Buried by administration: How the music industry is losing its creativity. An empirical study of German music labels and publishers

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Abstract
The paper highlights the results of a qualitative analysis of the German music industry and its small and medium sized enterprises (SME) with a focus on the conflicts between the artistic and commercial rationales. We interviewed eight individuals from record labels, music publishers and music organizations in order to explore how they worked and with which everyday business problems they were confronted. Subsequently, we analysed the data using a content analysis approach. Our results show that the commercial side, leaving behind the artistic influences, increasingly dominates the music industry. We found evidence for this trend in the increased administrative burden for the labels and publishers, in a shrinking market, in the entry of new actors to the market or in the suboptimal situation of the technological landscape. As a consequence, the time required for performing business-relevant tasks is increasing at the expense of the time available for actually being creative. Based on the results we propose several starting points for future solutions to increase the time available for creative tasks for the labels publishers and artists

Keywords: Music industry, SME, economic logic, artistic logic, technology

1   Introduction

The music industry has specific characteristics. The basic actors in the industry, the musicians, justifiably consider themselves to be artists. This

image of them also influences the way business is done in the music industry. Patterns of creativity and freedom of artistic expression impact basic business tasks such as how contracts are designed, how artists communicate and also how administrative or financial challenges are approached.

The music industry is in fact a unique industry, but has to follow the rules emanating from other sectors with different, even contrasting values, including the values from the wider commercial world. Economic issues like supply and demand, the relationship between the producer and the customer and the distribution of values or goods also impact the music industry.

Both the creative and commercial pressures follow a specific rationale. Music industry stakeholders like labels and publishers, try to balance between those pressures when selling high quality artistic musical products. Moreover, they have to follow the rules of the music market in terms of commercial demands. As a consequence, there is a tightrope walk that often results in a contest between the art and the business.

Our interest was in the development of the music industry over the past few years and the role commercial and artistic rationales played in this development. Using results from our analysis, we developed a first approach towards a theory of how commercial concerns are increasingly more influential than artistic considerations. Based on this model, we are able explain the development in the music business over the last years and, thus identify future research options that suggest solutions beneficial to music SMEs.

We outline our theoretical structure in the next chapter and then in Chapter three, our research design, which introduces our approach towards data acquisition and analysis. In the findings chapter we present our empirical data whilst in the discussion chapter the data is analysed and an emerging theory developed. Gaps in the research and recommendations for further research are presented in summary in the final chapter.

2   Theory

2.1 Artistic vs. commercial rationales

A common topic in research on the music business or creative industries in general is the existence of two different and quite contrary rationales (Eikhof & Haunschild, 2007: 523-24), the artistic and commercial rationale Artists care about originality of their work and are driven by their imagination and passion. There is little rational or external legitimisation involved in producing their work; their art is created through their desire to produce art so it is art for arts sake. If an artist is in a suitable position to do so, she will choose low-paid creative work over humdrum labour, even if it is better paid (Caves, 2002: 73).

However, economic reasoning is different (Caves, 2002: 4) as it emphasises performance indicators such as the relationship between input and output so that products developed are driven by demand. If the customer will not buy a product, there is no value in producing it. Market value, cost efficiency and the primary goal of exchanging the product on the market and therefore the production for the market are all values tied to the commercial rationale (Eikhof & Haunschild, 2007: 526). The key success criterion of the commercial approach is commercial success meaning the more you sell, the more you are appreciated.

The gulf between the utilitarian commercial rationale and the emotional artistic rationale is the source of many conflicts (e.g. Eikhof & Haunschild, 2007; Ellmeier, 2003: 5; Negus, 2011: 153; Stratton, 1982). Artists usually care less about business requirements and the importance of management in general. Nothing seems more removed to artists than the rationality of the commercial approach. Even, *"Creative people tend to rebel at efforts to manage them overly systematically."* (Eikhof & Haunschild, 2007: 524). These tensions express the paradox facing creative people, and in our case the musicians in the role of the "unfree masters" that Stahl (2012) refers to.

2.2 Creativity - what is the labels share?

In researching the artistic rationale the term creativity needs to be scruti-
nised in more depth to better understand the conflicts creative people
have with the rationality of a market or an industry like the music busi-
ness. Creativity is connected to *"playful joy, freedom of thought, fantasy,
lateral thinking, at best to revolutionary ideas and paradigm shifts"*
(Krammer, 2000). Creativity can be defined as *"[t]he use of imagination
or original ideas to create something"* (The Oxford English Dictionary,
2015). In this regard, our understanding of creativity in the music business
differs from what Tschmuck (2012: 225-28.) understands as "Creativity
and Innovation in the Music Industry", the creativity towards the music
business as a market and its processes from an economic perspective. In
contrast, we emphasise creativity towards the art itself, the work of art,
which in a market is called product. Our understanding of creativity within
this paper ends when the musical work becomes a product. While the rel-
evance of creativity for artists is implicit and generally accepted, the role
of labels and publishers in the creative process of producing a body of
work like a music album is still underestimated (Negus, 2011: 153-54). Our
idea of the creative work labels and publishers perform during the crea-
tive process of a musical work is shaped by mediating tasks like criticising
and motivating the artist, protecting the artist from humdrum work or
motivating networking of and for musicians.

2.3 Music market structure and access to music

Another important characteristic of the music business is the market
structure and the economic situation for the small players (SMEs). Con-
solidation within the music market has resulted in three large record com-
panies dominating the market (Bernstein, Sekine & Weissman, 2008: 7).
Apart from the globally popular artists and the major record companies,
musicians, labels and publishers barely survive in the contemporary busi-
ness.

A general trend in the industry is the shift from an ownership to an
access model and towards a context model (Wikström, 2012). Formerly,
consumers either acquired recorded music on a physical media, where

they owned the media itself, or, with the rise of the Internet, they down-loaded songs, which they owned as well but not in the same physical way they owned the media file on their computers. The next step in the trend is the access model where users no longer own the music, meaning the ownership of the music has been replaced by access to music. Rdio, Spotify or Deezer are examples for access-based music services. These services are developing the provision of context, a model, where users are able to share music with friends and to search as well as organise their music in a personalised way.

2.4 Digital distribution creates new market players

However, the increase of digital distribution of music and context (Fried-lander, 2014) increases technological dependencies. Furthermore, it high-lights the importance of meta-data in the industry. As a consequence, technology-driven players like content aggregators, download platforms or telecommunication service providers have increasingly entered the market (Pulverer, 2010: 125). Along with competition in the digital market the number of different distribution channels has increased: *"It really is going to be about collecting a little bit of money from lots and lots of places"* (Jay Frank in Boyer, 2014). Overall, the paradigm shift to digital music distribution has created complexity and uncertainty on the music market with a significant rise of new players (Tschmuck, 2009: 159-60). In their analysis on the transformation of the music supply-chain, Graham (2004) assessed a power shift from the major labels to the artists and con-sumers. However, the role of the smaller labels was not explicitly men-tioned.

2.5 Research objectives – music business intermediaries

Overall music business research is either focused on the artist where the generation of music and creativity plays the major role, or on the con-sumer of musical products. With the latter, consumption habits and the role of distribution technology attract a lot of interest especially in rela-tion to intellectual property rights and file-sharing issues (e.g. Curien & Moreau, 2009; Handke, 2012; Vendrell-Herrero et al., 2013). However,

the role of the intermediaries in the music business, namely those who stand between the musician and the consumer, is underestimated in research. Hence, we wish to respond to the call for research from Negus (2011: 154): *"I think that greater attention needs to be paid to the day-to-day work of people in the industry itself [...]"*. We aim to concentrate on the situation for small and medium sized enterprises (SME) in the music business, the labels and publishers. We focus on their daily work routines and try to identify their routine problems. We also want to know how these problems are managed by their organisations and where their problems stem from.

3   Research design

Ensuring transparency and objectivity within this research field required a highly dynamic approach and as a consequence we chose a qualitative research methodology (Przyborski & Wohlrab-Sahr, 2008; Lamnek, 2005). The focus of the research involved identifying the existing actors within the music industry, exploring music industry specific processes, highlighting relationships and networks of the different actors and discovering the tools available to the actors in the music industry, mostly involving software and communication technology. Our goal was to identify the issues currently facing the music industry and to analyse the development of these issues over time with the theoretical framing of the economic and artistic rationale as the competing industry rationales.

Between October 2013 and June 2014, we conducted eight qualitative expert interviews (Liebold & Trinczek, 2009) using a semi-structured questionnaire. The interviews were held in German and involved employees and owners of record labels and music publishers, mostly small and medium-sized enterprises (SMEs). We also interviewed representatives from the collecting societies and the Association for independent record labels (VUT – Verband unabhängiger Tonträgerunternehmen) in Germany. Most of the interviewees were able to combine their professional business experience with their experience as artists since they had played

in band or worked as disc jockey. For an overview of the interviewees see table 1.

| Name | Actual Position | Former Positions | Experience | |
			Actual Position	Music Industry
1	Label Manager	Publishing Manager	2 yrs	4 yrs
2	Music Consultant	Label&Publisher Manager&Director, Radio	15yrs	15 yrs
3	Label Director, Creative Consultant	Label Manager	10yrs	20 yrs
4	Media Lawyer	Label Manager, Musician, DJ	10yrs	20 yrs
5	Owner Label& Publisher	Musician	20yrs	25 yrs
6	Owner Label& Publisher	/	15yrs	15 yrs
7	Label Director	Label&Publisher Manager	10yrs	25 yrs
8	Label Manager	Label Manager, Musician	5yrs	10 yrs

Table 1: Data of interviewees

The first four interviewees were first contacted by two of the authors, following which we asked the interviewees to recommend other experienced music industry actors from their personal contacts. Using this snowball sampling procedure (Biernacki & Waldorf, 1981) we were introduced to nine other potential interview candidates, four of whom we interviewed. Our interviews were mostly done via telephone although two interviews were conducted in person. Each of the interviews was recorded with common recording software.

Our semi-structured interview structure contained 32 questions. The first two questions related to the background and experience of the interviewees, following which we asked the interviewees about their daily work processes, their communication patterns and their network of clients and suppliers. These questions were followed by those relating to

the kind of issues they struggle with in their daily work. Finally, we asked the interviewees questions about their use of software and other tools as well as any the issues created by the use of these tools. The interview questions were further segmented into four categories (commercial rationale, artistic rationale, contracts, tools), as identified beforehand from our theory. A further category (education) was added during the interviews and this meant adding further questions to the questionnaire. In total we ended up with eight interviews and 14 hours of recorded material.

The audio recordings were transcribed using the software easytranscript[2]. Only the transcript citations we used in the Findings chapter Findings were translated to English for the purpose of the compilation of this paper. We used the notation [1:123] whereas the number before the colon (1) stands for the interview and the number after (123) for the paragraph of the citation within this specific interview.

To complete, detail and discuss the findings, we organised two workshops with the interviewees, one label specific and the other publisher specific. The primary goal of the workshops was to analyse the actual working processes in the organisations with a specific focus on communication, data and (software) tools. During the workshops we were able to identify further questions and clarified ambiguities from the interviews and to observe our interview partners. We also used two written questionnaires for two contacts we were not able to interview as they had indicated their willingness complete a short questionnaire instead.

The interview transcripts, the results of the workshops and the two questionnaires were then combined using qualitative content analysis (Krippendorff, 2012). We chose this approach following Mayring (2000) to compliment a theory derived from our understanding of the artistic and commercial rationales and their influences and developments. Content analysis investigates any sort of communication with the help of different types of analysis.

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[2] http://e-werkzeug.eu/index.php/en/easytranscript

We chose content structuring to collect content information for each relevant category as it can be developed deductively from theory or inductively during the analysis process. We started with the main categories sourced from our theory on commercial and artistic rationales, the tools and contracts and this is evident in the first set of interview questions. During the interviews we added further categories as well as questions especially in the Tools category and we added another main category for education. For content analysis we used a software tool called Atlas.ti (Muhr, 1991).

4   Findings

In this section we present extracts from the interviews, workshop or questionnaire material relevant to the main categories derived either from the theory or the analysis of the material This starts with showing the daily operating tasks of the record label or the music publisher, then introduces quotes relevant to the artistic rationale which is followed, by way of contrast, by comments on the commercial rationale as well as customer and market related information. Finally, we present comments on the tools, contract and education categories that play an essential role in the rivalry between the artistic and the commercial rationale.

4.1 Operational tasks

The operational tasks of label or publisher are diverse and consist of a large amount of administrative tasks:

"I spend too much time in front of the computer. Well, it starts with promotion, a lot of administrative stuff, booking concerts and tours for the artist and the like. Doing the paper work. Contracts, book keeping, tax issues, accounting of artist's pension funds, tasks related to limited tax liability. Planning of tours so that everybody knows where to go and when. And then press work, to keep them updated, to arrange interviews, so work without an end." [5:067/071]

Apart from the major record companies (Bernstein, Sekine & Weissman, 2008: 7) on the one side, the music industry is mainly populated by small and medium sized independent labels or publishers. Generally, they have a low number of employees and many labels are one-man operations. Thus, the self-employed owner is responsible for the entire set of a label or publisher's operational tasks.

"Well, in my opinion self-exploitation is widely spread in the industry, self-exploitation often comes along when self-employed." [6:007] "Yeah, but then you feel like in a rat race." [5:015]

As mentioned, one of the main reasons for the self-exploitation is the self-employment status of many of the actors in the music industry. In addition, the development of different digital distribution options has increased the number of tasks a label or publisher has to manage:

"And you have to do the preliminary work, also concerning metadata. You have to deal with every release; you have to type in everything somehow. And also due to the digital media, formerly you produced your CD and your disc and that's it. And also the accounting has become much more fragmented, labour-intensive." [6:079]

Accordingly, the distribution of music via streaming and download has led to more fragmented distribution processes and therefore to fragmented accounting statements which have expanded enormously in length and numbers of items:

"[...] the amounts have become much more fragmented and the sales statements are much longer nowadays then in the past." [5:083].

Another important development over the past few years of digital distribution channels is the decline of physical media like CD or vinyl. Their decline benefited digital distribution options, but as reported by many interviewees, the digital channels do not generate a sufficient financial return:

"OK, physical carriers don't sell anymore. That is the case everywhere. That is not only a problem of the independent labels but also the majors.

Since everything is getting more and more digital, streaming, and with that you do not make money." [7:231]

The digital age has also brought another important bundle of work for the labels namely social media channels as promotion or marketing platforms. Facebook, Twitter and dedicated music platforms like SoundCloud or last.fm are considered as an essential means for promoting the artists and their music. The effort involved is often divided between the label and the artist. Some of the artists even take over responsibility for social media completely:

"[...] social media, it also means autonomy in the promotion area. They [the artists] take these matters into their own hands. They do something, for instance in the area of social media which is kind of standard nowadays. Set up postings on their website, Facebook, so that we don't need to do it - that is something an independent label can not afford to do." [1:271]

Nevertheless, the same interviewee admitted that artists who are not used to these social media channels, especially long established artists, do not necessarily have the right skills and, consider this to be part of the business side that the label should do:

"And, she is an artist and she does not have to understand the business – that is why she has a label." [1:271]

Another important factor in the daily work for labels and publishers is the relationship with the collecting societies for mechanical and performing rights. Each time a new release is produced, the label and the publisher have to register the release with the collecting societies.

These registrations are seen as an administrative burden and a time consuming activity. They also have a big impact on how the label designs contracts for new releases or artist contracts generally, often leading to disputes between the artist and label:

"If the artist tells me that he wants to have it in this way, then I have to say no, unfortunately we can not do it like this because of the collecting society, I can not register the release like this." [1:396]

In summary there are currently many more distribution channels as well as promotional channels to serve and the workload of record labels and music publishers has increased; yet the increased workload does not lead to increased income.

4.2 Artistic rationale

Artists usually produce art for art's sake (l'art pour l'art) and most do not create their work to earn money in the first place, rather they want to produce their art and deliver a message with it. Maybe that is one reason why artists are often considered as to be somewhat different from others:

"And we should not forget that many artists are difficult personalities. But, my approach was always to say, I know, these are the loonies of this earth, and they are justified to be disconnected from reality because this leads to a different and specific sensitivity. It is true; there are many artists who definitely are off one's rocker. But still, they produce wonderful values." [2:123]

Nevertheless, most artists nowadays have changed. They have learned to consider the reality of the market they are serving with their musical products. Commercial values are increasing in importance:

"But things have changed. It is true that, in the past, in the studio, a musician is not getting to the point. Or after delivering the album, he or she comes with completely ridiculous marketing ideas. [...] In my opinion, there still are such requests. But in the meantime, today, many artists know that the generated expenses have to come back in any kind of way." [2:131]

This development in the market leads to points of tension between artistic and commercial values and their representatives, the artist and the label or publisher. Many of our interviewees had similar views:

"Of course. That is happening. That is painful in the first moment. But then, they have to sleep over it for a night, then they realise that you are not so wrong in your argumentation. Sometimes, they [the artists] are sensitive persons." [5:191]

Another fundamental change for artists and their values with the advent of the Internet based social media options is the increasing pressure to self-market and self-promote.

"And then you have to serve Facebook and the others channels as well and then this channel. In consequence, usually, they are so much occupied that they won't be creative anymore because you deal with these things for several hours though." [1:294]

Self-promotion promotion reduces the time for being creative and engaging constantly with their supporters and the media interrupts the artist's free time that is necessary for the creative process. This is not only relevant for the artist but also for the label or the publisher which consider themselves as an important part in this process:

"[...] you can assume that both on the artist and on the label side creativity is reduced. Because you just don't have the time, you have to serve so many channels [social media channels]; you have to do so many administrative things. And this means that you are not able anymore to do something [creative], you have to serve the broad mass." [1:306]

These days, the artist has to consider increasingly the commercial parts of the music business, even though artistic creativity conflicts with these commercial values. It appears artistic values are losing ground in this and that the time for creativity has been dramatically decreased due to spending time on social media channels and in self-promotion as well direct marketing, which nowadays is considered as a standard.

4.3 The commercial rationale and the market

As mentioned in the previous chapter, digitisation introduced different digital distribution options like downloads or streaming. In the same way various options for promotion and marketing have become available as part of the global reach afforded by the Internet. As a consequence, with the advent of new technologies many new players entered the music business all wanting a share of the market. Publishers often cooperate with other publishers and labels these days also have partners for digital sales:

"I have a sales partner for the physical product and I have an aggregator for the Internet sales." [6:227]

The music industry has become much more complex in terms of business actors and the number of interfaces between them has necessarily in-creased. All these competing actors in the distribution chain want their share of the commercial income generated by the market. Considering the reduced size of the music market, this has led to a reduce financial return for the musicians themselves:

"[...] the artist is the first but also the last element in the system. Without the artist there is no content. But the commercialization of the content is working in a way that nothing [finance-wise] ends up at the artists side." [8:174]

Those making music or producing products earn less and less and one of the interviewees even raised the problem on a society level:

"That is a problem of the society itself. We are educating young people for creative functions and the society does not provide an economic system or an efficient legal system to earn a living based on their creative output. That is a huge problem." [4:114]

To support his opinion the interviewee also drew parallels with other content industries like the book or movie industry. It seemed that society does not value the content producer only the distributors of the content. This development is accompanied by the devaluation of content itself:

"That is something the industry has not understood yet. They make a fool of themselves regarding these technical systems. They throw out their content for nothing just to have a slight chance of the silver lining on the horizon. In my opinion, the music industry and not only them, it is the same for book or movie industry, they would be better of if they rejected the systems which devalue the content [...]" [4:106]

While the market is becoming more complex through the new entrants serving the new distribution and marketing channels, the new technologies also offer opportunities for the artist to overcome the traditional market structures. They are now able to self promote, to self market and even to self distribute their products:

"The ideal is the musician who directly communicates with his customers. That is the ideal." [2:064]

Some artists these days have even become their own labels and publishers, simultaneously, but of course, this is not typical for all artists even though this appears to be the trend. However some interviewees expressed doubts regarding the quality of the produced musical output:

"If the whole time the artist is present in the social networks to distribute his work and to self promote himself, how much time does he really have to reflect about new music, to reflect his creative process that is the question [...]. While working with artists, I made the experience that a lot of artists do need input. And not only Input like, hey, that is a fantastic album. The artist needs people which deeply look into his work." [2:067]

4.4 Education

While the actual market situation in the music industry changed the balance between artistic and commercial values in favour of the latter, the education systems has also begun to reflect this development:

"That is why there are many institutions nowadays that are specialised on bringing basic economic knowledge to the musician." [8:91]

Universities, academies of music and training institutions have reacted to this situation. Music students' curriculum also includes these courses, which reduces the time to learn to master their instruments:

"There are many workshops nowadays [...,] the musicians do have introductory seminars on economy in order to know that there is not only a virtuosic playing of the instrument but also to understand the economic

interdependencies, bookkeeping and the like, so that they can understand their counterparts in the business." [2:199]

In summary, before he enters the market the artist is educated regarding commercial values and commercial practices and in short prepares for the commercial realities of the music industry:

"That you have to do things which are not just fun, paper work, self marketing and the like." [3:079]

4.5 Contracts

Another fundamental aspect of the market is the legal framework that operates within it. In the case of the music industry these include the contracts between the artists and the label or publisher. Our interviewees mentioned that the length of a recording and publishing contract for an artist has changed massively over time:

"When I started, a contract was two pages long, and when I quit the business it was 24 pages." [2:139]

As mentioned by the interviewees, there are several different types of contract, recording, music publishing, remix, compilation and assignments of copyright. There are few differences in the contracts from artist to artist:

"So, at least, we make a draft contract and there are only a few things about what we can negotiate. That could differ in the scaling. Maybe a few, ok, there are no deductions maybe. But these are only a few." [7:248]

It seems that over time, best practices have emerged, which were then reflected in the draft contract. In the past, contracts had more flexibility in the label of interviewee 1:

"Well, as I could see it in our contracts, yeah, I did not find any standardised contracts. At one point in time we developed a contract draft which evolved over time, it was corrected, more precise formulations." [1:344]

Consequently, the contracts do not differ anymore and every artist gets the same contract. This reduces complexity for both, the label and the artist. Still, individual flexibility is suppressed by that strategy and the artist might feel standardised in contrast to his conception of himself as an individual artist. The few things, which can be negotiated, can be a cause of dispute in the process of agreeing a contract:

"We have to talk about splits or deductions if the artist has these kind of utopian ideas. Advances are also a point where frictions can emerge. An independent label is not able to offer the artist an advance of ten thousand euros or sometimes even to pay an advance at all. And the artist sometimes does not understand it [...]" [1:408]

Even though interviewees mentioned several points for possible tension during the negotiation of a contract, these are not considered important since in the end the artist often does not have a choice. However, besides the contract, trust in his label or publisher is an important consideration for the artist, a value more likely to be found in small independent labels:

"Another outstanding attribute of an independent label is the constant contact person for the artist. He always has to deal with the same person. That was not the case for the major labels, which was the reason for many artists to turn their backs on the majors after their contracts ended. That meant they would regain control over the production process, participation in art work and so on." [2:123]

Trust and artistic freedom is the reason for many an artist to sign with a smaller independent label even though financially this might not be the best option when compared to the major's contracts.

4.6 Tools

During the interviews the reports quite often crossed the debate about tools and technologies in the music industry. A major concern among the

interviewees was that there is no widely accepted and utilized label software on the market for small independent labels, such as a software that helped in the operational label work like an ERP - enterprise resource planning software:

"Basically there are not many alternatives, or at least, alternatives that you can afford as an independent label. Of course there is the software of the majors, Counterpoint."[7:532]

The label software used by the major record companies, Counterpoint, is far too expensive for the smaller labels. More affordable software options still lack the quality of a mature software product:

"To be honest, I was looking for options in terms of software in the end of the 90s. In my opinion they were way too inflexible. And I am wondering why it still is so." [3:055]

Hence, all of the interviewees mentioned that they use spreadsheets like Microsoft Excel or Libre Office Calc to support their daily operational work in the label. They perform tasks like bookkeeping, tour planning or the clearance and control of statements from the collecting societies via spreadsheets. This results in manual data transfers from one table to another, which causes a very high the error rate:

"Well, constantly copying data manually in the tables and then controlling the data. The devil is in the details. And the data is not quite manageable." [6:057]

As mentioned earlier, there are many different social media channels an artist or the label has to serve to reach the customer. As a result, they try to focus on the most significant channels and avoid additional work in less promising channels:

"So we focus on the main channels, YouTube, Facebook, Twitter, the common channels. We are not able to serve everything there is on the market." [1:314]

Besides the complexity of the technology landscape arising from the social media channels and the lack of affordable and suitable label software, interface issues add further to the problematic technological situation in the music business. The major German collecting societies, GEMA (society for musical performing and mechanical reproduction rights) and GVL (society for performance rights), are confronted with similar problems:

"At GEMA, they do not have a consistent IT but many different systems interacting by use of interfaces. And due to international data transfer, the GEMA has to constantly make changes in their IT. That lead to the situation that over all the years we did not and we do not have a data standard." [4:057]

And the situation is even worse at the GVL:

"A huge problem is the international data transfer, not only at GEMA, this concerns also the other collecting societies. If we look at the GVL, the disaster on their side is much bigger than the one at the GEMA." [4:057]

It appears that the data processing challenges of the collecting societies, interface issues and the non-existing data standards largely increase the administrative burden for labels and publishers and therefore also the artists. The interviewees reported similarly that the situation in technology is urgently needs improvement.

5   Discussion

5.1 Increase in administrative tasks

Our analysis showed several results. First of all, labels and publishers currently encounter a much-increased number of business models and revenue channels. Our interviewees reported that these days the well known Vinyl or CD are not the only carriers for music to the consumer. They also

have to distribute their music via digital download channels, e.g. iTunes[3] or BandCamp[4], and via streaming services, e.g. Spotify[5].

The efficient and commercially sensible use of these distribution channels is an important challenge. Each of these digital options represents increased administration costs at the same time as declining or stagnating revenues for the label or publisher. In addition, marketing expenses and work to create social media awareness for their musicians are increasing. As a consequence, labels and publishers are confronted with an increased administrative workload.

5.2 Declining market, increased competition

In contrast to the increased administrative tasks of the labels or publishers, the market has constantly declined in terms of sales volume over the last ten years even though in the last two years it stabilised albeit with a slight insignificant increase (Bundesverband Musikindustrie, 2015). This decline has been accompanied by the rise of unauthorised copying, so-called music 'piracy' (Handke, 2012). Despite this overall trend, the market share of digital distribution models seems likely to continue to increase in the future. However, as mentioned by the interviewees, digital distribution models do not generate sufficient sales income in relative to the administrative costs that accompany them. As such the imbalance between the costs and income for SMEs will continue to increase.

5.3 New players enter the market

New distribution and marketing channels have further increased the number of functions a label or a publisher has to perform; supplying the download and streaming platforms, artist promotion in the social media channels and in the same time controlling these functions and their effectiveness have become paramount. A typical reaction in a market to new functions is to develop new entrants to carry out these functions. Digital

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[3]   https://www.apple.com/itunes/
[4]   https://bandcamp.com/
[5]   https://www.spotify.com

aggregators deliver the labels' content to different streaming or download platform. The label hands over the repertoire to the aggregator and does not have to keep track on what kind of different digital options exist. Moreover, social media or digital promotion agencies appear as social media experts allowing the label to outsource their social media tasks to concentrate on the other music business relevant functions. All of these recent new entrants to the music business want to have a share of the pie and further increase the competition on the music market.

5.4 Self-exploitation of actors at labels and publishers

We learned from our interviewees that the labels and publishers react to the intensified competition in two different ways. On the one hand, they have to increase their own self-exploitation. Since the revenues are reduced but workload has increased, they have to increase their workload in order to achieve sufficient revenue or cope with the lower income. The music industry is characterised by a high levels of self-employment, usually an indicator of self-exploitation.

5.5 Self-marketing and self-releasing reduces time for being creative

Another way of reacting to the increased workload is to hand over tasks to the artist and usually, this relates to social media and promotion. The label has to negotiate with the artist about which tasks the artist can handle. In some cases, the artist decides to not only self promote himself but also to carry out all of the tasks a label or a publisher would fulfil. In that case, the artist becomes his own label and publisher. This phenomenon is expressed in the term 'Artepreneur' (Smudits, 2009: 263) or 'Culturepreneur' (Ford & Davies: 1998). Within the scope of this paper we have not been able to explore the reasons why an artist would choose this option. However, we assume, that the more time an artist spends on administrative tasks the more time is taken from creative work. Artistic freedom can also be seen as the freedom to not think too much about business tasks but the above mentioned trend reduces the time for an artist to be creative.

5.6 Decrease in creative tensions

As mentioned by two of our interviewees the trend towards self-promotion, self-marketing or even self -production reduces creative tensions between the artist and the label. Employees of labels or music publishers are often considered to be gatekeepers or intermediaries of the music market (Caves, 2002: 52-55; Negus, 2011: 45) and as such they play an important role in terms of who accesses the market and also what enters the market. Even if the quality of the work is not measurable, these gatekeepers play an important role in constantly criticising the artist and his work to 'make it better'. We consider this kind of creative tension more valuable for an artist and his work than a thousand Facebook likes with no actual qualitative meaning. Nevertheless these moments of tensions are declining due to the increased administrative burden.

5.7 Changes in the education of musicians, label & publisher employees

Developments in the educational sector for musicians represent another significant indicator of the increased impact of the commercial rationale for those in the music business. Academies of music, universities or advanced training institutions are already reacting to the growing demand for (music) business related knowledge for musicians. For instance, the University of Popular Music and Music Business[6] established an entire degree program called Music Business. The Rock Pop Jazz Academy Mittelhessen[7] offers several music business related classes like Economic Basics, Music Business/Music Law or Social Media. These two institutions were founded only recently.

We consider the establishment of these pop and music business institutions as clearly driven by the music business. Their main goal is not educating excellent musicians as such but instead to nurture artists who understand the music business as well as to develop future employees for labels and publishers. By comparison the traditional music universities or

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[6]   http://www.popakademie.de
[7]   http://www.rpjam.de/en/

conservatories are reluctant to open their program to music business re-
lated subjects even though they are aware of the developments in the
market and the need to establish such courses (Lücke, 2013). Rather they
insist on the classical mastering of an instrument, composition or music
theory. For example, the Hanover University of Music, Drama and Media[8]
offers one optional subject on the music business and at the University of
Music and Theatre in Leipzig[9] we could not find any official course with a
music business related topic. In this respect, we support the request of
Gensch and Bruhn (2009: 21) who call for musicians to be enabled to bring
their artistic capabilities to the music culture despite unfavourable social
conditions. This requires the education of musicians in music business re-
lated subjects as well as offering the opportunity to critical reflect on the
past development as well as the characteristics of music and the music
business that are interrelated.

5.8 Digital solutions for the music industry

Technological Problems such as data redundancy, missing or error-prone
standard software or interface incompatibilities were frequently reported
throughout the interviews. This correlates with the aforementioned in-
crease in complexity and uncertainty in the music market (Tschmuck,
2009: 159-60). Our respondents also mentioned the need for holistic soft-
ware covering more than only one specific aspect of the music business.
As a result, labels and publishers spend a lot of their time manually con-
trolling, editing and transferring data from one system to another. These
findings are supported by an additional analysis of the software interfaces
of the German collecting societies.

Interviewees reported data matching errors using these interfaces.
We interpret these statements as a call for digital solutions supporting
small and medium sized organizations (SME) in the music industry. Future
topics could cover enterprise resource planning software for the music
industry or data description standards like the music ontology (Raimond,

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[8]   http://www.hmtm-hannover.de/en/
[9]   http://www.hmt-leipzig.de/en/

2008; Raimond & Sandler, 2012) adapted to the needs of the music business.

Such a music-business ontology (Schumacher, Gey & Klingner, 2014) based on the ideas of the semantic web (Berners-Lee, Hendler & Lassila, 2001) could set the foundations for an open standard for the music business. Ontologies (Chandrasekaran et al., 1999; Guarino, 1995) are specifications of shared concepts to establish a mutual vocabulary. Based on the music business ontology, clearly defined interfaces between different software systems could be another important future development option.

5.9 Responsibility of the collecting societies

Further, the role of the collecting societies in the German music business has been analysed. They exert a considerable influence on the day-to-day business tasks of a label or publisher. Our analysis showed that the internal information systems and the interfaces to the applicants are error prone and tedious. Labels and publishers spend a disproportionate amount of time filling out applications and controlling the royalty statements from the collecting societies. Collecting societies undoubtedly have a honourable function in the music business i.e. providing adequate reward to the artists for their creative work. They would do an even better job, if their information systems were more user-friendly.

In this respect, the recent announcement of the failure of the Global Repertoire Database (GRD) is not a good sign for the near future of the music business (Gottfried, 2014). The GRD should have provided a *"comprehensible and authoritative representation of the global ownership and control of musical works"*[10]. Several European collecting societies and music related associations as well as the major record and global IT companies collaborated in the GRD working group. We interpret the failure of the GRD as an indicator and impulse for community driven, open solutions like the music business ontology and the semantic web based environment, which could emerge in the future.

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[10] http://www.globalrepertoiredatabase.com/

Finally, the claim of one interviewee should be taken seriously. Those producing content, the artists and, via artist contract, the labels and publishers, should not sell their repertoire below costs when supplying business-to-consumer systems like the countless download and streaming platforms. Further, the day-to-day work of the labels with these platforms shows that the actual control of what has been streamed or downloaded is impossible. The labels receive a statement from the platform with streaming or download statistics upon which their payments are based. These statistics are generated by the internal systems of these platform operators but at present labels have to trust these statistics as they are. Yet in the past, if a record was not sold, it could be shipped back to the label, providing a very simple means of control. Whether a track is streamed once or one million times cannot be measured independently within the current technology landscape and we doubt it ever will as no efficient measurement can ever prove it. Even though there is no suspicion the operators of streaming or download platforms change the usage statistics in their favour there is still the ability to withdraw income from those who have earned it namely the artists and their representatives, the labels and publishers. As a consequence, the decreasing revenues for the artists, labels and publishers would again lead in reduced time for being creative and as a consequence the likelihood increases of having to take other opportunities to earn a living besides music (cp. also Gensch & Bruhn, 2009: 13).

6   Conclusion

Our research analysed the situation for small and medium sized (SME) labels and publishers over the past 15 years focusing on the influence of artistic and commercial rationale in the music business. The results indicate that the music business is dominated more and more by the commercial side reducing the importance of artistry. We found evidence, in the increased administrative burden of the labels and publishers in a shrinking market, in the new market entrants or in the suboptimal situation of the technological landscape that as a consequence, the share of

business-relevant tasks and the time required to perform them, increases at the expense of the time available for being creative.

In this respect, we cannot agree with the analysis of Graham (2004: 1102) *"[...] that power is shifting from the major labels to both artists and consumers."* Following our analysis, we can respond, 10 years later and with a limited German market view that the power was and is definitely not shifting towards the artist. It is generally shifting from the labels and publishers and also from the artist towards the consumer and the systems, which provide the consumer with content and, thus, towards the organisations controlling these systems. Furthermore, with our analysis and with the benefit of ten years hindsight, we can contradict Hull's 2004 statement in saying that the recording industry is definitely not the only dominant force in the music business any longer.

Our research has several limitations that could provide a starting point for future research. First of all, we used an exploratory analysis based on only a few (8) interviews and additional material. The analysed development of the German market needs to be challenged by other research. Also of great interest is whether there are similar developments either in other national markets or markets other than the music business. Moreover, we raised the question of why an artist would chose to self-market and self-promote instead of collaborating with a label or publisher. In this respect, it would be interesting to explore what kind of influences there are when we speak about creative tensions in the collaboration process of label and artist.

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