

International Journal of Music Business Research

Volume 4, Number 1, April 2015

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The International Journal of Music Business Research (IJMBR) as a double-blind reviewed academic journal provides a new platform to present articles of merit and to shed light on the current state of the art of music business research. Music business research is a scientific approach at the intersection of economic, artistic, especially musical, cultural, social, legal, technological developments that aims at a better understanding of the creation/production, dissemination/distribution and reception/consumption of the cultural good music. Thus, the IJMBR targets all academics, from students to professors, from around the world and from all disciplines with an interest in research on the music economy.

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International Journal of Music Business Research

Volume 4, Number 1, April 2015

Special issue on the German Music Economy

CONTENTS

Editorial 4

Articles

Success factors for music-based crowdfunding as a new means of financing music projects

Helmut Scherer & Carsten Winter 9

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

Ronny Gey, Frank Schumacher, Stephan Klingner & Bettina Schasse de Araujo, 26

The higher education of musicians and music industry workers in Germany

David-Emil Wickström, Martin Lücke & Anita Jóri 55

Notes for contributors 89

Editorial

Martin Lücke & Carsten Winter¹

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 Musikforschung \(GMM\)*](#)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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Success factors for music-based crowdfunding as a new means of financing music projects

Helmut Scherer & Carsten Winter⁵

Abstract

With communication between artists and fans on the rise to the point of becoming partners in value creation in the new open networked music economy, crowdfunding creates new opportunities for artists to fund their projects. Since music sales are still in decline and new artists or creative projects continue to struggle to find financiers for their projects, crowdfunding has become the next step in the transformation of the music economy. The former push-music-economy, where only companies produced and distributed music is in transition. Parts of it have become a pull or on-demand economy. This new economy is driven by users who climb the participation ladder using new digital network media, not only to listen to and watch music (videos), to "follow" artists or to become their "friends", but also co-create value with new possibilities to share, comment, criticise, co-create or even produce music, and now they can also co-finance music!

This article is about the new possibilities of co-financing music and about the success factors for music-based crowdfunding, as a new way to finance music projects. It is based on an analysis of the 601 music projects launched before 2014 on all German crowdfunding platforms. It can be shown the success of music crowdfunding projects depends on a number of factors that significantly influence the chances of raising money. These factors are, apart from the quality of the information presented and the intensity of the communicative activity, the size of the platform, the nature of the project and the type of rewards offered to funders.

Keywords: Crowdfunding, co-creation, music production, music financing, digital network-media, prosumer, push & pull culture, value creation

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1 Introduction

The past decade has not only been tough for the music industry but also for those trying to make a living through music. While recorded music sales, in Germany according to official IFPI data, have dropped from € 2,308,500 (1997) to € 1,006,000 (2013) crowdfunding has become a new opportunity to finance music-related projects.

Developing new digital network media, as a new means of coming together on the internet, creates new possibilities for communication, networking and doing business. Entrepreneurs, since Napster, have been inventing new digital network media to find new ways to create value around music and to make money from music. Crowdfunding network media are the latest innovation. Those who found projects or who are interested in them being successful, use them to connect and collaborate. The aim of using crowdfunding media like *Kickstarter*, *Sellaband* or *Startnext*, is to collect money from a large number of people who voluntarily support a particular project (Lambert & Schwienbacher, 2010: 2). In contrast to the traditional donation system, in this system the financiers receive a material or non-material return in most cases (Hemer, Schneider, Dornbusch, Frey & Dütschke, 2011: 19). Furthermore, by using digital network media to create value, crowdfunding represents a new way of exchanging goods and value that does not necessarily have to be monetary (cf. Kaufmann & Winter, 2014). Crowdfunding is not just about money. It is a new form of raising money that opens up new opportunities for all those involved in creating music.

A sustained pronounced lack of confidence in traditional forms of financing music in particular for recordings, as well as decreasing public investment in cultural projects⁶ and a decline in support for talent through traditional music enterprises (Gensch & Bruhn, 2008: 13) have all led to increases in alternative forms of funding. By March 2014 the U.S.-based *Kickstarter*, the world's best known and biggest crowdfunding platform, had exceeded a billion dollars in funding (Sixt, 2014: V).

⁶ Germany saw a decline in public funds for culture in eleven of 16 federal states in the years 2011-2012. The differential amount lay between 800,000 and € 24 million.

Currently even the European Commission and global financial authorities have recognised the importance of crowdsourced financing models (European Commission, 2014, 2) for the future of the whole economy.

The focus of this study is on those factors needed for successful music crowdfunding. It is part of a larger research initiative, examining the changing conditions for professional music making in the media society, by Hanover's Department of Journalism and Communication Research (IJK). Crowdfunding in this context is seen as part of a transformation of the music industry as well as the music culture due to the development of new media for the production, allocation, perception and use of music since the times of the printing press (cf. Winter 2012). Crowdfunding is thus linked to the development of new digital network media such as *Napster*, *Last.fm*, *MySpace*, *Facebook*, *YouTube* or *SoundCloud*. Each of these media, as with all prior media, like printed music, records, radio, music and television, has opened up new opportunities for ordinary people to access that which was only previously available to media organizations namely to participate or create music themselves. Today, the legal, technological, economic, social and cultural frameworks and conditions of the music culture and music industry are in transition. Crowdfunding exemplifies how the financial momentum for artistic value creation is in flux, with ordinary people now having media at their disposal to support music in various ways.

2 Professional music financing in the media society

Ever since the development and availability of sheet music, success and the financing of professional music making has relied on professional and competent handling of media to create value and to earn money from music. New media, for example electronic media such as radio, television, particularly MTV, and especially records have, as well as sheet music, created new opportunities for professional music making as well as new business opportunities. Each new medium was used to overcome existing boundaries of production, distribution, perception and use of different forms of music, not only to earn money but to produce social,

cultural and economic value as well (cf. Winter 2012). Today, it is not just companies but also musicians and ordinary people that use network media as their means of production and thereby drive and shape the development of value creation in music as well as the decline of the, former highly profitable, music economy.

But new business models with ringtones, downloads and streaming cannot alter the fact that, in most countries today, there is much less money in the music economy than a decade earlier. 2013 was the first year since 1997 without a drop in recorded music sales. Nevertheless currently the growth and prosperity for music culture remains astonishing. The wealth of opportunities for music has never been greater. If such wealth is understood as our overall opportunities of problem solving, as in welfare economics, then most of us (but only most of us) have far more opportunities to use music in time and space than ever before. Music is doing fine in the new conditions (cf. Benkler 2006) allowing us access to any (digital) music at (almost) anytime (almost) anywhere.

Just as the development and use of *Napster* changed the terms and conditions for the distribution of music in a digital form, so have *MySpace* and Last.fm reorganised the perception of music and musicians. Never before have more people created more value with more media by more activities related to music: by helping organize their perception of music with "likes", "comments", "critic", or by their "sharing", or even taking part in "co-creating" music as is illustrated in our model. This model illustrates the dynamics of the music economy as well as of music culture in relation to the amount and competence of people climbing the "participation ladder" not only as ordinary consumers (cf. Li & Bernoff 2008: 43; cf. in detail Winter 2012: 61) but also as artists adapting to new professional methods of producing, allocating as well as organising the perception of their art. In this they climb a similar ladder where they as "artists" reach the status of "net-surfer", then "socializer" and then "co-creator" using digital network media as the means to create multiple forms of value within music (cf. Fig. 1). "Artepreneurs" are artists who become entrepreneurs for their art (cf. Paulus & Winter 2014; Engelmann, Grünewald & Heinrich 2012), and former fans become

"culturepreneurs", as ordinary people who become entrepreneurs of their and of our culture (cf. Winter 2015), are creating ever more value by using these means.

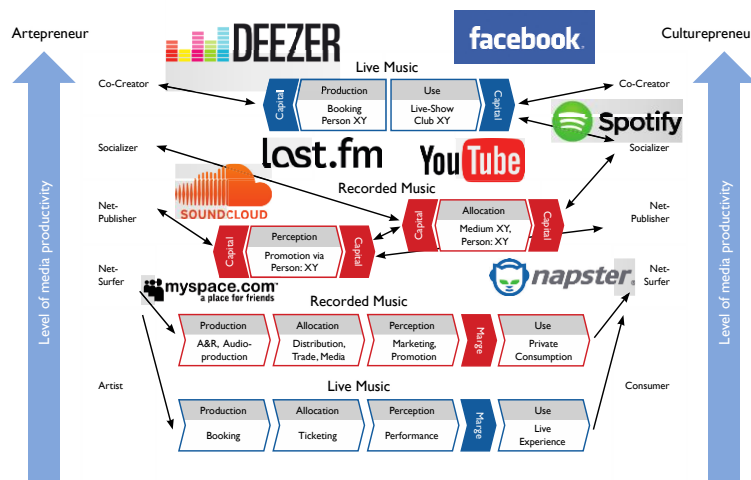


Figure 1: Open (digital media) networked value creation (following Winter, 2012)

But what can artists as "artepreneurs" and consumers as "culturepreneurs" expect from using the new crowdfunding media and from taking on the risks from traditional entrepreneurs? Are they challenging the established market-oriented and highly successfully linear and corporate-owned value creation of music? Before answering this, we want to know if artists and their supporters are using crowdfunding to change the financing of music and we also want to learn more about opportunities offered by it as well as the reasons for successful music crowdfunding. What does it take for ordinary people to take on the same risks as entrepreneurs?

3 Success factors for crowdfunding projects

Business studies have researched the conditions that determine and influence success for decades. The definition of critical success factors as conditions that determine the result of corporate policy has characterised research thus far into factors that lead to success. But this type of research focuses only on internal processes as *the* economic basis (cf. Sommer & von Rimscha, 2013), whereas our study deploys a communication studies' approach to explain differences in using crowdfunding media as critical "success factors", as "*factors which, if addressed, significantly improve project implementation chances*" (Pinto & Slevin, 1987: 22).

Most of these earlier studies are based upon structural interviews with corporate executives, resulting in a key information bias, a well-known conceptual problem in research. Nicolai and Kieser (2002) further point out the possibility of non-representative data owing to a survival bias. Problems of multicollinearity, endogeneity or interaction effects between the independent variables that are not resolved satisfactorily (Sommer & von Rimscha, 2013: 24) exacerbate these problems and the limitations of media in research into factors leading to success

Literature on crowdfunding and on donation marketing indicates that diverse factors lead to success. However, no well-structured research studies have been presented yet. Structural and formal features of a crowdfunding project can be considered as basic characteristics and potential influencing factors. A digital crowdfunding platform used as an "*intermediary between finance-seeking initiator and investing crowd members*" (Blohm, Gebert, Wenzlaff & Leimeister, 2013: 21) is supposedly a relevant factor for the success of a project. Whether the size of an internationally dominant platform, as represented by *Kickstarter*, effectively leads to success was therefore tested in

H1: Music crowdfunding projects that appear on a big platform are more successful than others.

Different types of projects are more attractive to funders than others. Lambert and Schwienbacher (2010) found that projects wishing to

produce a product raise more money than those attempting to fund services. The assumption that the concept and type of a project (e.g., amount of the funding goal, profit or non-profit organization as founder, products or services as outcome) make a difference results in

H2: The nature of the project has an impact on the success.

On top of the structural and formal aspects, functional and communicative factors appear relevant. The placement quality of a project parameterised by say the number of misspellings, the update velocity or the existence of a project video influences its success, according to Mollick (2013). Donation marketing research underlines the importance of the quality of the message presented to potential donors (cf. Haibach, 2008: 89), which leads us to

H3: High-quality presentation of information has a positive impact.

Since active marketing to and communication with the target audience is of high importance in digital network media, according to donation marketing research, the importance of an online network and a close relationship between the founder and the funders (cf. Fruner, Oldendorf, Pentschev, Speck & Zhang, 2012) is also vital for crowdfunding projects. In a pull-culture, social exchange processes and the relationships between the participants come to the fore. The integration of the potential funders is only possible through communicative activities. Therefore, it is hypothesized that

H4: High-intensity communication has a positive impact.

The reasons for giving money to a cultural project are varied. Even though this study does not aim to investigate the reasoning of funders for taking part in a crowd-funded project, it is essential to address the influence of promised rewards on the actual success of a project. Donation research again is a good source to derive insights from. Donors are described as experiencing personal value as well as meaningful elements defining identity (cf. West, 2011). On top of that, donating is an instrument of social participation, unlocking and sustaining social bonds in a society (cf. Priller & Sommerfeld, 2005; Enquête-Kommission "Zukunft

des Bürgerlichen Engagements", 2002). Crowdfunders of creative projects have similar motives with an emphasis on being part of a creative community and becoming self-fulfilled through being involved (cf. Bannermann, 2013; Gerber, Hui & Koa, 2013). But most crowdfunding projects also offer manifest incentives of varied attractiveness in return for investment. According to Fruner et al. (2012) the rewards not only have a positive effect, but the degree of attractiveness is also critical for success. Overall these facts lead to

H5: The type of reward has an impact on the success.

4 Methodological approach and sample

To overcome the shortcomings of traditional research into the factors leading to success, a different methodological approach was applied. Crowdfunding can be described as a 'mediatised' form of financing. Therefore, content analysis, as a method developed in communication and media studies to analyse media content, was used to identify the significant factors for success. The presentation of music specific crowd-funded projects on several crowdfunding platforms was used as the empirical basis for analysis. Content analysis is based on non-reactive test material, which can be studied anytime anywhere, leading to great independence of, say, the successful recruitment of survey participants.

The crowd-funded projects were described with the help of standardised indicators based on the theoretical arguments and related to the hypotheses. Thus, the research team was able to analyse a large number of projects. All the music projects launched before 2014 on all the German crowdfunding platforms were described with the given indicators and analysed in the study. A total of 601 projects were considered. By analysing the presentation of the projects, valid information could be collected. The key information bias was overcome since the data was not subjected to the perspective of only one person. The base of direct project-related factors therefore yielded clear and reliable data. By in-

cluding successful and non-successful projects, the survival bias was also avoided thereby making representative statements possible.

Most of the projects analysed were started by bands or solo artists and, in most cases, involved music productions in the most highly represented genres of Pop and Rock. The vast majority of the projects came from Germany and clearly had an economic focus, leaving a small minority with social goals.

Initiator	%	Project	%
Band	46	Music production	57
Solo artist	25	CD/LP copying	26
Single person	9	Marketing	25
Social organization	6	Singular concert	15
Professional orchestra	4	Tour	11
Amateur orchestra	2	Music video	11
Amateur choir	1	DVD production	4
Educational organization	1	Enterprise	3
Professional choir	1	Instruments	3
Other	5	Studio	3

Figure 2: Description of the sample (601 projects)

Success of any project was measured in three ways. Firstly the relative success of the funding goals was pivotal and a project was judged to be successful if at least one hundred per cent of the target amount was achieved. By comparing the amount of money collected in proportion to the target amount, over-funding could be measured as well, making this model more precise. The amount of money secured and the number of funders defined further indicators of success.

The biggest problem was in identifying success factors namely the independent variables. Reliable data about the character of the project, the information presented and the communication activities could be collected. These factors had to be scaled by using a variety of different indicators that could occur in a great number of different combinations. In order to not make the statistical model too complex, indices were

developed. Using cluster analyses, typical combinations of these indicators were identified. A multifactorial analysis of variance (MANOVA) was used to analyse the impact of factors on the success indicators that had been applied.

This methodological approach has certain advantages over studies reliant on interviews, but also has some significant drawbacks. The model depends on the available information and therefore excludes some potentially important factors such as not knowing anything about the activities of the artists outside the platform. Daily appeals for funds from concert appearances or relying upon friends and relatives are also excluded from the data, nor is information about the musicians' history or their relationship with their fans included.

Measuring the complex theoretical dimensions was often a challenge and it was not always possible to include every relevant aspect. For example, even though it is easy to identify the types of rewards, scaling them, however, proved to be a very difficult task due to the fact that they could differ in various ways. Apart from different funding minimums or maximums, there could be a different number of funding steps with varying breadth. In addition, different rewards were possible including t-shirts, autographs, CDs or any combination of merchandising as a reward. To manage this complexity we decided to concentrate on the financials and to acknowledge that other important information is missing.

Whilst the effects discovered were not very strong and the impact of the factors was rather moderate or small, overall we have models that were satisfactory by social science standards with about 15 per cent of explained variance, and therefore solid and reliable enough to derive effects.

5 Results

Inherently a set of success factors could be identified. Certain proposed factors only showed interactional or very small effects on actual successes. The applied model could explain 15 per cent of the variance for

the number of funders, 16 per cent of the variance for the relative success, and 19 per cent for the funded money.

Because 82 per cent of the projects were on *Startnext*, the biggest platform in Germany, H1 (*Music crowdfunding projects that appear on a big platform are more successful than others*) could be tested with a simple variable of two conditions: *Startnext* or another platform. The only significant effect of the platform size was found in the number of funders ($F(1,525) = 7,931; p < .01; \eta^2 = .015$) and surprisingly the biggest platform did not have the largest amount of success. The average project on *Startnext* had 49 funders; on other platforms the average was 87.

H2 (*The nature of the project has an impact on the success*) was tested on the basis of a typology. Two types of projects were identified in a preceding cluster analysis. The "commercially-oriented mainstream CD/LP production" had a moderate funding goal and no social focus and the aim of the project was to produce a CD. "Expensive classical concerts with social aspects" had an above average funding goal and a strong social relevance. These projects aimed to collect funds to facilitate a single, generally, classical concert. The nature of the project only had small impact on its relative success ($F(1,525) = 6,879; p < .01; \eta^2 = .013$). The "commercially oriented mainstream CD/LP production" reached 88 per cent of its funding goal but the "expensive classical concerts with social relevance" only 64 per cent.

Again, a typology was applied to measure the quality of the information presented (H3: *A high quality of information made available has a positive impact on the success of the crowdfunding project*). Three types of projects could be identified in question of placement quality; the "detailed" that gave a lot of information but attached only average importance to the quality of the presentation; the "careful" that gave little information, but did so with quality; finally the "minimalistic", which gave little information as well as with little quality.

Significant effects on all three dependent variables can be witnessed and all showing the same results for H3: A careful presentation of information is the best strategy to gain success.

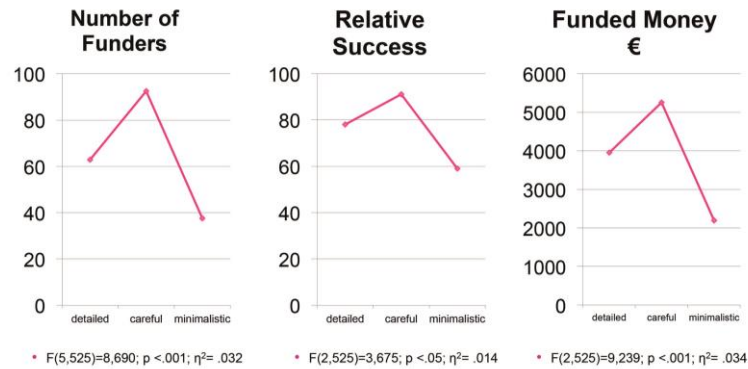


Figure 3: Main effects for quality of presentation

An index was developed, including the average number of blog entries per day, the relation of initiators' messages and fan messages and the total number of messages, to gain insight into the impact of communication activities on the success of a project (H4: *High-intensity communication has a positive impact*). The groups "low", "medium" and "strong" were identified.

Communication activity had a significant impact on all the success indicators, indicating it is better to communicate frequently than to be reticent, yet that is only marginally true in the case of crowdfunding. As expected, the strongly communicative group reached an average of 95 per cent of their funding goals, where the quite "low" ones only attained 56 per cent. Even so the number of funders may decrease if there is too much communication activity. Initiators with a medium level of communication reached, on average, one third more funders for their projects than the most active communicators.

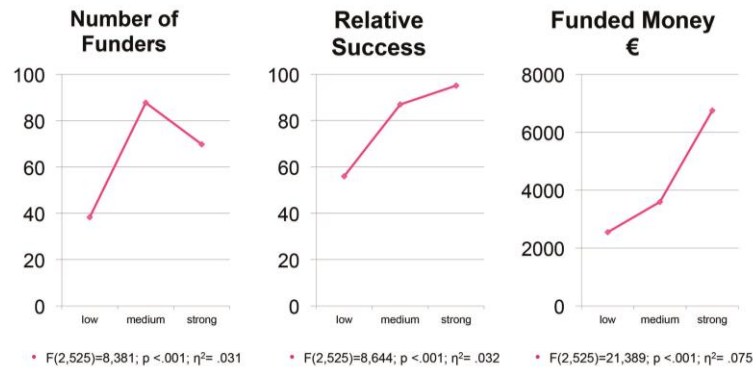


Figure 4: Main effects for intensity of communication

A distinctive level of communication activity especially affects projects on the small platforms, where a significant interactional effect between the factors was evident. Those initiators with a medium level of communication activity secured more than double the funders on a small platform than those with only a low level of communication activity thus proving H4.

Three groups of reward strategies were shown in another cluster analysis based on an index including information on the number, scope and "price" (i.e., the lowest funding amount and the highest reward) of the reward steps (H4: *The type of reward has an impact on the success*). The "reluctant" were average in nearly every aspect but placed the lowest reward step significantly lower than the average. The "discounters" used a large number of different steps. That means that the funder had a lot of opportunity to think about how much money they would give to obtain a specific reward. And we have the "exclusive" with a very high maximum step and only a small number of different steps. The funders' choice here was between a great deal of money or nothing. The type of reward only had an effect on the funded money ($F(2,525) = 3,217; p < .05; \eta^2 = .012$). The discounters seemed to choose the most effective strategy as on average they collected more than € 5,000 whereas the other groups only achieved around € 2,900 (reluctant) and € 3,500 (exclusive)

6 Conclusions

Crowdfunding and how it is changing the financing of music, and continues to change the music industry, can be properly understood only in the comprehensive context of the development of new digital media as a new means for artists and fans that have to climb the participation ladder to develop their possibilities to create new relations and value. As our study has shown, successful music crowdfunding in the networked media society is therefore dependant on the quality of information presented by crowdfunding media, the intensity of communication directed to possible founders, the size of the platform, the nature of the project and the type of rewards offered. It is not only about money but also about allowing others to become a part of the art, of music, of not only music but of *their* music. The success of crowdfunding is more than just success in connecting with family and friends in the conventional sense. It is also about competence in using a networked medium as a platform for constituting diverse music-related forms of connectivity and to enable music-communication flow so that communication, information and participation can increase in networks (cf. Fig. 1), thereby increasing the value of participating in using the new digital network media as means of connectivity, of productivity and of making music in various forms und contexts as well as for various reasons.

To do so successfully, you must have a valuable project narrative with high quality and detailed communications and or interaction. Fans and artists, wishing to become "culturepreneurs" or "artepreneurs" use new media as a means of production, clearly have their own set of values. The actors in this field are not merely disinterested in collaborating with the traditional enterprises of the music industry, like labels. Our research also suggests that future market success will be increasingly built on new relationships within the new digital media network – and no longer steered solely by corporations, but more and more by artists as "artepreneurs" and former fans become "culturepreneurs". They create value on the basis of these new relationships as new forms of connectivity that can outperform markets, because these new relationships are not only based on money but on value which can be shared or ex-

changed – so that financing becomes something of so much more value than mere lending or donating money. That's what all parties must learn, realise and communicate.

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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

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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 tight-rope 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 recom-

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 scrutinised in more depth to better understand the conflicts creative people have with the rationality of a market or an industry like the music business. 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 relevance 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 creative 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). Consolidation within the music market has resulted in three large record companies 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 business.

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 downloaded 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 (Friedlander, 2014) increases technological dependencies. Furthermore, it highlights 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 consumers. However, the role of the smaller labels was not explicitly mentioned.

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 consumer of musical products. With the latter, consumption habits and the

role of distribution technology attract a lot of interest especially in relation 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 easytranscript⁸. 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. Con-

⁸ <http://e-werkzeug.eu/index.php/en/easytranscript>

tent analysis investigates any sort of communication with the help of different types of analysis.

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 meta-data. 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 than 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 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 increased. 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 reduced 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. iTunes⁹ or BandCamp¹⁰, and via streaming services, e.g. Spotify¹¹.

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 ef-

⁹ <https://www.apple.com/itunes/>

¹⁰ <https://bandcamp.com/>

¹¹ <https://www.spotify.com>

fectiveness have become paramount. A typical reaction in a market to new functions is to develop new entrants to carry out these functions. Digital 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 Business¹² established an entire degree program called Music Business. The Rock Pop Jazz Academy Mittelhessen¹³ offers several music business related classes like Economic Basics, Music Business/Music Law or Social Media. These two institutions were founded only recently.

¹² <http://www.popakademie.de>

¹³ <http://www.rpjam.de/en/>

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 conservatories are reluctant to open their program to music business related 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 Media¹⁴ offers one optional subject on the music business and at the University of Music and Theatre in Leipzig¹⁵ 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 related 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 increase in complexity and uncertainty in the music market (Tschmuck, 2009: 159-60). Our respondents also mentioned the need for holistic software covering more than only one specific aspect of the music business. As a result, labels and publishers spend a lot of their time manually controlling, 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.

¹⁴ <http://www.hmtm-hannover.de/en/>

¹⁵ <http://www.hmt-leipzig.de/en/>

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, 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*"¹⁶. Several European collecting socie-

¹⁶ <http://www.globalrepertoiredatabase.com/>

ties 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.

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 indi-

cate 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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Not without music business. The higher education of musicians and music industry workers in Germany

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Abstract

This article discusses the higher education of musicians and music industry workers within the field of Popular Music in Germany. For a successful education, which enables a long-term sustainable career within the music industry, we argue that students need both artistic as well as entrepreneurial skills and knowledge. The last 15 years have seen the introduction of new degree programs with a strong focus on practical skills by giving their students a good knowledge of the music industry and a broad network to draw on as well as by encouraging creativity. This is in part done through cooperation with actors in the industry – be it through the teachers, the teaching projects or through tours and artistic collaborations with bands. This article demonstrates this approach through two case studies – one artistic (Popakademie Baden-Württemberg) and one music business (Macromedia University of Applied Sciences). The article also lists the current artistic and business-oriented degree programs at state-funded as well as private universities to give an overview of the available degree programs.

Keywords: Music industry, popular music, higher education, state-funded and private university, Germany, artistic education, music management, pop music design

1 Introduction

What do Frida Gold's album "Liebe ist meine Religion" (Love is my religion – Frida Gold, 2013), Tim Bendzko's album "Am seidenen Faden" (On

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a silken string – Bendzko, 2013), Caspar's album "Hinterland" (Backland – Caspar, 2013) and Cro's album "Raop" (Cro, 2012) have in common? Besides the fact that they each reached the number 1 chart position in Germany in 2012 and 2013 and were thus commercially successful, each of the albums was produced with the help of graduates of the Popakademie Baden-Württemberg – University of Popular Music and Music Business (short: Popakademie). Both Guerilla Entertainment (Frida Gold and Tim Bendzko) as well as Chimperator Productions (Cro) were co-founded by music business students Konrad Sommermeyer (Guerilla) and Sebastian Andrej Schweizer (Chimperator) while Four Music (Casper) is now run by the Popakademie graduate Michael Stockum. This was not just about the business side as the music was also created with the help of Popakademie graduates: Andreas Weizel (Frida Gold), Christian "Crada" Kalla (Tim Bendzko), Carl-Michael Grabinger (Cro) as well as Konstantin Gropper and Markus Ganter (both Casper) were involved as musicians and producers for the albums. In addition, the aforementioned bands as well as other big name (German) acts draw on a pool of Popakademie graduates for both their studio albums as well as for their live shows.

The Western Art Music label and market leader "Monalvo Records", Berlin-based show production company "Stars in Concert", international record label "Sony Music Entertainment" and record label "F.A.M.E. Recordings" also have something in common. Each hired music managers, graduates from the Macromedia University of Applied Sciences' (short: Macromedia) Media Management Bachelor degree program – of which Music Management is one of the twelve areas of studies. Today those graduates are successful senior managers in the music business.

While these are the most prominent examples the Popakademie and Macromedia's graduates are part of a highly successful new generation of musicians in new and established bands as well as music industry workers in established labels as well as running their own labels and booking agencies.

These examples support our main argument that for a successful education, which enables a long-term sustainable career within the mu-

sic industry, the students need both artistic as well as entrepreneurial skills and knowledge. This article aims to reflect on the higher education of musicians and music industry workers within the field of Popular Music by using the Popakademie and Macromedia as case studies. Besides a strong focus on theory *and* practice what makes both institutions rather unique within a European context is the strong links between the German music business and the Popular Music department (in the case of Popakademie) and a worldwide international exchange network (in the case of Macromedia). We first set out to examine the historical developments in Germany before focusing on the Popakademie and Macromedia as two case studies.

2 Higher Education in Germany

One aspect to consider when discussing various approaches to Popular Music and music business education is that of *Bildung* versus *Ausbildung*, which has come back into focus through the Bologna process and its focus on learning and competency-based education. The Humboldt-concept of *Bildung* which unites teaching and research and thus strives for a holistic approach to education has traditionally been the domain of universities while the concept of *Ausbildung* (education) that of Universities of Applied Sciences (*Fachhochschulen*). The latter concept places a stronger emphasis on giving the students specific tools they need for their future career rather than a *studium generale* approach. This includes internships so the students are able to acquire practical working experience. While the advantage is that the graduates are ready for the labour market one criticism is that it stifles critical thinking and that the curriculum is dictated by the labour market, not by the professors' teaching and research interests. The main criticism levelled at *Bildung* within the Bologna process is that graduates have no practical work skills and thus are not prepared for employment within their field of study and even lack a clear cut field of employment besides academia. Nonetheless most conservatory degree programs are in fact *Ausbildung*-focused (primary instrument, music theory, etc.).

Another important aspect is the tertiary education market in Germany, which not only includes universities divided by their different higher education approaches (as mentioned above), but also by different types of funding: Beside state-funded universities there are also private universities and religious affiliated universities, whose number has increased in recent years.¹⁸

While Christian Werner and Eberhard Steiner (2010: 484) argue that private institutions have no reason to exist in Germany, the needs of their "customers" (the students) are quite different and have significantly changed in the last few years. Complementing the state-funded universities the private universities broaden the number of available degree programs along with the quality as well as the number of available places. This also leads to significant differences between private and state-funded universities in terms of market-orientation and the ability to provide a flexible and efficient degree program. For all the institutions, but especially the private universities this generates the need to have clear profiles. The following table provides an overview on the number of accredited universities in Germany and their funding bodies:

	State	Private ¹⁹	Religious	Total
University with the right to award PhDs	88	12	10	110
University of Applied Sciences without the right to award PhDs	104	105	22	231
University of the Arts, University of Music/Conservatory	47	4	8	59
Total	239	121	40	400

Table 1: Number of higher education institutions by type and ownership (based on www.hochschulkompass.de, accessed 25/02/2015).

¹⁸ An incorrect prejudice is that private universities are generally profit-oriented: At least 50 per cent function as non-profit-oriented enterprises (in German *GmbH*), foundations or other non-profit organizations.

¹⁹ Numerous private universities (e.g. Macromedia, Fresenius, SRH) have campuses in several cities, so the number here is higher than that of the total number of private universities.

Beside the oldest state-funded universities – the Ruprecht Karls University of Heidelberg (1386) and the University of Cologne (1388) – many universities were founded in the mid-20th century (e.g. Folkwang University of the Arts in 1927 and Frankfurt University of Music and Performing Arts in 1938). A second wave of state-funded institutions emerged in the 1960s (e.g. Ruhr-University Bochum) and 1970s (e.g. University of Hagen) and again in the early 1990s – especially in the former German Democratic Republic and structurally weak areas.

Putting the numbers in the table into a historical perspective only a few private universities were founded before 1990: Frankfurt School of Finance & Management (1950s), University of Applied Sciences Wedel (1960s), EBS University of Economics and Law (1970s) and University of Witten/Herdecke (1980s)²⁰. After German reunification in 1990 the number of private universities increased, gaining more momentum in the 2000s: just in the nine years between 2000 and 2009 47 new institutions were founded, but since then the process has slowed down.²¹ The institutions in private ownership are mainly Universities of Applied Sciences.

By the winter semester 2014/2015 about 6 per cent of students (135,000 students from a total of 2.7 million) were studying at private institutions even though almost a quarter of the universities are privately funded. While the average number of students at state universities is more than 8,000, in private ones it is around 1,000. One reason for that is the different financial background of the institutions. State universities receive more than 70 per cent of their revenue from state funds and the

²⁰ The oldest private university in Germany is the Technische Fachhochschule Georg Agricola in Bochum, which was founded in 1816 as Bergbauschule in Bochum. Both the Hochschule Fresenius (founded 1848) and the Handelshochschule Leipzig (founded 1898) also have a long history.

²¹ However, the geographical distribution of the private universities is very unequal: In Berlin alone there are 28 private Universities of Applied Sciences, which have their main campuses in the city – plus there are numerous campuses of accredited universities from other federal states. On the other hand, in North Rhine-Westphalia, the most populous federal state, there are "only" 22 institutions and there are none in Mecklenburg-Vorpommern. Besides the differing population of the federal states this inequality depends on the educational policy of the state governments. Thus, the structure of the approval process is one of the most important influences on the foundation of new universities (Werner & Steiner, 2010: 484).

rest comes from third party or private funds. A mere fraction (4 per cent) comes from tuition fees whereas this number at private universities in contrast is 55 per cent (cf. Frank et. al. 2010: 31).²² This form of financing also carries great risks, as most private universities are dependent on the number of enrolled students in order to ensure their economic survival.

Another difference between public and private universities is the range of subjects available: While a wide range of subjects within the humanities, medicine or STEM²³ is available at state institutions, 60 per cent of the private ones focus on business-related degree programs with a strong output-orientation that follow the specific needs of the labour market. To be able to compete with state institutions, many private universities offer degree programs that are rarely or not available at state universities (e.g. Media Management), or where the state universities strongly limit access (e.g. Journalism, Design).

Returning to Werner and Steiner's opening statement private universities do have a reason for their existence in Germany since they offer the following benefits:

- Advice and support: due to a prescribed-by-law professor rate of 50 per cent, professors at private universities must teach half of the courses. In addition, the group sizes are usually smaller at private institutions than at the state ones offering a better professor-to-student-ratio.
- Labour market opportunities: many private institutions work closely with the labour market and many (part-time) professors are also active outside of academia with their own business.

²² The range of these fees depends on the institution and degree – but it can reach several thousands of EUR per semester resulting in the total cost of 40,000 EUR for a Bachelor's or Master's degree. Macromedia charges 4,900 EUR per term for a 7-semester Bachelor degree program. A Master degree program costs 5,400 EUR per term (cf. <http://www.macromedia-fachhochschule.de/studienberatung/studiengebuehren.html>, accessed 21/2/2015).

²³ STEM is an acronym referring to the academic disciplines of science, technology, engineering and mathematics.

- Work skills and internships: practice-based projects and compulsory internships are part of the curriculum at private universities.

At the same time state-funded conservatories (e.g. Popakademie) draw on similar benefits since the main- and secondary instruments are one-on-one lessons and thus very expensive compared to large-scale lectures. In order to keep costs under control (and to ensure a high level of musical and artistic craftsmanship) the intake is limited both through entry exams as well as quotas on the number of students accepted in a given year.²⁴ One aim of the article is to show that despite the different sources of funding the results and output are in this case similar.²⁵

3 Artistic education in Germany today

While the German Popular Music scene thrived in the post-war period musicians usually did not have any formal Popular Music training. Some, like Holger Czukay (Can), Udo Dahmen (Kraan) and Florian Schneider-Esleben (Kraftwerk), had studied Western Art Music at conservatories but the majority were self-taught. In fact the armed forces radio (AFN, BFBS) and recordings heard at the GI-clubs in the Federal Republic of Germany played an important educational role by both featuring US-bands as well as German bands catering to the soldiers' musical preferences. Here German musicians picked up crucial skills through informal musical learning practices, which they also applied to their German language bands. Herbert Grönemeyer's former guitarist and co-producer Gagey Mrozeck is but one example of a musician who played the GI-circuit.

²⁴ This quality control in form of entry exams not only applies for the artistic degree programs at the Popakademie, but also the music business programs.

²⁵ The future will show whether the private institutions will survive, because the Standing Conference of the Ministers of Education and Cultural Affairs in Germany (Kultusministerkonferenz 2012), predict a decrease in the number of first-year students over the next years. Therefore, the competition between state and private institutions – and especially between private and private universities – will increase.

Musicians in the German Democratic Republic, however, needed a special state permission to perform in public (cf. Rauhut, 2002, p. 14 – similar to the VIA's in the Soviet Union). This led to departments in "Tanz- und Unterhaltungsmusik" (TUM – Dance- and Entertainment music) that included Popular Music. The conservatories in Berlin and Dresden were the first to offer classes starting in 1962 followed by Weimar in 1964 and Leipzig in 1974. The Berlin-Friedrichshain music school played a special role by also offering a non-conservatory TUM-program that started in 1959. The government awarded the music school a special status in 1963, which also permitted the music school to educate professional musicians (Rauhut, 1993: 48).

Founded in 1982 the first institutionalized Popular Music course in the Federal Republic of Germany was the "Kontaktstudiengang Populärmusik" at the Hochschule für Musik und Theater Hamburg. Still running today as the "Eventim Popkurs" the course offers musicians not only an artistic crash course but also covers music business topics in two three-week workshop phases.

Predating that course the first degree program to also cover Popular Music (in its broad sense) in the Federal Republic of Germany was Jazz at the Staatliche Hochschule für Musik Rheinland (now Hochschule für Musik und Tanz Köln) established in 1980/1981. While other degree programs followed that also incorporated Rock and/or Pop in the name (cf. Table 2 and 4 in appendix), these were primarily focused on Jazz together with some additional courses in Popular Music. The first German degree program only focusing on Popular Music was started with the Bachelor degree program "Pop Music Design" at the Popakademie Baden-Württemberg in 2003. The first German Masters degree program "Popular Music" was introduced at the Popakademie in 2011.²⁶

While there are many degree programs today that include Popular Music only the Popakademie Baden-Württemberg, Hochschule Osnabrück, Hochschule für Musik, Theater und Medien Hannover, Folkwang

²⁶ There are also pre-conservatory courses in Popular Music as part of a vocational training – e.g. Berufsfachschule für Musik in Dinkelsbühl, which has a Rock/Pop/Jazz program – as well as numerous private institutions offering certificate courses (e.g. SAE, Deutsche Pop).

Universität der Künste and Hochschule der Populären Künste currently offer degree programs dedicated to Popular Music on a conservatory level.²⁷ The other degree programs mentioned in the table below either combine Jazz (e.g. Hochschule für Musik und Tanz Köln) or focus on an academic degree with some practical skills (e.g. Universität Paderborn).

As the historical overview shows the institutionalisation of Popular Music education has gathered speed in the last 15 years. Musicians often see popular Music as a field where formal education is more of a hindrance than an asset – a point Green (2002) discusses using the terms "formal" and "informal music learning practices". While originality and creativity are essential to Popular Music, the professionalization within the field calls for highly skilled and versatile musicians to fulfil the requirements of the market'. In the past formal education within the realm of German higher education has been covered by the Jazz departments (and, as mentioned, to some extent even by the Western Art Music departments) from which highly successful musicians have emerged like bass player Dominik Krämer (heavytones and a graduate of the Staatliche Hochschule für Musik und darstellende Kunst Mannheim). There are, however, musical and stylistic differences between Jazz and Popular Music that call for a dedicated formalized Popular Music education.

Another important aspect is the need for an education qualification in music business to maintain a long-term career, a point raised by Endreß (2013). He argues that Popular Music is more strongly linked with the music industry than other fields of music. Furthermore, due to the music industry's declining revenues more and more bands are working on their own, especially at the start-up phase as well as later on in their career. In order to minimize their financial risks labels now look for acts with a sizable fan-base to sign rather than unknown newcomers. Raising a related point Scott Cohen, founder of the distribution company

²⁷ This is gradually changing with both established conservatories starting new degree programs in Popular Music (e.g. Musikhochschule der Westfälischen Wilhelms-Universität Münster) and new conservatories opening in Germany (e.g. BIMM – British and Irish Modern Music Institute planning a campus in Berlin).

The Orchard, pointed out on a panel during the Association Européenne des Conservatoires, Académies de Musique et Musikhochschulen's (AEC) PJP-Platform meeting (February 14th, 2015 in Valencia, Spain) that the music industry today is much more complex than it was 20 years ago and that today it is much harder to reach the target audience because the production tools are in everybody's hands and thus are being used by everybody. In order to cut through all the distraction a tech savvy team is needed to reach the band's target group. Bands whose members have the necessary business- and web-skills thus have a clear advantage in gathering and growing a fan-base and audience. Giving aspiring musicians the necessary skills in business, law, marketing and management not only prepares them for their future career and enhances their chances of pursuing a (major) deal (if that is what the band is striving for), but also opens up other income opportunities besides performing and teaching such as also working in the music industry. This is, however, not new. As Dedekind (2008) points out, many musicians and bands of the 1970s taught themselves about music business issues, partly a result of a lack of interest from the music industry and going so far as to founding their own labels (e.g. Ton Steine Scherben, Kraftwerk, Can). Due to recent changes within the music industry this issue, as we discuss in the next section, has taken on a fresh urgency in the past 15 years.

While Popular Music musicians are more or less predestined for self-employment in today's market this trend is also relevant to other music sectors. Drawing on studies of conservatory alumni in Germany and Austria Gembris (2014) points out that the amount of secure tenured jobs in orchestras, a goal for many Western Art Music graduates, are declining and that self-management and business skills are necessary for conservatory trained musicians. Besides the "traditional" pillars of artistic education and music pedagogy he also calls for two other pillars, freelancing and employment, as well as personal development to be added to conservatory curriculums in order to prepare the graduates for their future career. At the same time entrepreneurship within conservatory degree programs has been a focus of the European conservatory association AEC's project "Polyphonia" which examined professional

music training on a European level. Thus, what was pioneered within Popular Music education at institutions such as the Eventim Popkurs and the Popakademie (described in more detail below) is now also slowly being implemented within Western Art Music and Jazz degree programs.

4 Music management

In the last 25 years globalisation and the digitisation of media has radically changed the conditions in the music market meaning the industry is in continuous need of new ideas and innovation. A good music manager should combine creative qualities with entrepreneurial activity. But does one really have to study it? Or is it sufficient to gain experiences directly from the practice itself?

The education of music managers in the (Popular) Music business primarily evolved over the past decade. Franz Willnauer (1997: 224) wrote in 1997 that a specific (university) education for music management did not exist at that time and existing programs mainly focused on high culture. The "music manager" profession does not have a specific job description; it includes very different (managerial) activities and skills in the field of music as a product (production, distribution and consumption). Meanwhile, the situation illustrated by Willnauer has changed radically (see tables 3 & 5 in appendix). As of 2015 there are numerous degree programs with very different curricula and focal points. There are still many typical careers paths in the music industry such as A&R managers, label managers, and product managers as well as relatively new job profiles such as content aggregators that previously had no specific educational paths before the new wave of higher education possibilities.

Within the German dual system of secondary school education, vocational school (*Berufsschule*) or vocational academy (*Berufsakademie*), there are different options specialising in the music industry; Management Assistants in Audio-visual Media (*Kaufmann für audiovisuelle Medien*, established in 1998, aligned with the requirements of the music industry); Management Assistant in Event Organization (*Veranstaltungskaufmann*, established in 2001, focused on the live business); Manage-

ment Assistant in Digital and Print Media (*Medienkaufmann Digital und Print*, established in 2006, aimed at [music] publishing)²⁸ (Scholz, 2007 p. 78-109). In addition others can be added such as: the Music Salesperson (*Musikalienhändler*, established in 1954); Music Business Administrator (*Musikfachwirt* – established 2010), Event Assistant (*Veranstaltungsfachwirt* – established 2008) and Publishing Business Administrator (*Verlagsfachwirt*). Many companies in the music industry used to fill, and some still do, their lower and mid-level positions with people with the above-mentioned non-academic qualifications.

But what are the possible reasons for the significant increase in music management degree programs in the recent years and how have the programs historically developed?

4.1 Numbers in the German music industry

An important reason for establishing academic degree programs can be found in the economy. The global music industry has been in a (sales) crisis since at least 1997 and this has fundamentally changed the conditions for music production, distribution as well as reception.

At the introduction of the CD in 1984 the German music industry, at the time the world's third largest market, earned approximately 1.1 billion EUR from recording medium sales. Within 13 years those sales had more than doubled and by 1997, at the height of this development, brought in 2.7 billion EUR, of which 2.3 billion EUR was just for CD-sales (BVMI 2014: 7). Since 1997, however, numerous well-known developments, like Napster, MP3, CD-burning, ongoing digitisation have led to a dramatic drop in sales across the entire music industry (Limper & Lücke, 2013: 48-55). The current revenues of the German music industry are just slightly above 1.45 billion EUR (data from 2013)²⁹, showing for the first time a modest growth (cf. BVMI 2014: 7). We have to add to the

²⁸ Previously this was the bookseller and publisher (*Verlagskaufmann*).

²⁹ In an international context (e.g. Sweden 69.7 per cent, Norway 67.4 per cent or USA 59.6 per cent) Germany still occupies a special position since the majority of the revenues (77.4 per cent) are through physical products – 69 per cent alone through CDs. Digital revenues (download, streaming) consists of 22.6 per cent, of which only 4.7 per cent are from streaming (cf. BVMI 2014: 13). Internationally the digital revenue average is at 39 per cent (cf. BVMI 2014: 53).

numbers mentioned by the International Federation of the Phonographic Industry (*Bundesverband Musikindustrie [BVMI]*), that it includes both taxes and dealer profits, so if we deduct them from this number the result is more realistic: the net sales of the music industry is under 1 billion EUR.

Just as the traditional music industry has lost sales, jobs have also been lost. The latest official numbers recording this phenomenon are from 2010: While there were more than 13,000 people employed in the German music industry in 1997 this number had by 2010 dropped to less than 8,000 (BVMI 2011: 12).

Beside the music industry, the live industry is also an important part of the music market. The music market had been dominated by the music industry for a long time, but due to artists' declining income because of reduced sales of recordings, concerts (along with merchandising) have become an increasingly important source of income. However, it is clear that the increase in live industry numbers has not made up for the decline in sales of recordings. According to the German Federal Association of Concert Organizers (*Bundesverband der Veranstaltungswirtschaft*), the German live market earned approximately 2.45 billion EUR with music events in all genres (incl. Western Art Music, Opera, Musicals, Pop, etc.) in 1995. Nearly two decades later, in 2013, revenue had increased to 2.7 billion EUR (bdv 2014: 4).³⁰ But the sales increase is not stable and the market is particularly dependent on macroeconomic conditions and the state of the economy. In 2009, in the year of the financial crisis, concert income was 2.27 billion EUR, below even 1995 levels.³¹

The most comprehensive numbers of the music industry come from the Cultural and Creative Industries Initiative of the Federal Government (*Kultur- und Kreativwirtschaft der Bundesregierung*), founded in 2007. The institution merged eleven different sectors together – such as music market, book market, art market etc. – and established them as an independent economic field. According to their monitoring from 2013

³⁰ The highest revenues are through musicals (453 million EUR), followed by Western Art Music (387 million EUR) and foreign language pop and rock music (352 million EUR) (cf. bdv 2014: 10).

³¹ The highest revenue through concerts was in 2007: 2.82 billion EUR (cf. bdv 2014: 4).

(BMW 2013), the music industry (with a bullish tendency) included 13,812 companies generating annual sales of 7.42 billion EUR. This figure means average revenues are (only) about 0.5 million EUR per company and it is evident the German music industry primarily consists of one-person and small enterprises with only a few employees. The industry consists of 47,495 employees, of which nearly 34,000 are self-employed (cf. BMW 2013: 144).

The above numbers show the music industry is undergoing profound changes. While the number of employed people has decreased, the number of people in the industry is growing, primarily due to the many small and mostly low revenue companies. Within the traditional companies, the areas of activities have been changed due to the ongoing digitisation and globalisation. Therefore, there is a need for new degree programs combining a broader theoretical knowledge with practical elements to meet the challenges of the current market conditions. In the fields of production and distribution, the future of the music business is the development and long-term establishment of new business models. The new academic degree programs provide a suitable basis for those and trying to find solutions to the most pressing questions.

4.2 Historical development

Many degree programs in Germany, primarily business or law degrees, have indirectly provided the foundation for long-term career within the music industry. This is evident if we take a closer look at the educational backgrounds of some major music companies' CEOs. Frank Briegmann (Universal Music), Hubert Wandjo (formerly Sony Music, Columbia and Warner) studied business and Philipp Ginthör (Sony Music) studied law. Moreover, Rolf Budde (Buddemusic) and Christian Baierle (Roba Music) both hold a doctorate in law.³²

As mentioned Willnauer described the specialised skills a music manager should have in 1997 including a knowledge of business, art and media law, accounting, organisation theory etc. The connection to the

³² The music industry also provided for further qualification for their workers once they reached senior management positions (personal conversation with Hubert Wandjo, 21.07.2014).

two previously mentioned disciplines is clear as a basic knowledge of business and law are the most important components in a music managers' education. Depending on the future work context Willnauer mentions that the implementation of various cultural disciplines might be also important. Moreover, a prospective music manager should have outstanding communication skills, as it is often claimed that the music industry is a "people's business" and that networking is thus a core activity (Willnauer, 1997: 225).

The origins of today's music management degree programs are rooted in the establishment of cultural management (*Kulturmanagement*) as an academic discipline in the late 1980s. In the German-speaking area, the first university course was introduced at the University of Music and Performing Arts Vienna in 1976. In Germany, the first full-time degree program began in 1989 at the Hochschule für Musik und Theater Hamburg. The next program was established in 1990 at the Hochschule Ludwigsburg. Meanwhile, according to the *Kulturpolitische Gesellschaft* (KuPoGe – Society for Cultural Policy) more than 360 degree programs (Bachelor, Master, further education) exist in cultural mediation, including numerous offerings in cultural management.³³

Most cultural management curriculums focus on high culture (opera, orchestra, theatre, etc.), including the Masters degree program in Theater and Orchestra Management at Hochschule für Musik und Darstellende Kunst Frankfurt am Main (Schmidt, 2011: 83) or the Masters degree program in Music and Cultural Management at the Hochschule für Musik und Theater München founded in 2010. A specialisation in Popular or not supported art forms has been lacking for many years.

The Popakademie in Mannheim not only pioneered by offering a degree programs in Popular Music (Pop Music Design) but also by offering a Bachelor degree program in Music Business with a focus on Popu-

³³ The following degree programs are included: Kulturwissenschaften, Culture Management, Kulturpädagogik, Kulturarbeit, Culture Journalism, Kulturphilosophie, Kulturelles Erbe, Kulturtourismus, Kultur und Technik, Kulturanthropologie, Volkskunde und Interculture – as well as specific programs such as Music Management and Museum Management (Blumenreich 2012: 16). Cf. <http://www.kupoge.de/studiumkultur.html> for a current online database of the degree programs.

lar Music when it opened in 2003. A central tenet of the Music Business program was (and still is) to establish practice-oriented courses that followed the needs of the music market in the digital age within the field of Popular Music. Since then numerous other degree programs with similar concepts have been established, mainly at private universities (e.g. Macromedia, Hochschule der populären Künste). On the other hand, state-funded universities like the Saarland University (Universität des Saarlandes) in Saarbrücken mostly focus on high culture (see table 3 in appendix) when catering to Music Management. There are also several Masters degree programs like Media and Music at the Hanover University of Music, Drama and Media established in 2008 and the Popakademie's Masters degree program "Music and Creative Industries" (established in 2011) (see table 5 in appendix).³⁴

The orientation of the existing degree programs varies. Private universities are mainly practice oriented and prepare their students for management activities in the music industry. State-funded universities offer deep theoretical knowledge, which gives them a stronger academic character. For example the Masters degree program "Popular Music and Media" at the *University Paderborn*: "*The Masters Degree enables [you] to pursue a doctorate and thus an academic career or a privileged position within the music- or creative industry or within the artistic realm*" (Delhees & Nieland, 2010: 61 – translated from German). That said the amount of management components in many degree programs are sometimes relatively low with a good example being the Bachelor degree program "Music Management" at the Saarland University. From a total of 180 ECTS only 6 ECTS are given in the module Music Management, 12 ECTS in an in-depth module (including Cultural Management and Finance) and 21 ECTS to modules in the fields of economics and law. The majority of the courses (96 ECTS) cover different fields of musicolo-

³⁴ Beside the mentioned degree programs private academies (*Privatakademien*) also offer further education for the music industry of which some are nationally accredited and some are not. The dominant actors are *Deutsche Pop* and *ebam* (with campuses in several cities); the *L4-Institute* in Berlin and the *Wirtschaftsakademie am Ring* in Cologne (Scholz 2007: 115-137). The internationally operating SAE (with campuses amongst others in Berlin, Cologne, Munich) plans to introduce a non-accredited, four-semester program in Music Business in autumn 2015 (Musikwoche 2015).

gy. At the previously mentioned Masters degree program in Paderborn 10 ECTS is given for the module Musical and Cultural Management, and a further 10 ECTS for Media Economics (from a total of 120 ECTS).

An important question is whether the number of degree programs is already too high given the fact there are few (permanent) jobs available on the market. This must on the one hand be seen from a critical point of view, because the private universities are financed mainly through tuition fees (up to 40,000 EUR) and have an interest in attracting more and more students. At the same time, there is a job market since many graduates go on to jobs within the music industry (e.g. Four Music is currently led by the Popakademie graduate Michael Stockum) or live off their own ideas and business models (e.g. the indie label Guerrilla Entertainment and Chimperator Productions were co-founded by the Popakademie music business students Konrad Sommermeyer [Guerrilla] and Sebastian Andrej Schweizer [Chimperator]). The graduates are also to some extent replacing the workers with a vocational education and thus creating an 'academization' of the music industry jobs.

Another relevant point is that most of these universities' curriculums are so broad that they provide skills (e.g. business, law, project management) that are relevant for the entire (media) economy. As future managers within a field covering media, entertainment, and the creative industry we argue that music management students have to learn how to fulfil core business functions. Moreover, they have to be prepared to lead diverse teams, often composed of people with different backgrounds. They should also be able to combine key business skills with an essential knowledge in music industry management. Therefore, Music Management Studies have to work across the disciplines of music, business and law. This is the focus of the next section where we will focus on the specific content of two degree programs – an artistic one (Popakademie) and a music business approach (Macromedia).

5 Two case studies

5.1 Pop Music Design – successful artists with music business skills

Creativity, originality, artistic craftsmanship and the concept of the student's own music are the four main tenets of the Bachelor degree program "Pop Music Design" (PMD) at the Popakademie. Within the areas of study Composition/Songwriting, Producing/DJ-Producing, Vocals, E-Guitar, E-Bass, Drums and Keyboard the program prepares the students for a sustainable long-term career as musicians with a solid artistic education while at the same time providing a thorough music business foundation and a large network within the German music scene (in part through internships, in part through bringing in active musicians and music industry agents as teachers).

While the students' skills and craftsmanship on their instrument are central in their education, the approach at the same time is to give the students a broad artistic background. Hence, the Popakademie's philosophy is not that of a master-apprentice approach common at Western Art Music degree programs, where the students follow the same main instrument teacher during the duration of their study. Instead, the teachers at the Popakademie usually change every year – the underlying philosophy being that the students get different ideas and impulses from each teacher. This broadens their artistic knowledge, gives them a broad technical and musical background and thus provides enough material for the students to continue to work on their musicianship after graduation.

Another important pillar in the education is the focus on the students' own music both on their main instrument as well as within their band work. Linked to that is the focus on creativity and originality. While repertoire knowledge is important (and part of the curriculum) writing one's own music not only means more royalties when performing and recording but also a better understanding of musical processes. In addition, while there always is demand for skilled session musicians, it is

good to have a broad income base and this can in part be achieved through writing and composing.³⁵

A central tenet is the strong link between the degree program and the future professions of the students. While the Humboldt-concept of *Bildung* remains important, the educational philosophy at the Popakademie (as well as at Macromedia) is primarily based on the concept of *Ausbildung*. This means that a stronger emphasis is placed on giving the students the tools they need for their future career rather than a *studium generale* approach. Besides two mandatory internships being part of the Bachelor degree program (after the first and second year) this can at the Popakademie also be seen in the program's total duration of 6 terms (180 ECTS). This forces the students to think about and plan their career as freelance musicians already as they enter the program. The program's duration also breaks with other German conservatories whose 8 terms (240 ECTS) are common for artistic degree programs in music that award a Bachelor of Music (cf. the tables below). This is also the reason why the degree awarded by the Popakademie is a Bachelor of Arts. The link between theory and practice also applies to the non-musical/academic courses taught in the degree programs at both institutions.

As mentioned, courses in music business play a central role in the Pop Music Design degree program and are a mandatory part from day one. In the first year all the first year Pop Music Design students together with the first year Music Business students have to attend four survey courses (each 6 ECTS) two of which are on music business topics and two on topics within the artistic field. The first business course is an introduction to the music industry focusing on artist valorisation. The second course focuses on entrepreneurship and covers types of business organisation and management. Besides preparing the students for their future career as freelance musicians the course also gives them the tools

³⁵ Another important aspect within this context is producing skills, which have become more and more central to being a successful musician. The curriculum has been adapted to include more producing courses for non-producers as well as establishing an area of study in the Master degree program Popular Music called Producing/Composing Artist. This area combines the producer and composer and is popular among instrumentalists who graduate from the Pop Music Design program. For a more in-depth look at the curriculum development cf. Wickström (2015).

to create a business plan for their enterprise. These two music business survey courses make up about 33 per cent of the required lecture time in the first year. The first artistic survey course covers music production from music theory and songwriting over the foundations of acoustics and recording to mastering. The second survey course focuses on band concepts and image covering everything from Pop-cultural influences on Popular Music over design, fashion and music videos to performance, stage lighting and stage sound.

These four survey courses provide the foundation for the courses the students have to take in the second and third year. Here the students can choose from a portfolio of courses depending on their interest, but they are, however, required to attend at least one 4 ECTS course in music business. Between 10 per cent and 40 per cent of the required lecture time in the second and third year are made up of music business courses (e.g. Artist Development, Publishing, Digital Applications, Media). Thus, during the three years at the Popakademie the students spend between 18 per cent and 32 per cent of the total required lecture time in music business lectures providing them with a solid foundation and giving them the necessary tools for a sustainable career as musicians. At the same time the students in the Music Business Bachelor degree program not only have a solid education in Music Business, but they also know how the artistic side works, which is essential when working with musicians and creative professionals.

Besides successful students playing in well-known bands and producing successful artists the strength and sustainability of this approach can be seen in the alumni survey of the Pop Music Design graduates.³⁶ Over 70 per cent of the reached graduates work as freelancers. The main areas of employment (which overlap) are as musicians (61 per cent, both in the studio as well as live), teachers (43 per cent), songwriters (42 per cent), producers (30 per cent) and playing in cover bands (29 per cent). In other words, the majority of the graduates are active as musicians

³⁶ Covering all the graduates from the Pop Music Design Bachelor degree program and the Popular Music Master degree program the survey was conducted during spring 2014 and the results are consistent with those of the previous years.

who partially supplement their income through teaching and other activities. Their average income is 1,733 EUR – well above the average income of freelance musicians, which according to the Künstler Sozialkasse (KSK) in 2013 was 1,052 EUR a month (N.N., 2014).

4.2 Music management – new media and business perspectives

Macromedia was founded as a private university in 2006 with four campuses in Munich, Stuttgart, Cologne and Hamburg.³⁷ A fifth campus in Berlin was opened in 2009. In the early years the university focused on Bachelor degree programs within the field of media (e.g. Media Management, Journalism, Design and Film and Television). An English-language Masters degree program was established in 2011 and a management degree program in 2014. All degree programs are subdivided into different areas of studies to provide a variety of media-related topics and content. There are twelve areas of studies (referred to by Macromedia as branches of studies) in the Bachelor degree program Media Management. One of these areas is Music Management, which has been offered at all campuses since 2009 and accepts around 60-70 students a year. Music Management Studies include various genres represented by the music market. Dependant on the students' interests, they can focus on specific genres, such as Pop, Rock, Jazz, Western Art Music or even "Schlager", although the Popular Music genres dominate. The studies are based on the concept of *Ausbildung* and the main aim is to combine traditional music business (label, publisher), still dominant within market, with new developments (e.g. streaming, crowd funding) to offer the students a solid foundation of professional knowledge and industry-specific skills. The degree program's approach is to give an insight into almost all areas of the music industry, thus providing a broad approach. The importance of the Bachelor degree program lays in this generalist overview of different topics in a specific industry, which can then be deepened at a later stage during their professional life or a subsequent

³⁷ The university's trustee company, Macromedia GmbH, was founded in 1993 and until 2013 consisted of two single shareholders. In April 2013 Macromedia GmbH became part of the Luxembourg-based international university network "Galileo Global Education".

Masters degree program. In order to adapt to the current developments of the fast changing media and music market, the curriculum is regularly changed and adapted to the actual conditions (e.g. streaming, crowd funding). Music Management Studies are divided into seven semesters with altogether 210 ECTS – as it can be seen in the following chart.³⁸

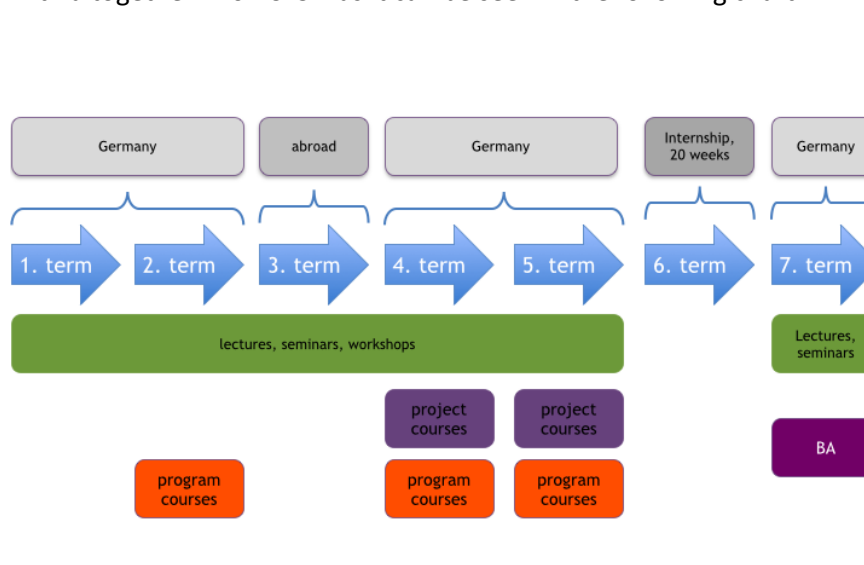


Figure 1: Bachelor Degree Program in Music Management at the Macromedia University of Applied Sciences

In the 1st semester the curriculum of the Music Management Studies students consists of general courses (e.g. Academic writing, Project Management, Business Administration, Accounting, Print Media Design and Technologies) together with other students from different areas of studies, which leads to an interdisciplinary exchange of knowledge.³⁹ In

³⁸ A decree by the federal state of Bavaria states that Bachelor degree programs at Universities of Applied Sciences need a total of 210 ECTS (compared to 180 ECTS for universities).

³⁹ In all the degree programs and areas of studies the students have to follow a fixed course plan without any opportunity to choose. This is mainly due to financial reasons, since the courses offered can be planned more efficiently in advance.

the 2nd semester, the seminars and lectures are already area-specific (e.g. Foundations of Music Business, Contract and Copyright Law). In the 3rd semester the students have to study abroad as part of the so-called 5CU (Five Continent University) exchange program. They spend an entire semester at one of the 13 co-operating (private) partner universities (e.g. USA, Mexico, Ireland, England, Spain, South Africa, Australia, South Korea) where they follow the local university courses and at the same time improve their language and intercultural skills. With this mandatory semester abroad, the university not only takes the process of globalization into account but also intensively prepares its students at an early stage for an international professional life. For the 4th and 5th semesters the students return to Germany and the courses are focused on their areas of study (e.g. Music Marketing, Artist Management and Music and New Media). To also provide insight into Western Art Music the curriculum includes courses such as Orchestra Management and Publishing Industry. Courses such as Music Sociology or Music Psychology are taught to illustrate the social-psychological significance of music.

A central component of these two semesters are the so-called "teaching projects" (10 ECTS), which can be both practical- and research-oriented with the aim of combining practice and theory. Partners from the music industry mostly facilitate the teaching projects and they can also span two (or more) semesters. These are partly research projects (e.g. for Deezer, Sony Music) and partly conceptual work (e.g. developing new business models). Here the students have the opportunity to develop new ideas in small and intensively supervised groups and to present their ideas to decision makers in the music industry. The project seminars constitute 30 per cent of the semester's curriculum.

The 6th semester includes a 20-week internship (in Germany or abroad) at a company of the student's choice with the aim of applying the previously learnt approaches in a professional setting. The internship is also an important networking opportunity and it is thus an important career step. The students often start professional relationships with their subsequent employers during this period. The Bachelor's thesis and some general courses (e.g. Business start-up, Controlling) round off the

studies in the 7th semester. Preparing for self-employment takes place during the final semester since 30 per cent of the students will aim at freelance work pursuing and implementing new ideas (often developed during the studies).

Thus the degree program has a strong focus on providing the students with a broad overview of the music industry, practical skills and a big network. This is primarily achieved through the semester abroad, the teaching projects as well as the internships.

6 Conclusion

Both the Bachelor degree programs Pop Music Design as well as Music Management were started at a time when the music industry was going through a major upheaval. Declining revenues as well as new (and also illegal) distribution possibilities have forced the music industry as well as artists to rethink their revenue models. Old players lost their market share and relevance and new, to some extent music industry outsiders (e.g. Apple, Google, Facebook, MySpace), entered the market and changed the power balance. Both degree programs as well as their institutions aim to embrace these challenges and keep the programs up-to-date in order to provide their students with the tools needed for a successful long-term career. This is in part done by keeping the degree programs focused close to the labour market (*Ausbildung* not *Bildung*), by giving their students a good knowledge of the industry and a broad network to draw on as well as encouraging creativity thus providing the graduates with a good start. Here the cooperation with actors in the industry, whether through the teachers, the teaching projects or through tours and artistic collaborations with bands, is an essential part.

While the main differences between the two universities are in funding and tuition (being a state-funded university the Popakademie does not charge any tuition fees) the degree programs share several similarities:

Through small groups of students a very close teacher-student relationship and a familiar working environment is made possible. Both pro-

grams also collaborate very closely with the music industry, both on the artistic side as well as the management side, by drawing on teachers from the industry as well as successful and active musicians (Popakademie), by incorporating internships into the degree program and by implementing projects for the industry supervised by music industry workers. In other words, the degree programs are both practice-oriented and theoretically well founded, while being in a constant exchange with industry protagonists and decision-makers to keep the curriculum up-to-date.

While Macromedia's approach is similar to that of the Music Business Bachelor degree program at the Popakademie both in terms of courses offered as well as project based courses facilitated by music industry professionals (the equivalent to Macromedia's teaching projects are referred to as the Project Factory at the Popakademie), the main difference is that the Popakademie Music Business Bachelor degree program offers an in-depth specialisation in one of the following areas after the first year: Artist Developer, Marketing and Distribution Expert, Business Manager, Community Manager, Digital Innovation Manager. Each area has a different curriculum tailored to the specific course specialization.

As we have shown the changes in the music industry have resulted in new academic degree programs that give musicians an opportunity to study Popular Music on a conservatory level and provide tailored courses for music industry workers. This is an expanding market, which not only follows the shifts in the music industry but also a general generational shift. With an abundance of possibilities to study Western Art Music and limited opportunities for permanent jobs in orchestras and music schools musicians of all genres need skills to pursue a career as a freelance musician and to promote themselves. This is also relevant for degree programs focusing on the music industry and a knowledge of all genres, not only Western Art Music, is necessary. Here recently established state-funded universities (Popakademie) and private universities (Macromedia) are paving the way through pioneer work before the older (and, at times, more conservative institutions) follow.

Popular Music is constantly evolving and thus the curriculum also has to constantly change in order to stay update, in terms of course content (e.g. crowd funding) as well as new courses or even new areas of study (cf. Wickström, 2015). While focusing on Popular Music the tools provided enable the musicians to operate within a broad musical field.

Popular Music as a field is also in constant change producing new opportunities. This case in point can be seen in the expanding genre fields where the graduates work: two of the Popakademie alumni are part of the German Schlagersinger Helene Fischer's live band and the student Hannes Braun, vocalist in the Metal band Kissin' Dynamite, co-produced Heino's song "Schwarz Blüht der Enzian" (Heino, 2014).

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8 Appendix

Institution	Location	Name of degree program	Bachelor of Arts (B.A.) / Bachelor of Music (B.Mus.)	Private/ state funded	Number of semesters
Hochschule der populären Künste (hdpk)	Berlin	Bachelor of Arts in Audio Design AND Bachelor of Arts in Music Production (since 2010)	B.A.	private	7
Hochschule für Gesundheit & Sport, Technik & Kunst	Berlin	Bachelor of Music in Popular Music	B.Mus.	private	7
Hochschule für Kunst, Design und Populäre Musik Freiburg (hKDM)	Freiburg	Bachelor of Arts in Popular Music (German and English - since 2011)	B.A.	private	8
Hochschule für Musik Carl Maria von Weber Dresden	Dresden	Bachelor of Music in Jazz / Rock / Pop	B.Mus.	state	8
Hochschule für Musik, Theater und Medien Hannover	Hannover	Bachelor of Music in Popular Music AND Bachelor of Music in Jazz / Rock / Pop	B.Mus.	state	8
Hochschule für Musik und Tanz Köln	Cologne	Bachelor of Music in Jazz / Pop	B.Mus.	state	8
Hochschule für Musik und Theater „Felix Mendelssohn Bartholdy“ Leipzig	Leipzig	Bachelor of Music in Jazz / Popular Music	B.Mus.	state	8

Table 2: Artistic Bachelor degree programs in Popular Music in Germany, 2015

Hochschule für Theater und Musik Rostock	Rostock	Bachelor of Music in Pop- and World Music with Classical	B.Mus.	state	8
Institut für Musik der Hochschule Osnabrück (ifM)	Osnabrück	Bachelor of Arts Producing (main focus on pop and instrumental - since 2007)	B.A.	state	8
Johannes-Gutenberg-Universität, Hochschule für Musik	Mainz	Bachelor of Music in Jazz and Popular Music	B.Mus.	state	8
Munich Institute of Media and Musical Arts (MIMA)	Munich	Bachelor of Music in Pop Music & Sound Art (since 2011)	B.Mus.	private	8
Popakademie Baden-Württemberg	Mannheim	Bachelor of Arts in Pop Music Design (since 2003)	B.A.	state	6
Staatliche Hochschule für Musik und darstellende Kunst Mannheim	Mannheim	Bachelor of Music in Jazz / Popular Music (since 2006)	B.Mus.	state	8
Staatliche Hochschule für Musik und darstellende Kunst Stuttgart	Stuttgart	Bachelor of Music in Jazz / Pop	B.Mus.	state	8
Universität Paderborn	Paderborn	Bachelor of Arts in Popular Music and Media (since 2002)	B.A.	state	6

Table 2 (continued)

Institution	Location	Name of degree program	Bachelor of Arts (B.A.) / Bachelor of Music (B.Mus.)	Private/ state funded	Number of semesters
Akademie der media	Stuttgart	Bachelor of Arts in Media Management, area of study: Music Management / Music Production	B.A.	private	6
Europäische Medien- und Business-Akademie	Berlin	Bachelor of Arts in Music Management and Music Production	B.A.	private	6
Hochschule der populären Künste (hdpk)	Berlin	Bachelor of Arts in Media Management, area of study: Event Management (since 2010)	B.A.	private	7
Hochschule für angewandtes Management	Berlin, Erding, Treuchtlingen	Bachelor of Arts in Music & Cultural Management	B.A.	private	6
Hochschule für Gesundheit & Sport, Technik & Kunst	Berlin	Bachelor of Music in Popular Production	B.A.	private	7
Hochschule Macromedia	Berlin, Cologne, Hamburg, Munich, Stuttgart	Bachelor of Arts in Media Management, area of study: Music Management (since 2009)	B.A.	private	7

Table 3: Business-oriented Bachelor degree programs in Popular Music in Germany, 2015

Musikhochschule der Westfälischen Wilhelms-Universität Münster	Münster	Bachelor of Music in Music and Promotion	B.Mus.	state	8
Popakademie Baden-Württemberg	Mannheim	Bachelor of Arts in Music Business (since 2003)	B.A.	state	6
Robert Schumann Hochschule Düsseldorf	Düsseldorf	Bachelor of Music in Music and Media	B.Mus.	state	8
Staatliche Hochschule für Musik und darstellende Kunst Stuttgart	Stuttgart	Bachelor of Music in Music Theory (main focus on Music Management)	B.Mus.	state	8
Universität Erfurt	Erfurt	Bachelor of Arts in Music Promotion	B.A.	state	6
Universität des Saarlandes	Saarbrücken	Bachelor of Arts in Music Management	B.A.	state	6
Zeppelin Universität	Friedrichshafen	Bachelor of Arts in Communication and Cultural Management	B.A.	private	6

Table 3 (continued)

Institution	Location	Name of degree program	Master of Arts (M.A.)/ Master of Music (M.Mus.)	Private/ state- funded university	Number of semesters
Folkwang Universität der Künste	Bochum	Master of Music in Popular Music (since 2014)	M.Mus.	state	4
Hochschule für Musik, Theater und Medien Hannover	Hannover	Master of Music in Jazz / Pop / Rock	M.Mus.	state	4
Hochschule für Musik und Tanz Köln	Cologne	Master of Music in Jazz / Pop	M.Mus.	state	4
Hochschule für Musik und Theater „Felix Mendelssohn Bartholdy“ Leipzig	Leipzig	Master of Music in Jazz / Popular Music (artistic AND pedagogical)	M.Mus.	state	4
Johannes-Gutenberg-Universität, Hochschule für Musik	Mainz	Master of Music in Jazz and Popular Music	M.Mus.	state	4
Munich Institute of Media and Musical Arts (MIMA)	Munich	Master of Music in Pop Music & Sound Art (since 2011)	M.Mus.	private	4
Musikhochschule der Westfälischen Wilhelms-Universität Münster	Münster	Master of Music in Music and Promotion AND Master of Music in Music and Creativity	M.Mus.	state	4
Popakademie Baden-Württemberg	Mannheim	Master of Arts in Popular Music (since 2011)	M.A.	state	4
Staatliche Hochschule für Musik und darstellende Kunst Mannheim	Mannheim	Master of Music in Jazz / Pop (since 2006)	M.Mus.	state	4
Universität Paderborn	Paderborn	Master of Arts in Popular Music and Media (since 2005)	M.A.	state	4

Table 4: Artistic Master degree programs in Popular Music in Germany, 2015

Institution	Location	Name of degree program	Master of Arts (M.A.)/ Master of Music (M.Mus.)	Private/ state- funded university	Number of semesters
Hochschule für Musik, Theater und Medien Hannover	Hannover	Master of Arts in Media and Music (since 2008)	M.A.	state	4
Institut für Kulturmanagement Ludwigsburg	Ludwigsburg	Master of Arts in Cultural Management	M.A.	state	4
Institut für Kultur- und Medienmanagement	Hamburg	Master of Arts in Cultural and Media Management	M.A.	state	4
Musikhochschule der Westfälischen Wilhelms-Universität Münster	Münster	Master of Music in Music and Promotion AND Master of Music in Music and Creativity	M.Mus.	state	2
Popakademie Baden-Württemberg	Mannheim	Master of Arts in Music and Creative Industries (since 2011)	M.A.	state	4
Zeppelin Universität	Friedrichshafen	Master of Arts in Communication and Cultural Management	M.A.	private	4

Table 5: Business-oriented Master degree programs in Popular Music in Germany, 2015

Notes for contributors

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All submissions should be made by e-mail to music.business.research@gmail.com.

Authors should prepare and send an anonymous version of her/his paper for double-blind-reviewing. A brief biographical note about each author should be supplied in a separate file. Details should be given of authors full postal and e-mail addresses as well as telephone and fax numbers.

Submission should be in English, typed in double spacing (including all notes as footnotes, references, tables, figures and plates). English or American spelling is acceptable provided usage is consistent.

Submission of a paper to the journal will be taken to imply that it presents original, unpublished, work not under consideration for publication elsewhere.

An abstract of the paper, of up to 500 characters (including spacing), should accompany the article. In addition, a list of between three and six key words, suitable for indexing and abstracting services, should be supplied.

Articles should not normally exceed 7,000 words (without references) in length. If your word-processor is capable of doing a word count please use it to print this at the end of the text, together with the date of the manuscript.

Notes should be kept to a minimum and placed as footnotes at the end of the page.

References

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Book volume:

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Article in edited volume:

Burnett, R. (1996) "The Popular Music Industry in Transition", in *Mass Media & Society*, eds A. Wells & E. Hakanen, JAI Press, London, pp. 120-140.

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Internet references:

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