Editorial

Martin Lücke & Carsten Winter[1]

After the October 2013 special issue on the Australian music industry, this April 2015 edition of the International Journal of Music Business Research again focuses on a specific national music market, Germany. At the outset, we highlight a few facts about the economic development and current state of the German music market.

In March 2015, immediately prior to the ECHO awards ceremony, the German music industry trade body (*Bundesverband Musikindustrie*, BVMI) proudly reported that the German music market had finally stabilised and that sales were increasing for the second time, albeit from a low level of only 1.8 per cent. Over the last 15 years, the German music market, as with the global music market had not been able to avoid the massive changes within the music industry, not least the collapse of sales of legal recording products.

Even so Germany remains one of the world's major music markets. It ranks third after the USA and Japan in recorded music revenues overtaking the United Kingdom and France. In 2014, the German recording industry reached € 1.48 billion in sales, meaning sales had more than halved since their peak in 1998.

Nevertheless, the German music market is 'unique', because of the dominance of physical sales in 2014 and certainly for several years prior. Even though the share of digital sales (downloads, streaming) has increased, three-quarters of sales are still made up of physical products (€ 1.1 billion), with € 985 million attributable to CDs. The current digitisation rate is only about 25 per cent and is abnormally low in comparison to Sweden (70 per cent), Norway (68 per cent) or the USA (60 per

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cent).[2] Streaming has not yet established itself in Germany (€ 108 million), although several streaming services (Spotify, Deezer, Rdio, Napster, et al.) are spending a great deal to attract new subscribers. For the first time, market forecasts have been significantly revised downwards by the *Gesellschaft für Konsumforschung* (GfK)[3] as much because of the relatively low acceptance of streaming. In addition, almost ten years after a sustained upturn we can observe a revenue decline in legal downloads for both singles and albums (€ 245 million). A reversal of this trend for the music industry is critically important, even as certain music economy participants have started to organise themselves successfully in new open value creation networks exemplified by the network of participants in the Berlin Music Economy, such as the *Berlin Music Commission* (bmc) with Olaf "Gemse" Kretschmar as its CEO or in Mannheim and its regional *Clustermanagement Musikwirtschaft* with Matthias Rauch as manager.

German writer and producers' products have become increasingly important and this is confirmed by the huge repertoire of music in the German language. After a period during the 1980s, when international productions dominated the German charts for years, today two-thirds of albums in the German top 100 charts are national productions. German lyrics and German artists are an indispensable part of the national charts. At the same time, in the rock and pop genres there are few if any internationally known key artists from Germany (Scorpions, Ramstein et al.) and the same applies to jazz. However, as far as classical music is concerned, the situation is completely different. German orchestras (the Berlin Philharmonic), German conductors (Christian Thielemann) and various vocal and instrumental soloists (Anne-Sophie Mutter, Jonas Kaufmann, Annette Dasch et al.) are very much in demand internationally, especially as live performers. In contrast to the recording industry, the German live market has despite cyclical fluctuations, remained stable over the last two decades. In 2013 revenues reached approximately € 2.75 billion.

[2] Internationally, the digital revenue average is 39 per cent (cf. BVMI 2014: 53).
[3] Society for Consumer Research

In the fields of education, training and research, Germany has become ever more important. Many new education pathways provide access to the much sought-after music industry job market. In turn, this structure promotes intensive music industry research. The creation of the non-profit organization *Gesellschaft für Musikwirtschafts- und Musikkulturforschung* (GMM)[4], in 2014 formalised the interdisciplinary exchange between science and practice.

A closer inspection of the German music business reveals a more multi-layered and multi-faceted picture than previously represented and this is embodied in the following three articles in this issue, which deal with very different topics.

The main focus of Helmut Scherer and Carsten Winter's contribution is the new possibilities for co-financing music. Based on a study analysing all 601 music projects on German crowdfunding platforms prior to 2014, their quantitative analyses explain the various factors involved in successfully engaging others in financing music projects. Their study shows how artists cannot just connect and network with people who want to take part in producing and allocating their music or in organising and orientating their perception and use of it. The study shows the need to engage in financing music based on the new terms and conditions for music in the age of digital network media and music culture.

Ronny Gey et al.'s paper highlights some results of a qualitative analysis of a number of small and medium-sized enterprises (SME) in the German music business focusing on the conflict between artistic and commercial logic. Their paper shows that the German music industry is increasingly dominated by commercial and less on artistic concerns. In their conclusion, the authors propose several starting points for future solutions to increase the time available to publishers and artists for creative work.

David-Emil Wickström, Anita Jóri and Martin Lücke's paper examines the higher education of musicians and music industry workers within the field of popular music. The authors argue that students need to learn both artistic as well as entrepreneurial skills and to gain appropri-

[4] Society for Music Economics and Culture Research www.musikwirtschaftsforschung.de

ate knowledge to ensure a long-term sustainable career within the music industry.

The IJMBR is aimed at all academics around the world, from students to professors, from all disciplines and with an interest in music business research. Interdisciplinary papers will be especially welcome if they address economic and business-related topics in the field of music. We look forward to receiving as many interesting papers as possible and request that you send paper proposals to:
music.business.research@gmail.com

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