ABSTRACT

During the year of 2000s, music recording business is shifting towards digital platform. According to International Federation of Phonographic Industry (IFPI) Digital Music Report, the growth of digital music business in 2008 was reaching 25% from the previous year and accounted for about 20% of records sales. In the other hand, the development of digital music created another challenges, one of them was the unauthorized music-sharing activity which resulted decreasing of new albums and lost at cost. In Indonesia, piracy rate is up to 90% of music recording market, which according to Mr. Suyoso Karsono (founder of the first music recording company in Indonesia) is the reason behind the bankruptcy of 117 local music recording companies. So this research took place in PT Aquarius Musikindo, as one of the largest local record company in Indonesia. This research is classified as qualitative research which obtained information from field research and interview with officials of PT Aquarius Musikindo. The research focus on the capabilities of PT Aquarius Musikindo in adapting the changing environment brought by the technology advancement, and its core competences including its weaknesses. Aquarius Musikindo has strong tangible and intangible assets that brought them passing through the past obstacles, but still lacking of several factors that might have helped them adapt well to the digital age. This research will be enlightened by theory of dynamic capabilities.

Keywords: Aquarius Musikindo, Digital, Music, Record, Changing, Dynamic Capabilities