

Buried by Administration: How the Music Industry loses its Creativity. An Empirical Study of the Music Industry in Germany.

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The paper highlights the results of a qualitative analysis of the German music business and its small and medium sized enterprises (SME) with focus on the influences of artistic and economic logic. We interviewed employees of labels, publishers, music organizations and collecting societies in order to get to know how they work and which problems they are confronted with in their daily business. Subsequently, we analyzed the data with a content analysis approach. Our results show that the music business is dominated more and more by the economic side leaving the artistic influences behind. We found evidence in the increased administrative burden of the labels and publishers, in a shrinking market, in the entrance of new actors on the market or in the suboptimal situation of the technological landscape. In consequence, the share of business-relevant tasks and the time that is required to execute it increases at the expense of the available time for actually being creative. Based on the results we proposed several starting points for future solutions in order to increase the time available for creative tasks on the label, publisher and artist side.

Keywords: music business, SME, economic logic, artistic logic, technology

1 Introduction

The music industry has various characteristics, which differentiates them from others. The basic actors in the industry, the musicians, consider them-

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selves as artists and justifiably do so. This self-conception as an artist influences also the way how business is done in the music industry. Patterns of creativity and the freedom of artistic expressions have an impact on basic business tasks e.g. how a contract is designed, how the artists communicate and also how administrative or financial challenges are approached. These peculiarities should be well considered while doing business in the music industry.

Nevertheless, the music industry is still one specific kind of *industry*, and as such, it has to follow the rules coming from a different area with different or even contrasting values - values from the economic sphere. Commercial aspects like demand and supply, the relationship of producer and customer and the distribution of values or goods influence the music industry as well.

Between these two spheres, the creative and the economic logic, the actors of the music industry, e.g. labels and publishers, try to survive while offering a high-class artistic product, music. Moreover, they follow the rules the music industry as a market demands in terms of economic claims. As a consequence, this tightrope walk in between often results in struggles between art and business.

We are interested in the development of the music industry over the last years and what role economic and artistic logic played in this development. Using the results of our analysis, we develop a first approach towards a theory of how the economic logic is constantly increasing its influence at the expense of the artistic logic. Based on this model, we can explain the development in the music business over the last years and, thus, identify future research options that suggest solutions in favor of the music business SMEs.

Therefore we outline our theoretical foundation in the next chapter. Chapter three, research design, will outline our approach towards data acquisition and analysis. In the findings chapter we present our empirical data while the data is analyzed and developed in the discussion chapter. In summary, research gaps and further research directions are presented in the last chapter.

2 Theory

The most characteristic topic when it comes to research on music business or creative industries in general is the existence of two different and quite contrary logics (Eikhof and Haunschild, 2007, p. 523f): artistic and economic logic. The artist cares about originality of the artwork, guided by imagination and passion. There is no rational and external legitimization to produce art, art is realized with the desire to produce art - *l'art pour l'art*.

However, economic reasoning is different (Caves, 2000, p. 4), it emphasizes performance indicators such as the ratio between input and output; products are developed customer-driven. If the customer won't buy the product, it is not worthy to be produced. Market value, cost efficiency and the primary goal of exchanging the product on the market and therefore the production *for* the market are values related to economic logic (Eikhof and Haunschild, 2007, p. 526). The success criterion of an economic logic thinking is commercial success. The more you sell, the more you are appreciated.

The difference between the rational argumentation of the economic logic and the emotional one of artistic logic is the origin of many conflicts (eg. Eikhof and Haunschild, 2007; Ellmeier, 2003, p. 5; Negus, 2011, p. 153; Stratton, 1982). Artists usually care less about business requirements and the importance of management in general. Nothing seems to be so distant to artists than the rationality of the economic logic. Even, "*Creative people tend to rebel at efforts to manage them overly systematically.*" (Eikhof and Haunschild, 2007, p. 524).

Another important characteristic of the music business is the market structure and the economic situation of the small players (SMEs). Concentration tendencies on the music market have resulted in four large record companies dominating the market (Bernstein, Sekine, and Weissman, 2013, p. 7). Beyond the worldwide popular artists and the major record companies, musicians, labels and publishers hardly survive in the business.

A general trend in the industry is the shift from an ownership to an access model and further to a context model (Wikström, 2012). Formerly,

consumers either acquired recorded music on a physical media, they owned the media itself. Or, with the rise of the Internet, they downloaded songs which they owned as well but not in a physical way, they owned the media file on their computers. The next step is represented in the access model. User do not own the music anymore. Rather, the ownership of the music is replaced by the access to music. Grooveshark, Rdio, Spotify or Deezer are examples for access-based music services. These services undergo a development towards the provision of context, the context model. Users are enabled to share music with friends, to search and organize their music in a personalized way.

However, the increase of digital distribution of music and context (Friedlander, 2014) increases the technological dependencies. Further, 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 are massively entering the market (Pulverer, 2010, p. 125). Similar to the competition on the market the amount 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).

In summary, research on the music business takes either an artist focus where the generation of music and creativity plays a major role. Or, research focuses on the customer of musical products. In this stream, consumption habits and the role of the distribution technology attract research interest. Further, questions about intellectual property rights and filesharing have been analyzed (e.g. Curien and Moreau, 2009; Handke, 2012; Vendrell-Herrero et al., 2013). However, the role of the intermediates in the music business, the actors standing between the musician and the customer, is underestimated in research. Hence, we would like to response to the call of research set out by Negus (2011, p. 154): *I think that greater attention needs to be paid to the day-to-day work of people in the industry itself [...]*. Thus, we concentrate on the situation of the 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 problems

in these routines. We further like to know how these problems are managed by the organizations and where the problems derive from.

3 Research Design

To ensure openness and objectivity towards our research subject, the music industry and its actors, our research is highly exploratory in nature. Consequently, we chose a qualitative research setup (Przyborski and Wohlrab-Sahr, 2008; Lamnek, 2005). With regards to content, the focus was to identify the inherent actors of the music industry, to explore the music industry specific processes, to highlight relationships and networks of the different actors and to discover the tools of the actors in the music industry, mostly software and communication technology. Our goal was to identify the issues the music industry is confronted with nowadays and to analyze the development of these issues over time with the theoretical framing of economic and artistic logic as the competing logics within the industry.

Between October 2013 and June 2014, we conducted eight qualitative expert interviews (Liebold and Trinczek, 2009) based on a semi-structured questionnaire. The interviews were held in German. We interviewed employees and owners of labels and publishers, mostly small and medium sized enterprises (SMEs). Furthermore, we interviewed representatives of collecting societies and the organization of independent music organizations (VUT - Verband unabhängiger Tonträgerunternehmen) in Germany. Most of the interviewees can complement their professional experience on the business side with experience from the artist side since they played in a music band or they worked as disc jockey.

The first contact with our first four interviewees was established with the help of the 20 years of experience in the music business of one of our authors and project members. We then asked our interviewees to recommend experienced actors in the music industry from their personal contact list. With this snowball sampling procedure (Biernacki and Waldorf, 1981) we were introduced to nine other potential interview candidates of whom we interviewed four. Our interviews were mostly done via telephone. Only two interviews could be conducted in a face-to-face situation. Each of the

interviews was recorded with common recording software.

Our semi-structured interview guidelines consisted of 32 questions. The first two questions emphasized the background and experience of the interviewees. We then asked the interviewees about their daily work processes, their communication patterns and their network of clients and suppliers. These questions were followed by the collection of issues they are struggling with in their daily work. Finally, we asked the interviewees question about software and other tools they are using and the issues regarding the use of these tools. The interview questions were further based on four categories (economic logic, artistic logic, contracts, tools) we identified in advance and deductively from our theory. Another category (education) was added inductively during the interviews. Therefore, we added further questions to the questionnaire. In total we have eight interviews and 14 hours of recorded material. Finally, the audio recordings were transcribed using the software easytranscript¹. Only the transcript citations we used in chapter *Findings* were translated into English for the purpose of the compilation of this paper.

To complete, detail and discuss the findings, we organized two workshops with the interviewees: a label specific and a publisher specific workshop. Primary goal of the workshops was to analyze the actual working processes in the organizations with a special focus on communication, data and (software) tools. During the workshops we could identify further questions, we clarified ambiguities from the interviews and also observed our interview partners.

In addition to workshops and interviews, we also used two written questionnaires of two contacts we could not have an interview with. They declared they would be able to fill out a short questionnaire instead. Even though the relevance of these written answers is low in our qualitative approach, we chose to forward the questionnaires into our data analysis.

The interview transcriptions, the results of the workshops and the two questionnaires were then forwarded into a qualitative content analysis (Krippendorff, 2004). We chose the approach following Mayring (2000) which

¹ <http://e-werkzeug.eu/index.php/en/easytranscript>

is theory-driven by our understandings of artistic and economic logic and its influences and developments. Content analysis investigates any sort of communication with the help of different analysis approaches. We chose content *structuring* which collects content information for every relevant category which can be developed *deductively* from theory or *inductively* during the analysis process. We started with super-categories from theory regarding *economic logic*, *artistic logic*, *tools* and *contract*. This is represented in the questions of our first interview guidelines. During the interviews we complemented categories as well as questions especially in the super-category *tools* and we added another super-category *education*. For content analysis we used a software tool called Atlas.ti (Muhr, 1991).

4 Findings

In this section we present citations extracted from interview, workshop or questionnaire material relevant for the super-categories we derived from either theory or during the material analysis. We start by presenting daily *operational tasks* of label or publisher. In the next step, we introduce excerpts classified as *artistic logic*. This is followed by the contrasting material relevant for *economic logic* and *customer and market* related information. Finally, we present statements towards the topics *tools*, *contract* and *education* which are supposed to play an essential role in the rivalry between artistic and economic logic.

4.1 Operational Tasks

The operational tasks of label or publisher are manifold and consist of a high 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]

Next to the major record companies (Bernstein, Sekine, and Weissman, 2013, p. 7) on the one side, the music industry is characterized by rather small and medium sized independent labels or publishers. Often, only a few staff positions exist, a lot of labels are one-man operations where the owner is self-employed and achieves the entire set of operational functions of a label or publisher. In many cases, self-employment comes along with self-exploitation:

"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 increased the mere amount of tasks a label or publisher has to handle:

"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 medias, formerly you produced your CD and your disc and that's it. And also the accounting has become much more fragmented, labor-intensive." [6:079]

Accordingly, the distribution of music via streaming and download to the customer has resulted in fragmented distribution processes and therefore in fragmented billing tables which exploded in terms of lengths and amount 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 last "years of digital distribution channels" is the decline of the physical sound carriers like CD or

vinyl record. Their decline happened in favor of the digital distribution options, but as reported by many interviewees, the digital channels do not generate a sufficient financial output:

"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 take in cash." [7:231]

The digital age brings another important pile of work to the labels: social media channels as promotion or marketing platforms. Facebook, Twitter and dedicated music platforms like soundcloud or last.fm are considered as a necessary means of promoting the artists and their music. The effort is often split up between label and artist. Some of the artists even take social media completely in their own hands:

"[...]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 especially artist which are not used to these social media channel, established artists often with a long experience in the business, they do not necessarily have these skills. And, actually, the business is the task of the label:

"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 of labels and publishers is the collaboration with the collecting societies for mechanical and performing rights. Each time a new release is produced, the label and the publisher has to register the release in the systems of the collecting societies.

These applications are considered as an administrative burden and time-consuming. Further, they have a great impact on how the label has to design contracts about new releases or contracts with the artist in general which often leads to differences between 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. And, basically, the application should accord with the appendix of the contract of the artist." [1:396]

In summary, nowadays, there are many more distribution channels as well as promotional channels to serve, the work load of label and publisher has increased. However, the increased work load doesn't go along with increased income.

4.2 Artistic Logic

Artists usually produce art for the sake of itself (l'art pour l'art). Mostly, they do not do their work to earn money in the first place, they want to produce art, they want to 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 which definitely are off one's rocker. But still, they produce wonderful values." [2:123]

Nevertheless, most of the artists nowadays have changed. They have learned to consider the reality of the market they are serving with their musical products. Economic values are gaining influence:

"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 on the market leads to points of tension between artistic and economic values and their representatives, the artist and the label or publisher. Many of our interviewees reported similarly:

"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 realize that you are not so wrong in your argumentation. Sometimes, they [the artists] are sensitive persons." [5:191]

Another fundamental change for the artist and their values is the fact, that with the advent of the internet based social media options the artist is increasingly forced into self marketing and self promotion:

"And then you have to serve Facebook and the other channel 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]

Accordingly, the promotion of themselves and their art detracts time for being creative. Engaging constantly with their supporters and the medias disturbs the artist in its freedom and void which 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 taking part in this process:

" [...] you can assume that both on the artists and on the labels side creativity is narrowed down. 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]

The artist nowadays has to highly consider the economic sphere of the music business. His creativity contravenes with these values. As it seems, artistic values are loosing ground in this debate. Further, the time for creativity is dramatically decreased due to time spent with social media channels and the efforts to self-promotion and direct marketing which nowadays is considered as a standard.

4.3 Economic Logic and the Market

As mentioned in the previous chapter, digitization introduced manifold digital distribution options (download, streaming) to the market as well as options for digital promotion and marketing (social media channels). In consequence, with the advent of new technologies a lot more players entered the market and they all want to have their share of the market. Publishers often do cooperate with other publishers, labels nowadays have also partners for the 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 amount of interfaces between actors has necessarily increased. All these elements of the distribution chain want to have their share of the economic output the market generates. Considering the decreased size of the music market, it results in decreased financial output 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 com-

mercialization of the content is working in a way that nothing [finance-wise] ends up at the artists side." [8:174]

The ones making music or producing products earn less and less. 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 draws parallels to other content related industries like book or movie industry. If society does not value the content producer it values the distributors of the content. This development is attended by the devaluation of content:

"That is something the industry has not understood yet. They make a fool of oneself 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 getting more complex through the entrance of new actors and new distribution and marketing channels, the new technologies also offer opportunities for the artist to overcome the traditional structures of the market. They are able to self promote, to self market and even to self distribute their products. The market with its technologies supports this development:

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

Even, some of the artists nowadays are almost their own labels and publishers, simultaneously. Of course, this kind of setting does not represent the common case of an artist situation but the development goes in this direction. Some of the interviewees expressed their doubts regarding 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 relationship between artistic and economic values in favor of the latter, education systems start to reflect this development:

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

Universities, academies of music and training institutions have reacted to this situation. The curriculum of a music student also contains these courses which in reverse detracts time in order to learn mastering their instruments:

"There are many workshops nowadays. [...] But also, where 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 economical interdependencies, book keeping 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 economic values and economic practices. To put it short, that is not just fun since it shall prepare for the economic realities on in 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 Contract

Another fundamental part of a market is its legal rules it is based on. In case of the music industry these are for instance 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 massively changed 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 contracts: recording, publishing, remix, compilation and the agreement on assignment of copyright. Differences in the contracts from artist to artist there are only a few:

"So, at least, we make a contract draft 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. And, as I said, that are only a few percent where the different contracts could differ from each other. So really, only three, four parameters where you can be flexible on." [7:248]

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

"Well, as I could see it in our contracts, yeah, I did not find any standardized 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 also the artist. Still, individual flexibility is suppressed by that strategy and the artist might feel standardized which stands in contrast to his understanding of himself as an individual artist. The few things which can be negotiated can be a cause of discussion in the process of contract design:

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

Even though the interviewees mentioned several points of possible tensions during the contract negotiation, these are not considered as of high impact since in the end the artist often does not have another choice. However, next to the contract, trust towards his label or publisher plays an important role for the artist, a value he can find in the rather 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 artist to sign with a smaller independent label even though money-wise this might not be the best option compared to contracts with the majors.

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, a software that assists 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 of 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 LibreOffice Calc to assist their daily operational work in the label. They perform tasks like book keeping, 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 at which the error rate is very high:

"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 already mentioned, there are a lot of different social media channels an artist or the label has to serve in order to reach the customer. As a result, they try to focus on the significant channels and by that avoiding additional work in channels that seem not to be promising:

"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 in the technology landscape arising from the social media channels and the not existing suitable label software, interface issues adds as well to the problematic technology situation in the music business. The major German collecting societies, GEMA (society for musical performing and mechanical reproduction rights) and GVL (society for performing rights), do not operate a well functioning and consistent IT system:

"At the GEMA, they do not have a consistent IT but many different systems interacting by the 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 and we do not have a data standard." [4:057]

And the situation is even worse at the GVL side:

"A huge problem is the international data transfer, not only at the 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 fuzz of the collecting societies, interface issues and the non-existing data standards largely increase the administrative burden on the label and publisher side and therefore also concern the artist. The interviewees reported concordantly that the situation in terms of technology is in urgent need of improvement.

5 Discussion

Our analysis showed several results. First of all, labels and publishers nowadays are faced with a highly increased amount of possible business models and revenue channels. Our interviewees reported that today not only the well known Vinyl or CD is carrying the music to the customer. They also have to distribute their music via digital download channels, e.g. iTunes¹ or BandCamp², and via streaming services, e.g. Spotify³ or Grooveshark⁴. The efficient and economical sensible use of these distribution channels is challenging but important. All of these digital options signify increased administration costs over falling or stagnating revenues on the label or publisher side. In addition, marketing expenses and efforts towards social media awareness for their musicians are growing as well. As a consequence, labels and publishers are confronted with an increased administrative workload.

In contrast to the increased administrative tasks of the labels or publishers, the market constantly declined in terms of sales volume over the last ten years (Drücke et al., 2012). This decline is accompanied by the rise of unauthorized copies, the so-called music 'piracy' (Handke, 2012). Nevertheless this general trend, the market share of digital distribution models quite likely continues to increase in the future. However, as mentioned by the interviewees, digital distribution models do not generate a sufficient sales income in relation to the administrative costs that go along with it. Accordingly, the disproportion between costs and income on the side of the SMEs will increase in the future.

New distribution and marketing channels signified also an increase in number of functions a label or a publisher has to execute: the feeding of the download and streaming platforms, artist promotion in the social media channels and in the same time controlling these functions and their effectiveness became necessary. A typical markets reaction to new func-

¹ <https://www.apple.com/itunes/>

² <https://bandcamp.com/>

³ <https://www.spotify.com>

⁴ <https://grooveshark.com/>

tions is to develop new actors which execute these functions. Digital aggregators deliver different streaming or download platform with the labels content. 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, which are social media experts. The label might transfer their social media task in order to concentrate on the music business relevant functions. All these newly emerging actors in the music business want to have a piece of the pie and therefore increase the competition on the music market.

We learned from our interviewees that the labels and publishers react to the intensified competition in two different ways. On the one side, they increase the self-exploitation of themselves. Since the revenues rather decrease while the work load is still up, they have to increase their work load in order to have a sufficient revenue or they have to cope with the lesser income. The music industry is characterized by a high self-employment rate - often a sign for self-exploitation.

Another way of reacting to the increased work load is to hand over tasks to the artist. Usually, this concerns tasks related to social media and promotion. The label has to negotiate with the artist about what kind of tasks the artist could accomplish. In some cases, the artist decides to not only self promote himself but also to execute all the tasks a label or a publisher would fulfill. In that case, the artist is his own label and publisher. Within the scope of this paper, we could not explore the reasons why an artist would choose this option. However, we assume, that the more time an artist spends on administration tasks, the more time is missing in order to be creative. The artistic freedom can also be considered as the freedom of not to think too much about business related task. Obviously, the mentioned development reduces the time where an artist can be creative.

Moreover, the tendency towards self promotion, self marketing or even self production signifies as well an decrease in creative tensions between artist and label as mentioned by two of our interviewees. The employees of labels or publishers are often considered as gatekeepers or intermediaries of the music market (Negus, 2011, p. 45). As such they play an important

role in terms of who enters the market and also in terms of what quality enters the market. Even though the quality of art is of course not measurable, these gatekeepers play an important role in constantly criticizing the artist and his work in order to 'make it better'. We consider this kind of creative tensions more substantial for an artist and his work than a thousand facebook likes with no qualitative meaning. Regardless, these moments of tensions diminish due to an increased administrative burden.

Developments in the educational sector for musicians designate another significant indicator for an increased impact of the economic logic on the actors of the music business. Academies of music, universities or advanced training institutions reacted already on the growing demand for (music) business related knowledge on the musicians side. For instance, the University of Popular Music and Music Business⁵ established an entire degree program called Music Business. The Rock Pop Jazz Academy Mittelhessen⁶ offers several music business related classes like Economic Basics, Music Business/Music Law or Social Media. These two institutions were founded only recently. We consider the establishment of these pop and music business affine institutions as clearly music *business* driven. Their main goal does not consist in educating perfect musicians in the first place but instead to form artists who also understand the music business. In comparison, traditional music universities or conservatories still hesitate to open their program to music business related subjects. They rather insist on the classical mastering of an instrument, composition or music theory. For example, the Hanover University of Music, Drama and Media⁷ offers one optional subject on music business, and at the University of Music and Theatre in Leipzig⁸, we did not find any official course with a music business related topic. In this respect, we support the request of Gensch and Bruhn (2009, p. 21) who claim that the musician should be enabled to bring in his artistic capabilities to the music culture despite unfavorable societal conditions. It means to educate musicians in music business related subjects

⁵ <http://www.popakademie.de>

⁶ <http://www.rpjam.de/en/>

⁷ <http://www.hmtm-hannover.de/en/>

⁸ <http://www.hmt-leipzig.de/en/>

but also to offer the opportunity to critical reflect the past development as well as tendencies of music and the business around it. It has to go along with each other.

Moreover, problems with technology like data redundancy, missing or error-prone standard software or interface incompatibilities were frequently reported throughout the interviews. 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 high amount of their time manually controlling, editing and transferring data from one system to another. Likewise, these findings are supported by an additional analysis of the software interfaces of the German collecting societies. Interviewees reported data matching errors at 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 and Sandler, 2012) adopted to the needs of the music *business*. Such a music business ontology (Schumacher, Gey, and Klingner, 2014) based on the ideas of the semantic web (Berners-Lee, Hendler, Lassila, et al., 2001) could set the foundations for an open standard for the music business. Ontologies (Chandrasekaran, Josephson, Benjamins, et al., 1999; Guarino, 1995) are specifications of shared concepts in order 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.

Further, the role of the collecting societies in the German music business has been analyzed. They exert an considerable influence to 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 publisher spend a disproportionate amount of time with filling out applications and controlling the compensation statements of the collecting societies. Collecting societies have undoubtedly a honorable function in the music business, namely the adequate reward-

ing of the artists for their creative work. They would do an even better job, if their information systems were slightly user friendly than they actually are. In this respect, the news announcement of the failure of the Global Repertoire Database (GRD) is not the best sign for the near future of the music business (Gottfried, 2014). The GRD should have provided an "*comprehensible and authoritative representation of the global ownership and control of musical works*"⁹. Several European collecting societies and music related associations as well as the major record and global IT companies collaborated in the GRD working group. We interpret the failure of the GRD as a sign and motivation for community driven and 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 into account: The ones producing content, the artists and, via artist contract, the labels and publishers, should not sell their repertoire below costs while forwarding it into the business-to-consumer systems like the countless download and streaming platforms. This is what happened in the past. Further, the day-to-day work of the labels with these platforms shows that the actual control of what have been streamed or downloaded is impossible. The labels receive a statement from the platform with streaming or download statistics where upon their payment is based on. These statistics are generated by internal systems of the operators of these platforms. At present, the label has to trust these statistics as they are. However in the past, if a record was not sold, it was shipped back to the label. A very simple means of control. Whether a track is streamed one or a million times can not be measured independently with the actual technology landscape. We doubt it ever will. We do not want to suspect the operators of streaming or download platforms to change the usage statistics in their favor. Still, it could be an option to withdraw income from those who rather deserve it: the artists and their representatives, the labels and publishers. No efficient measurement could ever prove it. As a consequence, the decreased revenue on the artists, labels and publishers side would again result in less time for being

⁹ <http://www.globalrepertoiredatabase.com/>

creative. The likeliness of having to take other opportunities to earn a living besides music increases.

6 Conclusion

Our presented research analyzed the situation of small and medium sized (SME) labels and publishers over the last 15 years with a focus on the influences of artistic and economic logics in the music business. The results show that the music business is dominated more and more by the economic side leaving the artistic influences behind. We found evidence in the increased administrative burden of the labels and publishers, in a shrinking market, in the entrance of new actors on the market or in the suboptimal situation of the technological landscape. In consequence, the share of business-relevant tasks and the time that is required to execute it increases at the expense of the available time for actually being creative.

In this respect, we can not agree with the analysis of Graham et al. (2004, p. 1102) "[...] *that power is shifting from the major labels to both artists and consumers.*" After our analysis, we can respond, 10 years later, and with a limited view from the German market, that the power was and is definitely not shifting towards the artist. It is shifting from the labels and publishers in general, and also from the artist towards the consumer and the systems which provide the consumer with content and, thus, towards the organizations controlling these systems.

Our research underlies several limitations which could be 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 analyzed development of the German market has definitely to be challenged by other research. Further, it is of high interest whether there exist similar developments on either other markets than the German one or other markets than the music business. Moreover, we raised the question of why an artist would chose to self-market and self-promote himself 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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