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The Song Remains The Same? Technological Change and Positioning in the Recorded Music Industry

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Technological change in the recorded music industry has spurred changes—file sharing, unbundling singles from albums, and streaming—that have eroded firms' abilities to generate revenues. Other technological changes have reduced the costs of production, distribution, and promotion, as well as the search for talent. These changes have influenced the strategic positioning of major and independent record labels. We examine the new music releases of major and independent labels before and after the technological change, using a differences-in-differences design and unique data on over 63,000 albums released in the United States between 1990 and 2010. We find first, that major labels increasingly choose artists that have been previously successful, both on the same label and on other labels; second, that music releases increase for independent labels but decrease for major labels; and third, that this selective approach appears to work, as a growing share of major label releases achieve commercial success on the Billboard listings. However, despite growing relative success, since overall revenue is declining in the industry, U.S. revenues for major labels fall, while the revenues of independent labels are stable. Our results support the idea that major labels deploy their high-cost capabilities in a narrowing segment of the market, releasing successful artists that have broad market appeal and high revenue, while independents adopt lower cost approaches, pursuing more music releases for smaller, lower revenue audiences. Thus, prechange strategic positions appear to influence the labels' responses to—and adoption of—the technological change, resulting in even more heterogeneous positions postchange.

Keywords: technological change; strategic positioning; organizational capabilities; music industry
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"Who Are You? ... I Really Wanna Know": Product Identity And Competitive Positioning In The Nascent Synthesizer Industry

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It is well established that firms make a series of positioning choices that shape how they compete within an industry. However, much of this work has examined competition within established industries where performance attributes are well understood. By contrast, we know little about how firms position their products within nascent industries, which are often characterized by extreme uncertainty about what the product even is. We address this gap through an inductive study of the emergence of the music synthesizer, drawing upon a unique data set of four leading firms' complete product offerings and advertisements from 1976 to 1986. We discover that conventional dimensions of competitive positioning, such as features and price, do not capture important distinctions in how firms framed their products. Rather, firms interpreted the synthesizer as having primarily one of two distinct meanings: a new instrument that enables a technologically-sophisticated musician/synthesist to create and/or play new "synth" sounds, or a substitute for acoustic instruments that allows a musician with limited technical knowledge to play realistic emulations of existing instruments. We use the phrase *product identity* to capture these fundamental differences in meaning and, based on our data, we find that product identity addresses four fundamental questions: What does the product do? How is it used? Who uses it? And what does it look like? Our study illustrates that product identity is an important aspect of positioning in nascent industries.

Keywords: competitive positioning; nascent industry; industry emergence; product identity; categories; synthesizer
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The Multifaceted Nature of Competitive Response: Repositioning and New Product Launch as Joint Response to Competition

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The literature abounds with theories on firms' responses to competition—highlighting various response strategies. Although firms likely use combinations of these response strategies in practice, there is little attention to this in the literature. We investigate how firms coordinate two closely related strategies—product repositioning and new product launch. Our approach is to empirically document how firms use these strategies in response to moves by a dominant competitor to provide insight and ground future theoretical development. Using data from the Chinese TV industry, we: (a) document that, in most cases, firms respond to competitive approach by simultaneously changing their position and product launch strategies; (b) interpret the nuanced response strategies that reflect the different combinations of repositioning and changes in product launch; (c) assess what types of firms are more likely to choose these nuanced response strategies. We discuss how our findings can advance theory development of firms' responses to competition.

Keywords: strategic positioning; competitive strategy; industry dynamics; entry strategies; spatial competition; state-owned enterprises

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