

Consumer-Oriented Service Innovation in Music Industry

Wind Music Co.

Case Study for PICMET 2014

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Abstract

- This case study aims to take the digital and experiential marketing projects of Wind music co. to explore new service/product innovation opportunities in this digitalized industry. By adopting new and creative technology, this case enhanced the value of music and even more approach new business customers and final consumers.

AGENDA

- Introduction
- The challenge in music industry
- Research method
- Pros/Cons for digitalization
- Successful examples
- Lessons learned from study
- Future applications
- Reference

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Introduction

- Name: Wind Music Co.
- Industry: Music & Entertainment
- Founded: 1988
- Headquarter: New Taipei city, Taiwan
- Non-main stream/independent Music : Traditional Chinese/Health/Ethnic/Buddhist/New Age/Ambient



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The Challenge in Music Industry

- Internet and mobile technology offered new challenge for music industry
 - Music is digitalized
 - The software and hardware of listening music changed
 - CD player→MP3 or mobile phone
 - CD to Download music→streaming music
 - New consumer behavior in listening music / accessing music service
- New service/product innovation to take the challenge and transform it into new opportunity

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The Challenge in Music Industry

- Due to popularity of Internet and the rise of digital music, Wind Music established Digital R&D department in 2005



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Research Method

- In-depth interviews to project key informants
 - Ms. Yi-Gui Yang, manager in Digital R&D depart, Wind Music Co.
 - Time: Dec. 2013



- Ms. Xiu-Ting Liang, CEO in Inner connection Music association, Wind Music Co.
- Time: Feb. 2014



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Pros/Cons for Digitalization

- 100% own copyright (music and photo), Freely use in digitalization
- Easily apply in different platform



- Time and monetary denotation and investment
- The value of music is difficult to be identified



Tangible value:
0 cost, cheaper than Screws

Digital Music



Intangible value:
Environmental Protection, Recording costs

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Successful examples#1

- **Music Pad Machine:** product trial and purchase channel
- Established in Flagship Store & Direct-owned Store
- Easy to use (compared with traditional machine)
- Update new content from cloud database
- Not only listening any album but consumers can order in pad and get product in cashier counter



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Application of Music Pad Machine in New Service (1)

- Increase consumer in-store browsing/experiential time
- Better listening experience (can read album text description while listening)
- Music capacity is almost infinite in pad
- Save space (No longer have CD disc)
- Special shopping experience (No longer hold CD disc before pay the bill)



After listening music,
you can click "buy it"



Pay bill & get CDs in cashier₁₀

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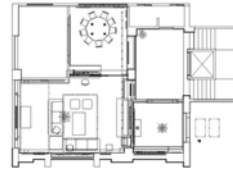
Application of Music Pad Machine in New Service (2)

- Offer **Musical life Housekeeper**
- Extend the music pad concept to TV channel in hotel and pre-sale luxury houses to offer grand new music experience to visitors and residence
- Strategic alliance with **hotel industry**
- Strategic alliance with **real estate co.**
- Every Hotel guest/Householder can choose any music they like and purchase album/single directly on TV



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Adagio Hcstel



Set up Musical life Housekeeper
in house before selling

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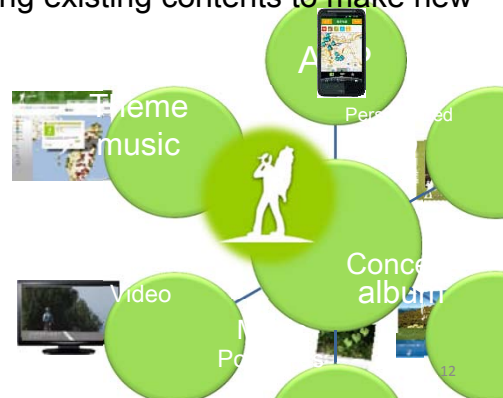
Successful examples#2

- **New product/service: Hear! TAIWAN**
- Through this APP, Travelers enjoy listening to folk music or local sounds according to their locations with GPS remarks
- The value of "Hear! Taiwan" can be extended to other customized services by using existing contents to make new services



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Consumer can use
"Hear! Taiwan" in
direct-owned store



Application of Hear! TAIWAN in New Service (1)

- Wind Music collaborated with Tourism Depart, New Taipei City Gov.
- Set in Cat Cultural Village
- Scan QR code in Bus stop then connect to web tour
- Audio Tour Service in Sightseeing bus
- When Tourist get on and off the bus, they can hear digital cat sound
- Cat music ring bell are free download



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Application of Hear! TAIWAN in New Service (2)

- Wind Music X Gold Museum
- Customized service: record the sound of gold mine pit
- Audio Tour Service: for foreign blind tourists



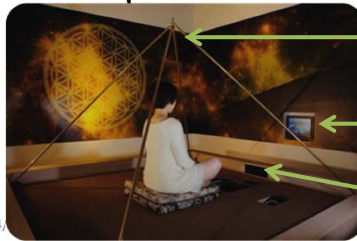
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Blind people touch antiquities in Gold museum

Successful examples#3

- **Music Meditation Pyramid**
- **Combine the experience of Music, Meditation and Aroma Therapy**
- Collaborate with ITRI, BRC in NYMU, Tzu Chi College of Technology to Conduct “Music Pressure Relief” Research since 2008
- Find listening Music can relieve from pressure
- Relaxation experience including **auditory sense, sight and aroma experience**



Pyramid Structure can help people concentrate the spirit

3D holography screen instructing how to relax

Xbox Kinect can detect the frequency of breathing

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Successful examples#3

- **Music SPA Pressure Relief Service**
- **Combine Music and Body physiological test evidence to demonstrate music effect in pressure relief**
- Design different pressure relief situation (sleep, waterfall, energetic)
- 5 kinds Essential Oil arranged in themes for pressure relief
- Relaxation experience including **auditory sense, sight and aroma**

Projection screen that shows nature scenery

SCR(Skin Conductance Response)detective machine can detect body temperature & blood pressure



Effect and Outcome

- Increase income for flagship store
- **Rising sales volume about bundled CD:** after personal experience, many customer will pay for bundled CD (6~8CDs/set, \$100~\$200)
- **Easier to convince consumer to buy:** The Law of Taiwan Regulate that efficiency can't be marked on CD; After personal experience, People may buy it.
- **Easier to catch someone's eye:** Because these two instruments are very particular, consumer will look & try this



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Lessons Learned: This Case

- This case successfully enhance the value of digital music
 - The product/service of a music co. is more than music. The value of music is increased by integrating new technology and alliances with other industries.
 - The digitalization of music in one new innovative service can be extended to new service projects and across various groups of customers
 - Effectiveness and efficiency of new service innovation



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Future Application

New Business Model

- Virtual music store
 - Like subway virtual store, in the future, Consumers scan QR code on the wall then they'll get digital music immediately
 - Don't need to hire staffs
- Music Health Consultant
 - More & more consumer establish the habit about using music pyramid, Wind music can hire Music health Consultant to Sign music prescription
- Sell Music Pyramid
 - Some consumer want to use Music Pyramid in their home, perhaps Wind Music can establish SOP about selling it



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