ignoring it or wasting resources on suppressing it.

After all of these precedents in industry responses to innovations, namely the phonograph, VHS and cassette, have been analyzed, it is easy to see that the Internet is yet another "disruptive innovation" (Easley 163), and that the music and movie industries' reaction to them is nothing new. From these historical responses, it is easy to see that technology always catches on with consumers first; it is simply a matter of how soon or with how much difficulty these technologies are adapted by the industries. It is quite evident from these responses that adaptation to a technology, specifically the Internet and peer-to-peer networks, is the most logical, economically sound, and beneficial reaction that the music and movie industries could have.

In his journal article on the ethics of the music industry's response to online piracy, Easley uses the term "disruptive innovation" (1) to describe any new technology or innovation that disrupts the *status quo* of a business. This term has been used throughout my paper, as it is extremely applicable since any innovation in the media realm is especially "disruptive" (Easley 163). This type of innovation is present in any business, and almost always benefits the consumer through driving down costs or enhancing a current piece of technology. All businesses

need to keep vigilant for these innovations, as a missed innovation can cause the dominance of one particular company to emerge. To stay afloat in a competitive arena, businesses need to be constantly adapting, innovating, and competing with any outside force that threatens profits and has the possibility to bring about antiquity. In his book *The Inventors Dilemma*, Clayton Christenson observed the following through studying the computer disk drive industry:

My investigation into why leading firms found it so difficult to stay atop the disk drive industry led me to develop the "technology mudslide hypothesis": Coping with the relentless onslaught of technology change was akin to trying to climb a mudslide raging down a hill. You have to scramble with everything you've got to stay on top of it, and if you ever once stop to catch your breath, you get buried (Christensen).

This metaphor is akin to almost any market or industry in a free-market system, but I believe it is especially applicable to the media industry and its recent situation regarding the Internet. The media industry resisted the Internet, and as a result lost many customers and got buried in the mudslide.

The Internet was a massive force that was largely neglected by the music industry. Just like the ignoring of the VHS in the movie industry, music corporations viewed the Internet as another rogue or "parasitic" (Kaplan 1) technology and disregarded it wholly. They could have brought about the first legitimate digital music service, but instead they paid no heed to the Internet and convinced themselves that CD's would never become an obsolete medium (Mason 158). Because of their neglect to the Internet, an illegitimate music service sprung up, Napster.

Created by Shawn Fanning, an average college student in Boston, Napster completely turned the music industry upside down. At its peak, the service had close to 70 million users

trading billions of files (Mason 154). The program facilitated the sharing of music primarily, and did so in an intuitive and user friendly way. It was the first service of its kind to easily allow the downloading of music, and it took off in popularity.

The industry response to Napster was extremely harsh; individual and big name artists such as Madonna and Dr. Dre, along with whole record labels such as A&M Records, began a slew of legal actions against the company. Eventually, A&M records succeeded in taking Napster offline, but many other protocols followed in its footsteps, and the legal actions were most likely in vain save for proving a point. All of these legal troubles could have been avoided with the simple acknowledgement of the Internet's existence by the music industry, and the provision of a legal and competitive alternative to Napster. Again, the media industries failed to adapt to a new technology, the Internet, and they paid the price through the creation of Napster and other peer-to-peer protocols. They attempted to suppress a new innovation, the Internet, and got buried in the technological mudslide by Napster and other peer-to-peer protocols.

Since Napster's shutdown, Bittorrent along with a slew of other Gnutella protocol clients such as Kazaa, Bearshare and Limewire sprang up to fill the void left by the shutdown. Although I will spare you the technological details of these networks and protocols, one important aspect is that all of these technologies are "decentralized" networks. In other words, there is no central server or core to the network that is essential for all users. This creates a "massive headache" (Langenderfer and Cook 2) for corporations desperately trying to protect their intellectual rights. Since there is no "top dog" distributor or leader, corporations instead attempt to pursue individual users of the network for minor infractions. In many cases, large corporations have sued average users of these networks for exorbitant amounts of money, and have threatened over 28,000 users with legal action (Electronic Frontier Foundation). The ethics

of such legal attacks are questionable; in most cases, the participants in such networks are also music consumers that corporations are trying to keep. Many of these users include “good-faith” (Easley 164) downloaders who prefer trying out music through peer-to-peer services before legally purchasing them; in other cases, users are using the networks to acquire music that is no longer available for purchase or is unsigned and underground music (Mason 154). No doubt a large sector of users are simply downloading for free music; yet, still I do not think it ethical to turn average downloaders into criminals and sue them silly when a simple warning in most cases would suffice.

Besides the suing of downloaders, the music industry has also responded to piracy negatively through digital rights management. Commonly known as DRM, this software comes bundled with music bought from digital music stores such as iTunes or Rhapsody, as well as movies or video games purchased. The software is used to restrict the usage of media, primarily to curb the copying or sharing of these products. For example, a purchased iTunes song can only be played on five other computers and cannot be copied. Another example is the scandal surrounding Sony BMG several years ago. In late 2005, it was discovered that Sony had released millions of CD’s that, if played on a computer, clandestinely installed root kit software that monitored the consumer’s usage of the music and prevented any further copying and sharing (Mulligan and Perzanowski 1). The software proved almost impossible to remove, and the discovery had their customers up in arms. Sony had clearly taken rights management too far with this measure.

The use of digital rights management attempts to keep current business models in the music industry viable. These models are based upon the physical control of a product, and the scarcity of that product. In the report cited previously on the Napster trial, Langenderfer and

Cook wisely observed that “piracy threatens traditional marketing models because conventional methods of extracting revenue from intellectual property are based on scarcity ... and [these revenues] seem destined to evaporate” (1). Again, rights management is not the proper response to piracy, and it is not able to keep the music industry viable. The industry needs to adapt to a climate with diminished intellectual property control.

Record industries have also taken a more active approach to fighting piracy through the sabotage of peer-to-peer networks and the creation of “honey pots” to bait downloaders. One article cites the fact that companies have “hired white-hat hackers to pollute the file sharing networks with songs that purport to be the latest hits, but actually contain only static or worse” (Hansell 2). Corporations have begun to upload fake files onto peer-to-peer networks to lower the overall quality of the collection of that network. In addition, there have been allegations (although un-provable) of music and movie corporations uploading viruses disguised as popular files to infect downloaders’ computers and discourage future downloading.

These companies do not use these tactics themselves, though; they instead hire companies such as Mediadefender to do their dirty work. Mediadefender was a company employed by many big name companies such as Universal, Fox and Paramount to sabotage peer-to-peer networks and catch downloaders in the act. In 2008, a massive leak of internal company emails led to the discovery of ethically questionable tactics used to deter downloaders. It was discovered that Mediadefender had set up websites touted as carrying downloads of many hit movies and television shows, but actually contained none of these downloads and simply logged the downloader’s Internet protocol address for use in a future lawsuit (Torrentfreak ‘Emails’). The most notable “honey pot” website they set up was named Mivii. Through Mivii and other websites, Mediadefender managed to turn average downloaders into a “cash cow” scaring

thousands of people into settling lawsuits for thousands of dollars. When the cover was blown off of this scheme with the internal email leak, the CEO of the company, Randy Saaf, notably said in a private email, “This is really f*cked. Let’s pull Mivii offline” (Torrentfreak ‘Emails’). It is easy to see the unethical nature of corporate response to the Internet and peer-to-peer networks.

One last failed response to Internet piracy comes from Shawn Fanning, the creator of Napster. Since the shutdown of Napster, Fanning has since ironically gone to work for the music industry in creating a third-party piece of software that would monitor and restrict the activities of users on peer-to-peer networks. The software, called “Snocap,” would parse a network, index the files shared against a list of copyrighted works, and monitor the sharing and downloading of those files. According to an article by Saul Hansell, the software would have the ability to “block a download or force the user to pay for it, depending on what the artist and label want” (1). It is baffling that recording companies would even think of investing in such a piece of software. The user would have to actively seek out and download this restricting software, and the fact of the matter is that no user of a peer-to-peer network would choose to restrict their usage by their own accord. Users are on these networks to escape the control of the record labels to begin with, and it is irrational that a corporation would waste so much time and effort to develop and fund such a piece of software. Although it is true that this is technically not ignoring the Internet innovation, it is also not fully adapting to it in the correct manner.

The corporations involved with this software attempt to please their customers by allowing them to continue usage of peer-to-peer networks, but want to maintain copyright control and continue to turn a large profit. The innovation of the Internet does not allow for this continued control, though; the industries need to realize that a devaluation of music and a loss of

intellectual property control have taken place and need to adapt accordingly. This idea will be further discussed at a later point in the paper.

All of these responses to the Internet—the suing of customers, the sabotage of peer-to-peer networks, and digital rights management—all share a common thread: each is a negative, irrational, and often downright unethical response to the new “disruptive innovation” (Easley 163) that is the Internet. In addition, it is notable that none of these responses have had much success, and they have in many cases caused a drop in sales. These negative responses are driving away costumers, hurting the image of media corporations, and ultimately contributing to the possible demise of the recording and movie industry. If the industry wishes to avoid this demise, it must properly respond and *adapt* to the new climate change brought about by the Internet. One popular American DJ, songwriter, and musician, Moby, commented on the industry’s current state:

I don’t know, but ‘it’s better to be feared than respected’ doesn’t seem like such a sustainable business model when it comes to consumer choice. How about a new model of ‘it’s better to be loved for helping artists make good records and giving consumers great records at reasonable prices’? (Torrentfreak ‘Moby’)

Apparently, those ideas are not in line with the music industries’ current business tact, though. Corporations have and will go to great lengths to protect their profits and their control of intellectual property, and even seem to prioritize this control over their customers. The industry has an innate love of and is reliant upon their dominion over media, and refuses to change because of any possible loss in profits. They continue to ignore the Internet as a game changing innovation, and consequently continue to drive away customers.

Since it has been established thus far that the current response by media industries to the Internet is the utter wrong answer, one is seamlessly led to the question of what the correct response to the Internet and peer-to-peer networks is. The correct answer, in short, is adaptation.

To show what I believe is the correct way to respond to piracy and new innovations—that is, competing and adapting respectively—I will first explain a few businesses that have succeeded through these ideas. These examples should help to demonstrate that adaptation to innovations and competition to piracy is necessary and often profitable in media fields, and will lead into my explanations of the changing of media business models and adjusting to this new climate brought about by the Internet. These successful businesses are ahead of the curve in the media industry; they hold in their models the future of their industries.

The first of these businesses is the most well known: iTunes. Introduced by Apple in 2001, iTunes quickly became the largest music retailer in America within seven years of its launch (Neumayer and Roth). Today, it is still the top dog by a long shot, reaching 8.5 billion song sales last September. iTunes surely did something right, as sagging music sales of the time (see Strain and Harley) did little to thwart its quickly gained popularity.

iTunes successfully addressed both of my qualms with current media industry response by both adapting and competing with piracy. First, the service was, in my opinion, the first true digital and legal music store. Although it may have been natural for a computer company to sell digital music, they in this respect appropriately adapted to the innovation that was the Internet. They gave their product through the medium wanted by the customer, and it obviously paid off. This is a prime example of the importance of adaptation. Second, they offered a competitive alternative to piracy through selling something not offered by peer-to-peer networks: convenience. The idea that one could click a song and, like magic, have it in one's library the

next second was never before realized in a legal online service. This convenience set it apart from the Napster and peer-to-peer types, and most likely converted many pirates and thwarted future pirates from developing. The hassle of having to learn how to pirate music and the existence of a moral heartache with piracy keeps people coming to iTunes. iTunes successfully competes with piracy and, in effect, steals some of its possible customers through its selling of convenience.

A second web start up that has had enormous success is the website Hulu. Owned in a joint venture by ABC, Fox, and NBC, the website has taken off in popularity recently, attracting over 40 million viewers per month (Stelter 1). The website offers almost every popular show on television online in high quality with limited commercials. This is a great example of a company adapting to innovation.

Before the launch of this site, no true digital service of its type existed. Most people used peer-to-peer networks if they wanted to watch a television show on the computer, thus losing corporations any possible ad revenue. Customers had no way to enjoy digital television on the computer save for illegal means. Thus, the creation of Hulu was a corporate response to the customer's call for television online. It was a win-win situation for both sides, as it won over many pirates who could now easily log on to the site legally to watch their favorite shows, and also for corporations as it created more ad-revenue. In addition, Hulu brought in the on-demand craze found in products such as Tivo and sites such as YouTube into its technology to bolster its popularity even more. The Hulu startup was an ingenious reaction to the Internet and is extremely competitive with piracy.

So, stepping back from these examples, what set these companies apart from the rest and made them successful? These companies were successful because they both responded and

adapted to innovation and, in effect, stole competition from piracy. The first half of this is easy to grasp—they saw a popular innovation and decided to use it to their benefit. The second half can be explained in the simple question: “Why do people pirate our product?” Before these startups were created, pirates had a monopoly on new innovations—in the above cases, a substantial music collection and free, digital, on-demand television. Legal companies did not offer these things, so people, often reluctantly at first, turned to piracy instead. Companies need to see that people often pirate because that piracy brings something to the table that is not available from a legal corporation. They need to treat piracy as another company to compete with. Companies should look at pirates, see what new innovations they have created and what they offer, and try to improve on these innovations and use them to their benefit.

In addition, piracy can be a sort of barometer for businesses. If a large amount of people are pirating a product, several things should be explored. Corporations should give themselves a check up. Are prices too high? Is piracy doing something we should be? Do we need to improve the quality of our product? Are our customers unhappy with our service or business? All of these questions, if answered, can reduce piracy and help to benefit a business in the long run.

So, humoring the ideas of music and movie industry leaders, let’s say that online Internet piracy becomes an ingrained social institution unchecked by any industry response or innovation. Even if all of an artist’s music is pirated, fiscal solvency is still possible. Take the current state of affairs in the country of China, reproduced from *The Pirate’s Dilemma* below.

A total of 95 percent of all CDs sold there are pirate copies. This is because there are such tight restrictions on the legitimate sale of foreign media, and also because in Chinese society, the idea of paying for downloading music is, by and large,

considered ridiculous. Recorded music is effectively a public good, free at the point of consumption. Yet a large middle class of artists make a living there, primarily from live performances. As columnist Kevin Maney wrote for *USA Today*, “Chinese rock stars aren’t getting as wealthy as, say, Michael Jackson, but . . . why should they? Only a relatively few American rockers ever sell enough CDs to get fabulously rich. Should society care if rockers can’t afford to build their own backyard amusement parks?” (Mason 159)

This example disproves the stance taken by media industry leaders that piracy can destroy their businesses. These businesses need to understand that drastic changes have, can, and will take place in their media field (as they have in China), and that they need to adapt no matter how big a change if they wish to survive. This adaptation means always competing with piracy, reconciling with new innovations, and ultimately keeping an open mind when dealing with change.

The youngest generations capable of media consumption have become insatiable consumers of music and media, but are the least likely to pay for it (Easley 163). This is one problem that grows bigger everyday: the devaluation of intellectual property in media industries, especially the music industry. Yet even with this reluctance to pay, corporations can still be profitable. Hulu is the most prominent example of this; in addition, many music groups have experimented with new business models dealing with the young, generational desire for “free”. The popular indie band Radiohead with the release of their last album, “In Rainbows” tried a new, donation based model. They set up a website which prompted the visitor to pay what they thought the album was worth, and then distributed a high quality download to that visitor. No doubt many people simply entered \$0.00 and downloaded it for free; yet, a surprising number of people were willing to pay for their music. The band made a cool three million dollars, that

figure including box CD sales and other special merchandise (Rolling Stone). Clearly this model holds much potential.

The surprising finds of the “In Rainbows” campaign are solidified by a 2005 study by Chiou, Huang and Lee in which they analyzed what subconscious factors contribute to the decision of whether or not to pirate a music album. One major factor was the amount of solidarity and loyalty felt between fans and an artist (Chiou et al 163). Giving their album away for free caused many fans to feel obligated to support their cause, and turned out to be a success. Bands such as Nine Inch Nails among others have started to intentionally release their music onto peer-to-peer networks for free, viral marketing, and have moved to a completely concert and merchandise based business model with much success. There is much potential in alternative business plans which involve the Internet and peer-to-peer networks specifically.

The Internet is a massive, driving force in our culture, and it grows bigger and more ingrained every day. A massive part of the Internet, peer-to-peer networks, also is growing exponentially. Although many industry leaders believe recent technological innovations will collapse their media industries, I contend that adaptation to these new innovations and the new climate brought about by them is the only way to prevent the entertainment industries’ ruin. For the layperson, this debate is a pivotal one because we are all, as humans, insatiable consumers of media. It is a part of our everyday lives; we have become like sponges, constantly soaking in the music, art, and drama surrounding us day and night. It is a major part of everyone’s life, and media corporations are a part of our lives indirectly because of this. To the media industry, I believe that this paper should act as a warning: adaptation is necessary if you wish to survive. The media field is a fluid one, constantly changing with fads, trends, and, as discussed, innovations. The Internet and the climate brought about by it is yet another alteration in the field that must be handled correctly by businesses. Change must be dealt with promptly and befittingly, or else a corporation will, inevitably, slip into the mudslide.

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