

The Economics of AI in the Music Industry: Impacts, Risks, and Opportunities

Aashi Singh

Gems Modern Academy, Nad Al Sheba-3, Dubai, UAE; aashimsingh01@gmail.com

ABSTRACT: The global music industry, valued at over \$28 billion in 2023, is undergoing a significant transformation driven by advancements in artificial intelligence (AI). From composition and production to distribution and consumption, AI is altering the economic and creative structure of the industry. Although AI offers novel creative possibilities and operational efficiencies, it also disrupts traditional revenue streams, threatens the livelihoods of music industry professionals, and raises ethical concerns around authenticity, ownership, and inequality. This paper examines the impact of advancements in AI across the music industry value chain through the lens of foundational economic concepts (e.g., creative destruction, substitution vs. complementarity, market efficiency). It also uses the Technology Acceptance Model (TAM), which explains why people choose to adopt a new technology, focusing on perceived usefulness, ease of use, risks, and external influences. Using industry data and published interviews with music professionals, the study shows a paradox: AI makes music easier to create and access, but it also disrupts jobs and redistributes value across the industry. The paper highlights the complex interplay between innovation and disruption in the music ecosystem, underscoring the need for balanced and responsible adaptation by stakeholders.

KEYWORDS: Behavioral and Social Sciences, Sociology and Social Psychology, Artificial Intelligence, Music Industry, Technology Acceptance Model.

■ Introduction

Music has long been both a form of artistic expression and a profession. Traditionally, music production required human creativity, technical skill, and expensive studio resources. Over the last two decades, digital technologies have revolutionized music distribution and monetization, first through streaming platforms and now through Artificial Intelligence (AI) driven tools, on both the production and consumption sides. The rise of Generative AI (Gen AI) has accelerated this shift, introducing tools capable of composing, producing, and even recommending music.

However, alongside these advancements come growing concerns: Revenues in music are projected to decline by 24% by 2028.¹ Studies indicate that a majority of musicians fear declining job security, and the erosion of fair compensation: 82% of over 4000 songwriters and composers surveyed in Australia and New Zealand fear AI threatens their livelihoods while in the UK, 68% of artists report job insecurity and declining value for their work.^{2,3} Beyond financial risks, musicians worry about reduced creative freedom as algorithm-driven platforms are increasingly shaping both production and consumption of music.⁴

Despite these challenges, AI is also creating new pathways for creativity, lowering production costs, expanding access, and opening global markets to independent creators.^{5,6} Audiences are also divided – some express skepticism toward AI-generated music,⁷ while others are increasingly accepting of its presence in their listening habits.⁸ In this evolving landscape, musicians and industry stakeholders are compelled to re-evaluate their roles, negotiating a delicate balance between embracing innovation and safeguarding human artistry.⁹

Against this background, the objective of this study is to explore how advancements in AI affect the music industry's value chain stages, such as creation, production, distribution, consumption, and monetization, and the resulting economic risks and opportunities for its stakeholders. This includes studying the impact on variables like efficiency, production costs, labor market change, market structure, consumer preferences, ownership issues, etc. The study uses an exploratory method examining the perceptions of music industry stakeholders related to the above parameters. It uses primarily two frameworks – AI Ripple Effect Waves (AIREW) and the Technology Acceptance Model (TAM). The analysis suggests that AI's impact on music is shaped by both economic structures and human responses.

Literature Review:

The global music industry has grown rapidly over the past decade and continues to evolve at a fast pace. According to the International Federation of the Phonographic Industry (IFPI), the recorded music market reached a valuation of over \$28 billion in 2023, driven largely by the expansion of digital streaming services. Streaming now accounts for more than 80% of global recorded music revenues, reshaping both how audiences consume music and how the industry earns revenue.¹⁰ This shift has enabled broader global reach, allowing artists from diverse regions to access international audiences.¹¹ It has also introduced challenges related to revenue distribution, with concerns about low payouts per stream impacting artist earnings.¹²

The economics of creative industries is considered unique because it involves the production and distribution of an intan-

gible cultural good where creativity and innovation are central inputs.¹³ Music, like other creative products, is an “experience good” whose value depends heavily on subjective consumer preferences and cultural context,¹⁴ influencing pricing and investment decisions.¹⁵ The music industry has high fixed costs and low marginal costs,¹⁶ relies on project-based employment, and often experiences income volatility and ‘superstar effects,’ where a few artists capture most of the earnings.¹⁷ Its value chain includes artists, record labels, publishers, distributors, and increasingly, tech platforms and intermediaries that control digital rights and data.¹⁸ The rise of direct-to-fan models and independent music production has further diversified the market structure, reducing the dominance of major labels.¹⁹ Studies have emphasized how these dynamics shape wage structures, bargaining power, and career trajectories.²⁰

Generative AI (Gen AI), a form of machine learning that creates new content from training data,²¹ represents the latest disruption in the industry. In music, AI tools are now integrated across the value chain: the creative process, production, and post-production, including distribution and marketing.²² For composition, tools such as AIVA, Suno AI, and Amper Music assist musicians by generating melodies, harmonies, or soundscapes. For example, Orchidea provides orchestration suggestions, while Soundraw enables royalty-free compositions tailored to user preferences. Beyond creation, AI supports technical functions such as voice cloning, vocal synthesis, audio mixing and mastering, audio restoration, and transcription.²³ AI also enhances productivity by reducing the time required for editing and refining content.²⁴ Pre-production applications leverage machine learning algorithms to analyze musical databases, recommend new melodic structures, and inspire artists.²⁵ In the post-production and promotional stages, AI-driven algorithms can design marketing campaigns, test engagement strategies in real time, and optimize content for virality, enabling artists to interact more with audiences.²³

Adoption of AI in the music industry is accelerating. A GEMA/SACEM survey revealed that 35% of respondents have used AI in music creation. The study also found that 63% of creators expect Gen AI to be most influential in composition, text writing, and creative processes, with additional applications in recording, editing, mixing, mastering, and promotional content. Genre-specific patterns are also emerging: AI adoption is highest in electronic music (54%), hip-hop (53%), advertising music (52%), and audio-visual work (46%).^{26,27} However, 64% of respondents believed that the risks of AI outweigh its opportunities, compared to just 11% who saw it more positively. According to *Goldman Sachs’ Music in the Air* (2024),²⁸ AI-generated music could account for as much as 25% of recorded songs by 2030, with tens of thousands already being uploaded to streaming platforms every week. Major record labels, including Universal Music Group and Warner Music Group, are lobbying for stronger regulations, while reports from the International Federation of the Phonographic Industry (IFPI) highlight declines in live session work where AI orchestration tools are widely used.

Independent composers, especially those working in advertising and gaming, have also reported fee reductions of 30–50% as AI substitutes for human-created content.

Empirical findings on AI’s economic impact remain mixed. Li observed that moderate AI involvement in music creation correlated with higher profitability, suggesting that hybrid human-AI collaboration could be optimal.²⁹ However, he found no clear causal link. Makridis reported no negative effects of exposure to large language models on artists, such as a decrease in income or user engagement, contradicting much of the existing literature.³⁰ AI tools lower costs and make it possible for independent musicians to create professional-quality music without needing big budgets. This makes the music world more diverse, but it also means tougher competition and lower average income for many musicians.³¹ In terms of jobs, AI often takes over technical tasks like mixing and mastering, but still relies on humans for creative decisions.³² CISAC (2025) predicts that AI could cut musicians’ income by nearly 25% by 2028.¹ As AI tools allow more people to make their own music, the need for professional singers, songwriters, and producers could go down. Even for those who stay in the business, the availability of AI tools lowers market rates, which threatens job security.³³ Schumpeter’s idea of “creative destruction” explains how AI creates new opportunities but also replaces older ways of working.³⁴ This also matches Autor’s polarization thesis that technology divides the job market into roles that are replaced and roles that are enhanced.³¹ These changes reflect what Brynjolfsson and McAfee call the “Second Machine Age,” when new technology changes how we work and produce.³⁵ These divergent findings highlight the need for further research into how AI affects artistic livelihoods and creative outcomes.

On the consumer side, AI-driven recommendation systems on platforms like Spotify and Apple Music reduce search costs and improve market efficiency.³⁶ However, these same algorithms may create “algorithmic lock-in,” amplifying visibility for a limited group of artists while marginalizing others.³⁷ Audience behavior adds complexity to this study. Research shows that people often prefer music made by humans because they value the effort, uniqueness, and emotion behind it.³⁸ If fans find out that a song was partly or fully made with AI, they might feel less connected, spend less money, and become less loyal.³⁹

Taken together, existing research illustrates both the opportunities and challenges of AI adoption in music. While AI lowers barriers to entry in the music industry and enriches creative potential, it disrupts established labor markets, challenges cultural authenticity, and introduces new questions of fairness in distribution. Table 1 maps and summarizes these dynamics using foundational economic concepts.

Table 1: This table shows that the impact of AI on the music industry value chain can be mapped to fundamental economic concepts.

Concept	AI Impact
Supply & Demand	AI reduces production costs, expands music supply, and lowers prices. Greater competition, however, compresses producer revenues. ³⁷
Opportunity Cost	Automation of routine tasks shifts opportunity costs, enabling artists to focus on creative, higher-value activities. ³²
Creative Destruction	AI disrupts traditional production and distribution, challenging incumbents and reshaping industry structures. ^{34,36;}
Market Efficiency	Recommendation algorithms cut search costs and match music with listeners better, but the risk of "algorithmic lock-in," concentrating visibility among a few. ³⁷
Substitution & Complementarity	AI substitutes some technical jobs (e.g., sound engineering) while complementing creative roles, enhancing productivity and artistic output. ^{31,32.}
Ethics & Responsibility	Raises issues of IP rights, cultural homogenization, and fair income distribution, highlighting the need for policy frameworks that balance innovation with equity. ¹¹

Despite the richness of existing research, a significant gap remains: There are only a few studies that have examined AI's impact across the entire music value chain or have captured the lived experiences of diverse industry actors. Addressing this gap, this study positions AI as an external technological shock that is reconfiguring the music industry. Specifically, it investigates how AI affects the different stages of the value chain and how industry professionals perceive the economic risks, opportunities, and challenges it presents.

Accordingly, this study seeks to answer the following research questions:

1. How is artificial intelligence affecting the music industry value chain stages?
2. How are industry professionals perceiving the economic risks, opportunities, and challenges posed by the advancement of AI and the usage of AI tools in music?

Conceptual Framework:

This study uses a conceptual lens that integrates economic theory with models of technology adoption. Two complementary frameworks guide the analysis: the AI Ripple Effect Waves (AIREW) Framework and the Technology Acceptance Model (TAM).

The AIREW Framework is an author-developed analytical framework to examine the impact of AI adoption across the music industry value chain. It is constructed through a synthesis of existing literature and conceptualizes AI as an 'external technological shock' that triggers successive waves of transformation throughout the music industry. These waves ripple through different nodes of the value chain, reshaping costs, labor markets, consumer behavior, and market structures. By explicitly mapping AI's effects to foundational economic theories discussed in the literature review, the framework provides both an analytical structure for research and allows to bridge theory and observed practice.

As illustrated in Figure 1, the AIREW framework is composed of four analytical layers:

1. **External Shock:** AI-enabled tools are introducing new capabilities in the industry.
2. **Value Chain Stages:** The industry is organized into five stages: Creation, Production, Distribution, Consumption, and Monetization. These stages guided the organization of qualitative data.
3. **Codes:** Derived from existing literature, these codes are clustered observations around five economic categories: *Pro-*

duction Costs & Efficiency, Labor Market, Business models, Consumer Preferences, Intellectual Property & Ethics, and Ownership.

4. **Ripple Mapping:** This captures how disruptions at one stage cascade into subsequent stages, creating cumulative effects across the value chain.

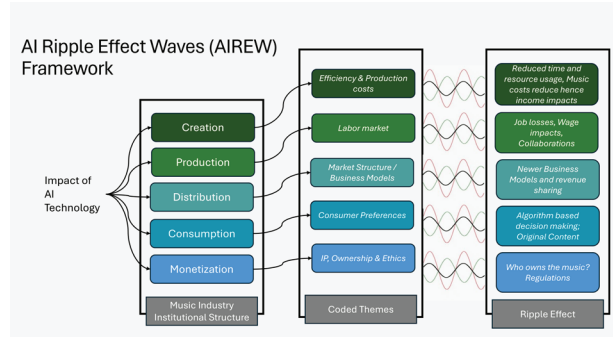


Figure 1: The AI Ripple Effect Waves (AIREW) framework represents AI as an external technological shock that impacts the music industry. It is shown as a ripple cascading to the value chain stages and creating cumulative effects. The framework also maps these changes to economic theories.

Complementing AIREW, the TAM Framework was applied to interpret the subjective perceptions of industry professionals. This is a framework explaining how users accept and use new technology, primarily based on a few factors like: Perceived Usefulness (does it help me?) and Perceived Ease of Use (is it easy to use?), External influences, and Risk perception.⁴⁰⁻⁴² This was conceptualized by Fred Davis, and since then, widely used in the technology space with improvisation. The model was particularly relevant for understanding divergent responses to AI adoption. Within this study, TAM was used to explore three key strands: (1) how artists and professionals perceive the utility of AI in their work, (2) how accessible they find these tools, and (3) how external factors such as industry norms, regulations, or ethical concerns shape their perceptions and adoption behaviors.

Taken together, AIREW and TAM form a dual-lens framework to look at AI's impact on music. AIREW sees AI as a powerful economic shock that spreads through the entire industry, while TAM focuses on how individuals such as musicians, producers, and listeners react to and adopt these changes. This integration ensures that both macro-level economic effects and micro-level adoption dynamics are accounted for, offering a holistic understanding of AI's impact on the music industry.

Research Method

This study adopts a qualitative empirical design using secondary data sources, with the goal of capturing how artificial intelligence (AI) is perceived and experienced by different stakeholders in the music industry. The focus is on understanding both structural economic effects across the value chain using the AIREW Framework and subjective adoption dynamics using the TAM model.

Data Collection:

The study used a purposive sampling method with an objective of capturing voices from diverse professionals of the music

industry, and not limiting it to only musicians and directors. Further, it specifically identified interviews addressing the topic of the use of AI and its role in music creation, production, distribution, or consumption, allowing the study to capture informed perspectives on implication of AI adoption. These interviews are from recent years, ensuring the relevance to the current context and use of the use of Gen AI as an emerging technology.

Data used in this study were sourced from publicly available interviews of musicians, producers, sound engineers, composers, executives, and other professionals involved in the music ecosystem. Sources included trade journals, podcasts, YouTube interviews, industry reports, and social media commentary (Twitter/X, LinkedIn).

As the study extracted interviews published in English, data available in other languages could not be included. This limits the representation of samples from non-English-speaking regions of the world. Further, the industry has several stakeholders. While efforts were made to identify interviews from a diverse set of stakeholders, the lack of sufficient published information posed a limitation in representing the voices of a diverse set of stakeholders. Table 2 provides an overview of the selected interviewees and sources.

Table 2: The table provides an overview of the data sample used in this research, depicting the variety of data across roles and geographies.

Artist	Role	Geography	Source of Information
Curtiss King	Music Producer, Rapper, and Author	USA	Forbes Blog/Article - How musicians are fashioning creativity with AI ⁴³
Kyle Lehning	Music industry executive and producer	USA	Streaming platform [YouTube] (CBS Sunday morning news, 2024) ^{44,45}
Taryn Southern	YouTube Star, Singer, and Content Creator	USA	Forbes Article - How this YouTube star used AI for her new album ⁴⁶
Ross Malcom Boyd	Musician, Audio Engineer, Educator	Canada	[Video Interview], YouTube, (2024, December 6th). <i>I asked 4 professional musicians about AI.</i> Channel: Sour_Vector ⁴⁷
Ryan Drew	Musician, AI Practitioner	Canada	
Ian Tomes	Jazz Guitarist	Canada	
Dr. Andrew Zinck	Doctor of Musicology, Composer, Teacher	Canada	
Holly Herndon	Musician, AI Practitioner	USA, Germany	Barry, R. (2024, February 8). <i>Holly Herndon's revolutionary AI music.</i> <i>Jacobin.</i> ⁴⁸
Armando Young	Electronic music producer	USA	Article in The Verge – Man Made Machine Music (2019).
Pharrell Williams	Singer and songwriter	USA	In Paris AI Action Summit ⁴⁹
Golnar Khosrowshahi	CEO, Music Publishing Company	Iran, USA	The Journal [Hans Zimmer Isn't Scared of AI]. <i>Wall Street Journal</i> (Interview, 2024). ⁵⁰
Hans Zimmer	Music Composer and Producer	Germany	
Grimes	Singer, Songwriter, Record Producer	Canada	Grimes: Music, AI, and the Future of Humanity Lex Fridman Podcast #281. ⁵¹ Twitter & Fortune Article – Feel Free 2023. ⁵²
A.R. Rahman	Musical Composer and Record Producer	India	Economic Times News Article, April 2025. ⁵³

Data Preparation and Analysis:

Where necessary, interviews were transcribed and cleaned to ensure consistency. The transcripts were then prepared for

analysis using a deductive coding process. Codes were informed by literature-derived categories such as production efficiency, labor market effects, business model shifts, intellectual property, and consumer behavior. This was followed by thematic analysis, identifying recurring patterns and relationships across the data.

■ Results Findings

Table 3 presents the analysis of qualitative data. The analysis has been grouped into recurring themes, which highlight both the opportunities and challenges created by AI (Table 3), which are then further linked to relevant economic concepts and theories (Table 4). This approach offers a clear understanding of how AI adoption affects production processes, labor markets, intellectual property, and ethical issues in the music industry.

Table 3: The table presents the qualitative data analysis in the form of codes and themes. The analysis was done through an inductive coding process guided by the AIREW framework (Fig 1).

Excerpt	Codes	Themes
<i>AI provides multiple possibilities but requires humans to arrange and finalize the song structure to fit the lyrics (Southern)</i> <i>I think AI and Music will become another great tool and a great helper to help me figure out how to express emotion or give people an experience. (Hans Zimmer)</i>	Complementarity: AI supports, not replaces, human creativity	Human-AI collaboration
<i>When you're at the start of your career, you usually lack in several key areas: 1)Resources, 2)Expertise, and 3)An industry network. AI, in the case of music creation, actually solves for all three. (Southern)</i>	Lower marginal costs → greater market access, increased competition	Reduced barriers to entry
<i>I think AI and Music will become another great tool and a great helper to help me figure out how to express emotion or give people an experience. (Hans Zimmer)</i> <i>"AI helps when you're stuck, speeds up production, and avoids burnout." – Curtiss King.</i>	AI as a supportive creative tool Innovation reduces costs and opportunity costs.	Efficiency Gains
<i>I don't think the music industry is going to die. I think it is going to follow a similar path that we've gone through many times in the music industry (Ross Malcolm Boyd)</i>	Confidence in industry resilience despite technological change.	Human-AI collaboration
<i>AI can mimic voices but lacks the emotional depth that human collaborators provide.</i> <i>It's not about how it sounds, it's about how it feels, and that's not something a computer can figure out. (Kyle Lehning)</i> <i>AI, in particular, is trained on material from the past. Hans is looking to create something new (Hans Zimmer, Golnar)</i> <i>Can AI create music as good as Hans? AI conceded that it has challenges, especially about emotional depth, which is difficult to replicate without human experience.</i>	Emotional limitation of AI; Experience goods: human input is essential for emotional value	Limits of AI creativity
<i>The models out there are being trained, but without any licenses or permissions. (Golnar Khosrowshahi)</i> <i>We haven't yet figured out how to deal with intellectual property, and AI is like if a sample could sprout legs and run. It is recording technology 2.0, and we don't have an ethical framework. (Herndon)</i>	Intellectual property protection; Ethical concerns; Lack of established ethical and legal frameworks for AI in Music Institutional economics: importance of legal frameworks	Legal and ethical framework gaps
<i>The question of whether I fear some sort of loss of employment? Personally, no. But I'm also recognizing that it is a trend that is happening, which is a disruption to the labor market. (Ryan Drew)</i> <i>A lot of tracks have synthesized parts, if not the whole thing. Yeah, there'll be less, probably, studio musician work. (Ryan Drew)</i> <i>No, you're not going to have a hundred-piece orchestra. There's no budget for that. But you have a small orchestra, and then what you need to be able to do is flesh that out in your mix with your plug-ins, with your sample libraries. (Dr Andrew Zincks)</i>	Labor market disruption risk AI as a supportive tool; Labor market risks, Roles affected, Budget constraint driving technology adoption.	Labor market effects and creative adaptation

I see it as a tool when you are in a rut or stuck, or for budding songwriters to be able to use that as inspiration (Ross Malcolm Boyd)	AI as creative and supportive aid; Improve the artists' productivity.	Efficiency improvements
The question of whether I fear some sort of loss of employment? Personally, no. But I'm also recognizing that it is a trend that is happening, which is a disruption to the labor market. (Ryan Drew)	Fear of displacement; Labor market polarization: mid-tier jobs most vulnerable	Labor market anxiety and disruption
But that's the magic of the algorithm. Sometimes it knows your taste better than you do. That's amazing for listeners and efficient for the market, but the flip side is that it takes some of the humanity out of discovery and can influence what we listen to in hazy ways... Recommendation algorithms also have the habit of creating musical echo chambers, because they're reinforcing tastes rather than broadening them. (Armando Young), New York-based musician	Algorithmic market shaping Hyper-personalization Algorithmic lock-in; Superstar effect	Market efficiency vs. fairness trade-offs
I think AI-generated work should instantly be in the public domain. It belongs to everybody because it was created by everybody essentially. (Ross Malcolm Boyd)	Concept of communal creation; Ownership Concerns;	IP challenges
I think it's fundamentally incapable of doing any of this in a way that ensures that things like copyright, intellectual property, and bias issues are avoided. (Ian Tomes)	Property rights economics: unresolved ownership tensions	
We are in the music business, and our job is to advocate for IP and the protection of it, and we'll get there. (Golnar)		
We wouldn't use AI to write songs. AI is much more like a utility. It wouldn't replace creativity. It is no different from search engines being created. (Pharrell Williams)	Ethical Use; Responsible Use	Responsible AI adoption
When you're empowered with tools, you have to use them responsibly... You have a tool which can empower you to do things which you could never do before, or you could destroy people's lives... There should be rules, like certain things you can't do. This is also behavior in the software and digital world. (A.R. Rahman)	Ethics and governance in technology adoption	
I'll split 50% royalties on any successful AI-generated song that uses my voice. Same as I would with any artist I collab with. (Grimes)	Royalties sharing; evolving contracts for new realities	New economic arrangements and contracts
AI wasn't here to replace us as songwriters or producers, but to essentially assist us in being more efficient in our music-making process. I could use all the help I can to maximize my skills and time and avoid burnout. (Curtiss King)	AI reduces productivity and efficiency Opportunity cost: reallocation of time and effort	Productivity and well-being

Thematic Analysis:

The following eleven recurring themes emerged on the effect of artificial intelligence on the value chain of the music industry.

1. Human–AI collaboration: AI can assist in composition but requires human input for arrangement and emotional depth (Southern, Zimmer). This reflects the economic concept of complementarity, where technology supports human creative work instead of replacing it.

2. Reduced barriers to entry: AI tools give access to resources, expertise, and networks that were previously out of reach for emerging artists (Southern). Since these tools are easy to use, more musicians are adopting them. Economically, this represents the notion of lower marginal costs, which makes it easier for newcomers to enter the market, while also creating more competition.

3. Limits of AI creativity: Despite its technical abilities, AI struggles with emotional expression, originality, and cultural context (Lehning, Khosrowshahi). This limits the adoption of AI in areas where authenticity is highly valued. These findings support the theory of experience goods (Caves, 2000),¹⁴ which emphasizes the importance of human input in creative industries.

4. Efficiency gains: The use of AI reduces time spent on routine tasks, offering inspiration and boosting productivity, speeds up production, and helps overcome creative blocks (Curtiss King, Boyd). This efficiency allows artists to focus more on creative work. This reflects technological innovation,

lowering costs and increasing supply (Brynjolfsson & McAfee, 2014).³⁵

5. Labor market effects: Session musicians and mid-tier roles face substitution, while hybrid roles emerge (Drew, Zincks). Some see AI as a threat, while others view it as a helpful tool. This illustrates polarization in labor markets (Autor, 2015),³¹ where middle-tier jobs decline, but high-skill and entry-level roles remain resilient.

6. Productivity and well-being: AI can help reduce burn-out by handling routine tasks and free time for creative focus (Curtiss King). This connects to opportunity cost, as AI frees up time for higher-value activities.

7. New Economic Arrangements and Contracts: AI is reshaping business models. For example, artists like Grimes have introduced royalty-sharing agreements for AI-assisted songs. These shifts reflect broader changes in the industry, where contracts evolve to meet new technological realities.

8. Market Efficiency vs. Fairness Trade-offs: Recommendation algorithms make music discovery easier but also reinforce concentration by promoting a limited number of artists (Young). This illustrates algorithmic lock-in and the superstar effect (Rosen, 1981),¹⁷ where a few artists capture most of the attention and revenue.

9. Gaps in Legal and Ethical Frameworks: Concerns over licensing, ownership, and lack of frameworks persist in the absence of strong regulations (Khosrowshahi, Herndon). Weak or absent frameworks increase risk for artists and limit adoption. This highlights the importance of institutions in ensuring fair participation.

10. Intellectual Property Challenges: Debates continue over ownership of AI-generated music. Some argue for stricter protections, while others suggest placing AI works in the public domain (Boyd, Tomes). This reveals ongoing tensions related to property rights.

11. Responsible AI Adoption: Industry leaders call for balanced and ethical use of AI (Pharrell, Rahman). This highlights the role of ethics and governance in shaping technological trajectories.

Interpretation of the Findings using TAM:

To interpret the findings at a micro level, this study applies the TAM model, which focuses on three factors that influence the adoption of new technologies: perceived usefulness, perceived ease of use, and external influences.

1. Reduction in Costs and Barriers to Entry: The use of AI production tools reduces the cost of producing music in a studio, therefore making professional-level music quality more accessible to independent, small-scale musicians. These tools demonstrate the dimensions of TAM's specifically perceived usefulness (helping artists save time and money) and perceived ease of use (requiring little technical expertise). However, lower costs and easier access also result in higher competition and market saturation. This raises concerns about long-term sustainability for music artists' careers. In accordance with the TAM model, such risk perception is also a determinant of technology use.

2. Labor Market Effects: The study reveals mixed perceptions, as some artists describe AI as a “co-creator” and others have issues like “displacement risk.” From a TAM perspective, such inconclusive perceptions reflect different evaluations of usefulness. On one hand, AI is perceived to be capable of enhancing productivity; it is readily adopted, and on the other hand, it is perceived as a threat to employment security; adoption is resisted. Economically, these perceptions connect to the substitution-complementarity framework. Substitution occurs when AI displaces session musicians and mid-tier software engineers, but large-scale production for complex projects would still require human expertise, and thus, complementarity is observed when artists integrate AI into hybrid workflows. This creates “skill polarization”, because while high-end and low-cost segments remain, the numbers and demand for mid-tier jobs might decline. High-profile artists can maintain their bargaining power through brand identity and revenues from live performances. Perceived ease of use also matters, as musicians who find AI tools accessible are more inclined to integrate them, while those facing technical or creative barriers may remain skeptical.

3. Consumer Behavior and Market Structure: Streaming platforms such as Spotify and Apple Music use AI-driven recommendation systems to influence the listening habits of their users, a classic example of TAM’s dimension of external influences. While these systems reduce search time and help listeners discover new music, they can also lead to “algorithmic lock-in,” where only a small number of artists receive most of the market visibility. Musicians think that visibility and audience engagement are shaped less by their own creative output and more heavily by algorithmic systems, and therefore market control lies with streaming companies who determine who gets discovered. This concentration of visibility can lead to unequal distribution of revenue, despite more artists participating in the market, because only certain artists benefit disproportionately from recommendation visibility (Rosen, 1981).¹⁷ For consumers, this can result in “hyper-personalized pricing” and targeted advertising, thus changing the way revenue is distributed across the industry. However, as more content floods the market, per-stream payments may continue to decrease, which challenges artists’ long-term sustainability.

4. Industrial Organization and Market Power: With AI-generated music having near-zero marginal costs, economic theory predicts downward pressure on prices. At the same time, large technology companies and streaming platforms hold significant power as they control algorithms, train data, and influence distribution channels. This reinforces existing power imbalances in the industry. TAM highlights the role of social and organizational influences that affect technology adoption. The observation that platforms hold disproportionate power introduces skepticism and perceived risk, potentially limiting broader AI acceptance.

5. Ethical and Distributional Considerations: Artists have raised ethical concerns such as “AI plagiarism” (allowing use of original work to train AI models without permission), loss of cultural authenticity, and unequal royalties. Such concerns affect not only how musicians use AI but also how an artist’s

audience responds to its use. Research suggests that listeners often value authenticity and human effort over AI-assisted work, which means that heavy reliance on AI could negatively impact an artist’s reputation, even if the music itself is technically sound.

The findings show that AI adoption in music is not only about cost savings or efficiency. Using the TAM model, the findings explain why some artists adopt AI while others resist: those who perceive clear benefits in lowering costs or sparking creativity are more open to using it, while those who identify risks such as job loss, reduced diversity, or unfair royalties are more hesitant. Economically, this reflects the paradox of innovation: AI expands access to music creation but also disrupts traditional careers, increases inequality, and shifts power toward major platforms.

Synthesis:

Overall, the findings highlight what can be called a paradox of innovation. On one hand, the AIREW framework shows how AI, acting as an external shock, spreads through the music value chain by lowering production costs, changing labor market dynamics, and reshaping how music is distributed and consumed. On the other hand, the TAM model explains why the willingness to adopt is not uniform: artists’ choices depend not only on technical benefits such as efficiency, but also on their perceptions of usefulness, potential risks, and the influence of social and cultural norms.

■ Discussions

The analysis shows that each theme can be understood through two perspectives: structural changes across the music industry value chain (AIREW) and individual adoption behaviors (TAM). Together, these lenses explain both the broad economic impact of AI and the personal decisions of artists and professionals.

- At the creation stage, AI is widely seen as useful and easy to use, helping artists collaborate and lowering barriers to entry. However, the lack of emotional authenticity limits its full acceptance, since many believe human input is still essential for creativity.
- In production and labor markets, AI introduces substitution pressures, where some jobs are replaced, the polarization of skills happens, and where mid-level roles are at risk the most. These structural effects are accompanied by individual perceptions of risk: some musicians adopt AI to improve efficiency, while others resist it due to fears of displacement.
- In distribution and consumption, Algorithms on streaming platforms make music discovery more efficient but also raise concerns related to fairness by concentrating visibility among a small group of artists. Platform policies and external influences strongly shape how artists adapt their strategies in this environment.
- On monetization and ownership, the new models of royalties and contracts, and debates about ethical use of AI, highlight the lack of clear legal and institutional

frameworks. These gaps create uncertainty, but they also drive discussions about responsibility and fairness in the industry.

To summarize, Table 4 provides a dual-lens mapping of each theme, connecting the structural effects identified through AIREW with the adoption dynamics explained by TAM, alongside relevant economic concepts.

Table 4: The table maps the themes that have emerged from the research with value chain impact as well as adoption dynamics. This shows how the effect of AI on the music industry can be understood both at the industry level and also on an individual level. The table further maps the themes with the relevant fundamental economic concepts.

S. No.	Theme	AIREW Lens (Value Chain Ripple)	TAM Lens (Adoption Dynamics)	Linked Economic Concept
1	Human-AI Collaboration in Music Creation	AI enables creative possibilities while humans finalize artistic direction	High perceived usefulness; AI seen as co-creator	Complementarity
2	Reduced Barriers to Entry & Market Access	Lower production costs; democratization of access	Ease of use & usefulness drive adoption for beginners	Lower marginal costs & market entry
3	Limits of AI Creativity & Human Input	Emotional depth & originality remain human strengths	Low usefulness & high risk perception constrain adoption	Experience goods & cultural value
4	Efficiency Gains & Creative Support	Streamlines workflows; reduces time on routine tasks	Strong perceived usefulness; higher opportunity cost of not adopting	Productivity & innovation
5	Labor Market Effects & Creative Adaptation	Substitutes mid-tier roles; creates hybrid workflows	Mixed perceptions: usefulness vs. risk (displacement fear)	Labor market polarization
6	Productivity & Well-being	Reduces burnout; sustains creative careers	Ease of use + usefulness → adoption for well-being	Opportunity cost & efficiency
7	New Economic Arrangements & Contracts	Emerging royalty-sharing & collaboration models	Shaped by external/organizational influences	Industrial organization & contracts
8	Market Efficiency vs. Fairness	Music Platform Algorithms improve preference matching but reinforce concentration to few artists	External influence: Platform offering can influence consumer exposure, music taste, and artist choice	Algorithmic lock-in & superstar effect
9	Legal & Ethical Gaps	Lack of regulation on training data & ownership	High risk perception discourages adoption	Institutional economics
10	IP Challenges & Communal Creation	Proposals for public domain AI outputs	Conflicting perceptions: communal vs. private ownership	Property rights economics
11	Responsible AI Adoption	Governance structure needed in music industry ecosystem, e.g., related to norms around AI usage	The perception of society around the usage of AI in the creation of music influences their choice and hence guides adoption by the artist.	Ethics in economics & governance

Taken together, the dual-lens analysis suggests that AI's impact on music is shaped by both economic structures and human responses. This means that technological change in the music industry is never purely about innovation – it is also about how individuals, institutions, and society choose to interpret and adapt to it.

The results are consistent with studies done in other sectors also, e.g. in manufacturing sector, one of the study reported that use of AI has shown significant improvements across the value chain stages by improving processes, optimization, quality control etc., thus leading to internal competitiveness.⁵⁴ Another study reports that low skilled labor are more likely to be displaced with the deployment of AI. The same study also reports that the level of development of AI and the total amount of employment is a positive U-shaped relationship, where in the short term, the effect is dominated by the substitution effect, and in the long term, it is dominated by the creation effect.⁵⁵ In human resource-intensive industries like journalism, studies

reported that AI is creating opportunities and tensions in the newsroom where it could enhance the capabilities of journalists by saving time, improving the efficiency of the news-making processes, and, therefore, improving the overall mass media industry's productivity. But there are also fears and related to ethical issues that call for control and supervision of the processes involved.⁵⁶

By combining TAM with economic theory, this study contributes a nuanced understanding of how technological adoption in creative industries depends not only on financial benefits but also on various factors like perceived usefulness, ease of use, access, and various external factors such as social and organizational influences, alongside the risks and opportunities that come with it.

Limitations of research:

- As the research relied on published data, the researcher could not influence the framing of interview questions or context.
- Public interviews may carry biases, as participants shape responses for audiences.
- Only interviews in English were analyzed, which excludes potentially important perspectives from non-English-speaking markets.
- The music experts' purposefully sampled above are from the following regions: the US, Germany, Canada, Iran, India, and the UK. The industry experts sampled do not include many South and East Asian countries, as well as the Middle Eastern countries. Such geographical limitations limit the generalizability of the findings.
- The music industry has several stakeholders and roles. Efforts were made to identify interviews from a diverse set of stakeholders; however, the lack of sufficient published information available in English posed as a limitation towards representing the voices of all stakeholders.
- Future studies involving data from other regions and roles in the industry could potentially inform the research questions better.

Conclusion

Artificial intelligence is reshaping the music industry in multiple ways. It lowers production costs, alters patterns of labour demand, and transforms consumer behavior. From an economic perspective, AI makes music easier and cheaper to create, therefore opening doors for more people. But it also raises problems, such as unfair income distribution, reduced cultural variety, and the risk of large companies dominating the market.

This study provides a comprehensive examination of these changes by studying interviews and perspectives from people in the industry, using the AIREW framework, which traces how AI acts as an external shock that ripples through creation, production, distribution, consumption, and monetization stages of the music industry value chain. The TAM Framework enriched the analysis by showing that adoption patterns are not uniform and helped explain why artists and technicians

decide to use (or avoid) AI, focusing on factors like usefulness, ease of use, risks, and external pressures such as market norms and policy environments. Importantly, TAM highlights how personal beliefs and social pressures affect whether AI is welcomed or resisted, connecting economic theories with the real experiences of artists.

The dual-lens analysis underscores that AI's impact on music is mediated by economic factors, perceptions, and institutions, and therefore not uniform. The findings also underscore a paradox: AI simultaneously fosters innovation and democratization while threatening cultural diversity, equitable income distribution, and professional sustainability.

Looking ahead, the long-term impact of AI on music will be shaped by regulatory responses, public attitudes toward machine-generated creativity, and the adaptive strategies of musicians and industry stakeholders. Future research should consider cross-regional studies (Comparative studies across global music markets could shed light on adoption patterns shaped by regional contexts) and include more quantitative analyses of royalty patterns, musician incomes, and whether audiences prefer human-made over AI-made music, which would give useful insights for both policy and industry. This is important to make sure AI brings innovation while also protecting fairness and cultural richness.

In the end, the real challenge for the music industry is not simply about harnessing AI's efficiency gains but also ensuring that technological adoption enhances rather than erodes the human essence of music.

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I attest that the ideas, graphics, and writing in this paper are entirely my own.

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■ Author

Aashi Singh is a high school student at GEMS Modern Academy, Dubai, with strong academic interests in behavioral economics. Beyond academics, she is a published poet, a ballerina, and a student of music. She runs the platform Poets and Peace, providing a space for young poetic voices across the globe.