

# International Journal of Music Business Research

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## Editorial

*Guy Morrow*<sup>1</sup>

The first article of this issue of the International Journal of Music Business Research (IJMBR), "Achievement in the South Korean Music Industry" by Björn Boman, argues that the relative global success of K-pop is due to the interplay of a Global-Local-Global (G-L-G) business model and the individual musicians' physical attractiveness, artistic and personality skills as well as idiosyncratic factors such as particular song writing capabilities. Through an analysis of the songs, music videos and live performances of BLACKPINK (music videos between 2016–2018) and BTS (music videos between 2013–2018), Boman builds on extant research literature concerning the Korean wave and K-pop in order to provide significant insights into K-pop artists' attempts to penetrate the US and UK music markets.

The second article, "Giving In: Crowdfunding for musical concerts in India" by Anirudh Tagat, Hansika Kapoor and Anurag Tagat, examines the use of crowdfunding within the Indian independent music industries. It specifically focuses on crowd fund raising for live music concerts in India. By collecting primary data from 100 participants via an online questionnaire, Tagat, Kapoor and Tagat's article presents numerous significant findings; they posit that individuals are likely to report higher hypothetical contributions for musical events compared to other art forms such as visual arts, theatre, or dance performances and they suggest that crowdfunding in India may be particularly suitable for musical events.

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The concluding article, "Balanced Scorecard as a Pianist's Tool for the Implementation and Control of Business Strategies" by Tamara Goličnik, features qualitative research drawn from six case studies of world-famous pianists. The article specifically focuses on the early career stage of Mozart, Beethoven, Liszt, Rubinstein, Buchbinder and Lang Lang. Using the Balanced Scorecard (BSC) model, Goličnik generates numerous salient insights into how pianists can develop their potential, implement their vision and attempt to achieve long-term commercial and critical success post the early stage of their career.

A book review by Martin Ivan Mikulik on *Spotify Teardown: Inside the Black Box of Streaming Music* by Maria Eriksson, Rasmus Fleischer, Anna Johansson, Pelle Snickars & Patrick Vonderau rounds up this journal issue.

The IJMBR is aimed at all academics around the world, from students to professors, from all disciplines with an interest in music business research. Interdisciplinary articles are welcome if they address economic and business-related topics within the field of music. We look forward to receiving as many interesting papers as possible. Please send paper proposals to [music.business.research@gmail.com](mailto:music.business.research@gmail.com).

## Achievement in the South Korean music industry

*Björn Boman*<sup>2</sup>

### *Abstract*

*South Korean Pop music, commonly referred to as K-pop, emerged in the 1990s and reached regional and global recognition in the early 2000s, with a peak in 2018 with the two groups BTS and BLACKPINK. Their relative global success is explained in this article as an interplay of a G-L-G (Global-Local-Global) business model, beauty, artistic and personality skills at the individual level, and idiosyncratic factors, such as particular songwriting capabilities and hit songs. This interplay was designed for market penetration in the US and UK.*

**Keywords:** K-pop, Hallyu, South Korea, Korean wave, BTS, BLACKPINK

### 1 Introduction

Many might associate contemporary South Korea with high Programme for International Student Assessment (PISA) results, as well as rapid technological and economic development since the 1980s. Another element which is linked to modern South Korea is its pop cultural industry, especially K-pop, an umbrella term for South Korean popular music. The appeal of K-pop has been ascribed to physically attractive group members, globally fashionable pop music, and synchronized dance performances (Oh 2013). While several K-pop acts such as Big Bang, TVXQ, Girls' Generation, Super Junior, and EXO have reached local (South Korea) and regional (East Asia) success (Lie 2013; Lie 2014; Oh 2013), these acts have failed to penetrate the major music markets of the US and UK. An attempt was made in the US by Girls' Generation with the single and music video "The Boys" in 2011, which was launched in an English version. The group even performed on the David Letterman show but the

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effort failed (Lee 2013). While Japan is by far the second largest music market in the world (IFPI 2018), global success is essentially translated into success in the US. With an aggregated retail value of nearly six billion US dollars, the US market is more extensive than most of the other top twenty national markets combined (see table 1).

- 1 USA (5,916.1 US \$ millions)
- 2 Japan (2,727.5 US \$ millions)
- 3 Germany (1,323.1 US \$ millions)
- 4 UK (1,310.7 US \$ millions)
- 5 France (925.1 US \$ millions)
- 6 South Korea (494.4 US \$ millions)
- 7 Canada (437.1 US \$ millions)
- 8 Australia (412.9 US \$ millions)
- 9 Brazil (295.8 US \$ millions)
- 10 China (292.3 US \$ millions)
- 11 Netherlands (269.5 US \$ millions)
- 12 Italy (247.9 US \$ millions)
- 13 Spain (205.9 US \$ millions)
- 14 Sweden (199.5 US \$ millions)
- 15 Norway (139.0 US \$ millions)
- 16 Denmark (137.9 US \$ millions)
- 17 Switzerland (137.8 US \$ millions)
- 18 Mexico (137.0 US \$ millions)
- 19 India (130.7 US \$ millions)
- 20 Argentina (130.0 US \$ millions)

Table 1: Music markets, with total retail value (IFPI Global Music Report 2018)

Hence, the goal of many pop artists and groups, regardless of origin, is to break into this particular market. The Korean artist Psy succeeded in the US and globally with his music video "Gangnam Style", which has surpassed three billion views on YouTube, but it is both a statistical outlier and not even considered "real" K-pop by many fans; Psy is consid-

ered to be fat, silly, and not nearly as attractive as the plethora of young male performers in the majority of K-pop groups (Lie 2013).

A reason for the hardship of K-pop acts to reach far-reaching success in the Anglo countries (US, UK, Canada and Australia) is related to language barriers. Even though K-pop groups partially sing in English and the lyrics treat universal messages like romantic love and have significant shares of fans among the Korean and East Asian diasporas in these countries (Lie 2014), it requires more effort to reach success in these Anglo nations. The US market is largely insular (Power & Hallencreutz 2003), as is the market of Japan (Lie 2014) and this demands adaption or localization of foreign artists. For instance, K-pop groups like TVXQ, Kara, and Girls' Generation have successfully been altered to fit the Japanese market, especially in regard to language. Most songs are also sung in Japanese in order to appeal to Japanese consumers. One of the most successful girl groups, TWICE, even consists of Japanese and Korean members. This group has become massively popular in these two countries (Soompi 2018). The US has seen many foreign-born singers succeed, like Shakira (Colombia), Rihanna (Barbados), and Nicki Minaj (Trinidad & Tobago), but these artists have been Americanized and have lived in the US throughout most of their careers. If Korean artists and groups were to succeed, they would have to make similar adjustments and perhaps even leave the East Asian ambit behind. But even such drastic measures would, of course, not guarantee success.

However, there are two recent examples of K-pop groups which have managed to become global stars by penetrating the US and UK markets to a significant extent: the four-member girl group BLACKPINK and the seven-member boy band BTS (Bangtan Boys). In the case of BLACKPINK, the song "Ddu-du ddu-uu" and the collaboration song with the ultra-successful English female singer Dua Lipa, "Kiss and Make up", have reached the UK top 40 (Korea Boo 2018a). The group has also entered the Billboard Hot 100 chart with "Ddu-du ddu-uu" at the end of June 2018 (Billboard 2018a). "Ddu-du ddu-uu" has more than 700 million views on YouTube. BTS has reached even more success, with sold-out concerts in the UK (Pink 2018) and US (Rolli 2018), receipt of highly



prestigious awards in the US (Billboard 2018b) and East Asia (2018 Mnet Asian Music Awards). They have also launched many successful music videos.

The two groups have proven that the success of K-pop is not only limited to local and regional markets in East Asia and Southeast Asia but that acts, despite the Korean language, can reach far-reaching success in the major national markets. They have achieved this success with essentially the same concepts as the groups that were launched around 2010. They have genuinely become global *hallyu* (Korean wave) stars, a trope that Korean media misguidedly rode on after a series of smaller concerts in Paris (Ho 2012: 482).

Therefore, the unique individual and sociocultural factors, which underlie achievement in the South Korean music industry must be properly explained. Furthermore, there are dimensions of this music industry that other local markets may absorb. For example, the Swedish market has decreased its retail value relative to South Korea during the last five years. Individual Swedish artists such as Zara Larsson have succeeded in the US and UK. However, it is mainly songwriters and producers that Sweden (as well as all of Scandinavia) is known for in this regard. Although the decreased market size is primarily a consequence of drops in physical and digital sales (IFPI 2018), it is obvious that Sweden and other Scandinavian countries have no BTS or BLACKPINK. Perhaps the necessary character skills can be absorbed by talented individuals who wish to succeed as pop stars, or by other export-oriented countries – Sweden and others – that want to distribute music to other local markets in the global matrix of popular culture?

Therefore, this article analyzes the individual (character skills), endogenous (local), and exogenous (global) factors, which underlie the success of K-pop artists in general and these two groups in particular. The first step of the analysis will focus on the individual factors in relation to broader sociocultural patterns in South Korea. The second step of the analysis examines artist development within the frames of South Korean K-pop companies. The third step of the analysis highlights the debut of K-pop groups and the factors underlying their relative success

(or lack thereof). It will also discuss how other talented individuals and local producers and distributors can adapt strategies to export global pop music in a similar fashion. Lastly, it will discuss some downsides of the South Korean music industry.

#### The emergence of K-pop

Typically, Korea and Japan have received and experienced most of the cultural flows from China (and in Japan's case, via Korea) until the middle of the nineteenth century. This trend shifted when Japan became a regional superpower and colonized Korea from 1910 until 1945. During that time, Korea indirectly received much cultural, technological and economic elements from the West via Japan (Lie 2014).

After World War II, and the partition in 1948, South Korea has continued to be affected by its larger and more powerful neighbor but not to the same extent. Even K-pop was influenced by Japanese pop (J-Pop) in the 1990s. The first K-pop act was Seo Taiji and the Boys who made their debut in 1992, followed by H.O.T. in 1996. Since then, an astonishing amount of female and male groups have debuted in the South Korean music industry: Wonder Girls, BoA, Super Junior, Shinee, TVXQ, SNSD (Girls' Generation), Kara, Tara, Big Bang, 2NE1, EXO, BTS and BLACKPINK to name just a few. Many of these debuted between 2002–2007 while several new acts were formed in the 2010s, when K-pop became globally recognized (Oh & Park 2012; Lie 2012).

These days, South Korea does not have to bypass Japan but can go directly to Western songwriters and producers whenever they aim to export popular music to foreign markets. Oh (2013) refers to the relative success of K-pop as involving a G-L-G (Global-Local-Global) business model. K-pop is global pop music in the sense that it largely builds upon existing fashionable pop music and often, but not always, the producers of it use Western songwriters and producers in order to maximize its market potential. Many band members originate from outside Korea from countries such as China, Taiwan, Thailand, Canada, the United States or Australia (members must be of some kind of East Asian origin, however, at least at this point). It is also local in so far that numbers,

good looks, and voice-dance interaction are the differential factors, or comparative advantages, which separate K-pop from other East Asian performers and local markets (Oh 2013; Jang & Kim 2013). South Korean companies such as S.M. Entertainment, YG Entertainment, JYP Entertainment, Cube Entertainment, Big Hit Entertainment, Pledis Entertainment and others have more or less successfully trained, groomed, and produced a "total package" of K-pop groups: everything from the selection, training and grooming processes of band members, song and video production, to interviews and commitments in overlapping industries such as film, TV series and commercials are in the hands of these agencies. Besides use of the Korean language, which is often mixed with English phrases, the business model and the outcomes of such a structure, are uniquely South Korean (Oh 2013; Lie 2012). As Lie (2012, 2014) notes, K-pop is not purely Korean from an historical perspective because it is influenced by Japanese and Western elements and structures (which stem from both how companies and the military are organized) but even something hybridized may still be understood as having a distinctively local trait.

In a later consecutive step, K-pop is launched via global media tools such as YouTube, iTunes, Facebook and Twitter for the world's consumers (Oh 2013; Oh & Park 2012). Additionally, Spotify and Instagram matter for the dissemination of music, news, visibility of groups and group members, as well fans and their communities. BTS won the Best Social Media Artist Award (Billboard 2018b) and has an enormous global fanbase, which is manifested by their Twitter account with approximately 18 million followers (BTS Twitter). BLACKPINK has a dominating presence on Instagram with over 15 million followers on their official account (BLACKPINK Instagram).

## **2 Theoretical model of the South Korean music industry**

### **2.1 Beauty standards**

Aside from the audiovisual material present in the songs, music videos and live performances, K-pop is signified by two things: good looks and dancing/singing capability. Very few applications from young prospects, maybe as low as  $\frac{1}{2,000}$  will be selected by the major agencies, and only around 20–30 out of 1,000 will appear professionally (Lie 2012).

While a 0.7 hip-to-waist ratio (Singh 2007), symmetrical and proportional facial features, healthy-looking skin and long, lustrous hair are considered attractive female features in a cross-cultural context, every nation or region has its own set of particularities (Meston & Buss 2009; Buss 1989). In South Korea and Japan, general female beauty standards involve being skinny and having long legs, whereas male beauty standards having a thin yet athletic body type and attractive facial features (Epstein & Joo 2012; Oh & Park 2012; Korea Boo 2018b). While beauty is subjective, and tastes differ widely among individuals, it is commonly known that short legs and stature and excessive body fat indicate partial lack of beauty in this context.

### **2.2 Personality skills (Big 5)**

Heckman & Kautz (2014) have studied character skills, sometimes referred to as non-cognitive abilities, soft skills or personality traits, in relation to educational and occupational achievement in depth. IQ is associated with both educational and vocational performance but appears to have a low correlation with success in the music industry. A possible link could be the theory of multiple intelligences, particularly musical and bodily-kinesthetic abilities (Gardner 1983). However, such abilities are not well-measured by IQ tests (Nisbett 2010). Another link could be the possible connection between creativity and intelligence, perhaps mediated by the openness to experience trait of the Big Five, that has been investigated in psychological research. However, the association is disputed or ambiguous (Plucker & Esping 2015) and K-pop art-

ists do not even have to be particularly creative since the companies are mainly responsible for that part. Hence, intelligence will not be considered regarding individual artistic achievement.

However, character skills (such as the Big 5 personality traits), seem to be highly associated with high performance in the competitive and stressful South Korean music industry. Heckman & Kautz (2014: 350) stress that character skills, such as personality traits, do not require measurement by standard questionnaires. Instead they can be examined through observable "tasks" or items, whether tests, school degrees or other accomplishments, "Many believe that personality skills can only be assessed by self-reported questionnaires that elicit skills like the Big Five. However, performances on any task or any observed behavior can be used to measure skills." I will use a similar approach to analyse artistic abilities in the K-pop industry. It is also important to underscore that character skills are universal and as such valid concepts in non-Western cultures (ibid: 343).

The Big Five comprises Openness to experience, Conscientiousness, Extraversion, Agreeableness, and Neuroticism. Each major personality trait is associated with at least two major facets and several related skills. Openness to experience is associated with fantasy, artistic/aesthetic ability, feelings, and unconventional ideas and experiences. Conscientiousness is linked to competence, dutifulness, striving for achievement, perseverance, delay of gratification, and self-discipline. Extraversion is associated with self-confidence, gregariousness, and excitement seeking. Agreeableness is connected to trust, altruism, compliance, modesty, and tender-mindedness. Neuroticism is linked to anxiety, hostility, depression, impulsiveness, and vulnerability (ibid: 348–349). The opposite of neuroticism is emotional stability, which is positively associated with job performance (Stueder-Luethi et al. 2012).

### **2.3 Endogenous (local) and exogenous (global) factors**

As has been explained, Oh (2013) refers to the relative success of K-pop as a G-L-G business model. An interplay between global and local factors is crucial throughout the three steps of the process, which eventually

lead to the launching of K-pop groups, although only the third step requires the last G of the G-L-G model, when the products are distributed for a global audience. Of course, such a model may not capture all endogenous and exogenous factors but as a general pattern it is consistent with the production and dissemination of K-pop. However, a differential idiosyncratic factor is the specific production value of each group in regard to songs, music videos, and the attractiveness of group members. As Lie (2013) underlines, one can never predict which songs or groups will become widely successful. Therefore, hit songs, timing, and luck constitute significant idiosyncratic factors which will be discussed later in the text.

### **3 Methodology**

I have primarily studied research literature that is linked to the Korean wave and K-pop, and to media outlets which specialize in K-pop (Korea Boo), as well as the songs, music videos and live performances of BLACKPINK (music videos between 2016–2018) and BTS (music videos between 2013–2018). I have also analyzed relevant YouTube videos in order to explain the consecutive steps of becoming a globally successful K-pop group. Further, I have also studied the YouTube material related to other groups and artists that represent this genre in order to provide a more comprehensive understanding of K-pop.

Since beauty and artistic capabilities are required if applicants are to be accepted as trainees in a K-pop company, these two differential factors have been estimated as low (0.10), moderate (0.25), or high (0.75). Since low levels of beauty and artistic capabilities are not acceptable within the South Korean music industry these mainly provide comparative value.

I have also estimated the level of character skills on the basis of the Big Five with inspiration from the analytical approach of Heckman & Kautz (2014). The measures of these five personality skills among K-pop artists are understood here to be a continuous variable. This provides a scholarly understanding of the psychological dimensions of the artistic

side of the K-pop business. The requirement of different levels of the Big Five for the generic K-pop artist is estimated as low (0.10), moderate (0.25), or high (0.75). While such a demarcation – much like levels of beauty – appears arbitrary, it is reasonable to assume that no individual has neither 1.0 nor 0.0 in, for example, conscientiousness, and that such an ultra-high level is required to succeed in any occupation. Conscientiousness predicts job performance with a 0.20–0.25 correlational effect size (Heckman et al 2014), but high-performing artists in a very competitive market niche such as K-pop must have magnified levels if they are to succeed. Based on the scores from step one and two, a value formula is constructed.

Lastly, the G-L-G model (step 3) in conjunction with idiosyncratic factors (productive value, hit potential, timing and luck) explain the patterns of relative success among K-pop groups within the global music industry.

## **4 Results**

### **4.1 Step 1: Selection process**

As Ho (2012), Lie (2012) and Jang & Kim (2013) assert, many young South Koreans and East Asians (and their parents) want their children to become K-pop stars (or "idols" as they are commonly referred to in South Korea). While it is also attractive to work for a large corporation or the government (Oh 2010; Hultberg et al. 2017), K-pop manifests one, if not the highest, measure of socioeconomic success in contemporary South Korea. Therefore, individual striving is directly linked to the socio-cultural conditions of the country (Jang & Kim 2013). Since competition starts early, a significant share of Koreans with artistic ambitions, perhaps even as an extracurricular activity in elementary school or middle school (Sang et al. 2015), will start dancing and singing practice between 10–15 years of age, often in K-pop cram schools, which will increase their chances of success in the selection process. Such pursuits are often supported by parents (Ho 2012). Further, such schools aim to inculcate

certain values that will increase the applicants' chances in the selection process. Ho (2012: 480) explains how this pattern is related to K-pop cram schools:

*"The agency also controls how trainees are grouped and groomed, and subjects all trainees to a comprehensive inseong gyoyuk that teaches trainees to inculcate and practice values such as humility, obedience, loyalty and gratitude. The focus on inseong gyoyuk is on family values, the purpose of which was explained to me by several corporate trainers as threefold: to assure parents that their young are being educated properly to develop "proper values," to teach trainees to display behaviors that are highly regard as by the wider Korean society and, more importantly, to subordinate trainees to the authority of their respective agencies as dependents are expected to do so to authoritative figures in the family."*

Apart from the audiovisual material present in songs, music videos, and live performances, K-pop is signified by two elements: good looks and artistic capabilities. Artists are selected because of their relative attractiveness and ability to dance and sing. Very few applications from young prospects, maybe as low as  $\frac{1}{1000}$ , will be selected by the major agencies through applications or auditions (Lie 2012). There are other ways to be discovered however, such as the scouting of potential artists of the agencies, applications to less established agencies (JYP Entertainment, YG Entertainment, SM Entertainment, and Big Hit Entertainment are currently the most successful K-pop companies), and by way of participation in competitive TV shows. For example, the Japanese/Korean twelve-member girl group IZ ONE was formed in the Korean channel Mnet's show "Produce 48". 96 participants resulted in 12 winners who formed the new group. However, these artists had already been selected as trainees by various K-pop agencies. Perhaps another novel strategy would be to be scouted on YouTube as a capable cover dancer. On the other hand, skilled and physically attractive K-pop cover dancers like the Asian-American couple Ellen Min and Brian Li have remained in their market niche on YouTube instead of joining a new K-pop group.



Hence, genetic beauty potential and artistic skills become differential factors. Generally, high levels of beauty (0.75) are required but some artists only have moderate levels (0.25), which is evident in the case of the short members of Girls' Generation (Sunny), Seventeen (Woozi), and IZ ONE (Nako), or in the case of the overweight members of Super Junior (Shindong, Kangin). A reason for this lack of complete visual consistency is that groups are partly formed as a concept, and fans can pick their favorites among several types of members (Lie 2012). Moreover, weight loss can often be accomplished later, and must in any case be valued in relation to other artistic skills (singing, dancing) and individual popularity. On the other hand, no members of BLACKPINK or BTS are either short or overweight and most can arguably be regarded as being highly attractive according to Korean and East Asian beauty standards.

I suggest that artistic skills are rank ordered as low (0.10), intermediate (0.25), or high (0.75). Since some degree of acquired artistic capability is required, it must be either intermediate or high for all prospects. However, it appears as if a highly attractive (0.75) prospect may be accepted with moderate skills (0.25), whereas a moderately attractive individual (0.25) must express high artistic skills (0.75). Thus, the artistic formula is  $A 0.25 \times AS 0.75$  or  $A 0.25 \times AS 0.75$  or  $A 0.75 \times AS 0.75$ . The rest of the variability in selection is linked to arbitrary judgment or bias. A small fraction of individuals is selected by the K-pop companies during early adolescence and, if successful, they are expected to make their artistic debut around 16–20 years of age (Oh & Park 2012).

#### **4.2 Step 2: Grooming and education**

In a later step, an artistic educational process begins, which includes both aesthetics, singing and dancing, language skills, and personality training. Oh & Park (2012: 383) interviewed the CEO of the K-pop company SM Entertainment, Young-Min Kim regarding this:

*"I know our training system is elitist, and therefore we see many dropouts from our rigid training every day. We have no idea how to help the dropouts. I am just worried that too many young kids want to volunteer and compete for our head start programs. Honestly, we have no*

*idea how to help the dropouts. But I can assure that SM does not violate their human rights or sexually abuse them. That I can guarantee."*

South Korea has been criticized for its extremely status- and education-oriented system and beauty obsession, which may lead to increased suicide rates and levels of stress (Hultberg et al. 2017; Ahn & Baek 2012). The dropout rates, although being less harmful, indicate that only high levels of conscientiousness (C) (0.75) and emotional stability (E) (0.75) are optimal for continuing the process as a K-pop trainee or artist. This is arguably why several members of the moderately successful girl group 9 Muses left the group after their debut (BBC 2014) As a consequence of anxiety issues, ChoA, member of the moderately successful girl group AOA, left the group after five years (Korea Boo 2017).

While perhaps less stable, since K-pop professionalism (Lie 2012, 2014) might imply to fake agreeableness (A), openness to experience (O), and behaviors associated with extraversion (E), it is reasonable to assume that high levels (0.75) of these three traits are required. For example, self-confidence and a willingness to perform in front of thousands of fans in South Korea and other locations are associated with assertiveness (a sub-trait of extraversion) and openness to experience (artistic). Moderate to high agreeableness is required to obey company superiors and be gentle to fans. Thus, a conservative estimate is moderate to high, implying an average score of 0.5, of agreeableness, openness to experience, and extraversion. Thus, I suggest the aggregated Big Five formula for successful K-pop trainees to be:

$$C (0.75) \times ES (0.75) \times A (0.5) \times E (0.5) \times O (0.5)$$

While one can expect that accepted trainees will have better genetic potential than the average Korean or East Asian individual in regard to beauty, many will go through a vast transformation process. As the artist is being trained and groomed within the confines of the respective company to which they are signed, he or she will maintain a very slender physique, use skin care (to have better skin quality and in some cases to have lighter skin), exercise (mostly dance practice but also gym exercise), and plastic surgery to maximize the individual's genetic potential.

Some of these artists might have been accomplished performers prior to the trainee process. The latter does often include the so-called K-pop double: eyelid and nose surgery. Furthermore, it may include jawline surgery. This will create a regionally, even universally, appealing appearance (Oh & Park 2012; Lie 2012). Hence, the level of attractiveness can be raised from moderate (0.25) to high (0.75), remain moderate, or remain high. Artistic skills are expected to remain high (0.75) or increase from moderate (0.25) to high (0.75) because of the training system. Hence, I suggest that the aesthetic and artistic formula after the training program is:

$$\text{Beauty (0.25–0.75)} \times \text{Artistic skills (0.75)}$$

#### **4.3 Step 3: Debut and the goal of local and global success**

The third step after a group has been formed is to make a debut, which the artists themselves sometimes pay for thereby going into debt with the K-pop companies. While the major companies pay the performers their shares of the revenues without the imposition of debt, the latter are generally paid in the last instance and with low shares of the total revenues. The company, producers, and songwriters are paid prior to artists (Oh & Park 2012; Ho 2012).

In order to reach significant revenue from the investments in trainees, groups, and group members, the companies produce music videos and disseminate the content via YouTube, launch EPs, singles and albums through Spotify and iTunes, and enable live performances on Mnet and elsewhere. This stream of revenues is added to by the consumption of related products such as merchandise (Oh & Park 2012; Ho 2012). K-pop is generally understood to have a high production value (Oh 2013), which implies large investments in artistic training, songwriting, dance choreographies, music videos, and fashion items from expensive Western brands such as Gucci, Chanel, Louis Vuitton and Dior. All of these are manifested in the music videos that BLACKPINK and BTS launched between 2016–2018. The visual technology, combined with makeup, can artificially enhance beauty to an even greater extent.

A group debut is generally followed by several comebacks, unless the group is too unprofitable and/or its members are too indebted to continue to exist. Members must also continue to possess the same Big Five formula as individuals, because otherwise they might drop out. While BLACKPINK reached almost instant success 2016 onwards, BTS has existed since 2013 and made their breakthrough in 2015 with "Dope" and peaked in 2018 (see table 2).

YouTube views (of the three most successful songs and music videos, Date of access: March 25 2019)

BLACKPINK: "Ddu-du Ddu-du" (723 million views), "As if it's your last" (550 million views), "Boombayah" (538 million views)

BTS: "DNA" (676 million views), "Fire" (523 million views), "Fake love" (481 million views)

Charts (US and UK, 2018)

BLACKPINK: Billboard Hot 100 (number 55), Billboard Top 200, Official UK top 40 ("Ddu-du Ddu-du", "Kiss and make up")

BTS: Billboard Artist 100 (number 1), UK Top 40 Single ("Idol", number 21)

Awards (US and East Asia, 2018)

BLACKPINK: Mnet Asian Music Awards (four nominees)

BTS: Billboard Awards (Top Social artist), Mnet Asian Music Awards (Artist of the Year, Album of the year, Worldwide icon of the year)

Table 2: Indicators of global success

This process appears to be linked to three major factors: the maximum production value generated by both the performers and the companies' investments, the hit potential of songs and music videos, and timing/luck. For example, audiences in the UK and US were finally ready

for K-pop in 2018, although the collaboration with Dua Lipa partly obscured the impact of that particular song – fans in the UK were more interested in Dua Lipa than BLACKPINK. On the other hand, Dua Lipa (or her company) would never have made the collaboration if BLACKPINK was not already famous after "Ddu-du Ddu-du", which entered the UK chart earlier the same year. The same pattern manifests itself in relation to BTS' collaboration with Nicki Minaj, in an alternative version of "Idol". At that point they had already reached global success and performed at major shows in the US.

1. Global: Global pop music and technological infrastructure (Google), foreign-born artists, and foreign songwriters and choreographers
2. Local: Korean agencies with export incentives, and local talent
3. Global: Distribution of high-quality K-pop groups through technological infrastructure (YouTube, iTunes, Twitter etc.)

Source: Oh (2013)



Global success (in US and UK)      Global failure (in US and UK)

Idiosyncratic factors

- |                |                 |
|----------------|-----------------|
| 1. Hit song    | 1. Non-hit song |
| 2. Good timing | 2. Bad timing   |
| 3. Luck        | 3. No luck      |

Table 3: G-L-G model and idiosyncratic factors that determine success/failure

With regard to songwriting and production, Teddy Park has made significant contributions to BLACKPINK and Pdogg to BTS. Hence, they constitute important idiosyncratic differential factors of the success of these two groups (see table 3).

#### **4.4 Potential lessons from and critical remarks on the South Korean music industry**

According to a neoliberal logic, there are individual, endogenous, and exogenous factors that other local markets can absorb from the South Korean music industry in general and the success stories of BLACKPINK and BTS in particular. First, character skills, specifically linked to the process of becoming a local and global pop star. Many of these training programs are well-known in the West, since they ultimately stem from the US (Lie 2014). For example, currently the world's most commercially successful pop artist, Ariana Grande, has carried through similar grooming – including weight loss – prior to her major US debut in 2013. However, K-pop artists, who survive fierce competition and intense training, appear to have optimized levels of conscientiousness, emotional stability, agreeableness, extraversion, and openness to experience. While these are typically understood as personality traits, they are partly malleable and many of the associated skills and behaviors are possible to magnify or modify (Heckman & Kautz 2014).

As for the particular group concept in K-pop, both synchronized dance formations and attractive group members constitute elements that can be absorbed without the mere imitation of South Korean artists. Countries such as Sweden, Denmark, Norway and the Netherlands do already have large pools of attractive young people (whether foreign-born or not), as well as networks of producers, songwriters, and the necessary infrastructure. In fact, many of the established songwriters in K-pop (although not the most successful, who are of Korean origin) live in these countries (Lie 2012; Oh & Park 2012). If K-pop is mainly understood as a local version of global/Western pop music, then it is reasonable to create other local forms and export them worldwide. Since Scandinavian welfare states impose less competitive and external pressure

on their youth, such companies and training structures will also be more humane. For instance, plastic surgery and thinness are less widespread.

As several scholarly contributions and the more critical remarks from Korea Boo and others have observed, generally K-pop-biased outlets suggest that there are several downsides to the South Korean music industry. While some of these problems have been solved, at least in part (Oh 2013; Lie 2014), rampant elitism, unfair artist contracts, and even abuse of trainees and artists constitute obstacles that reflect upon the hyper-competitive Korean society, and which ultimately stem from semi-authoritarian contemporary capitalism.

## 5 Conclusion

The South Korean pop music industry has succeeded in general and in relation to BLACKPINK and BTS in particular. This is due to a combination of and interplay between individual, local, and global factors. Successful K-pop artists and groups (whether female or male), both throughout the selection process, during artistic training and grooming, and as professionals post their debuts, are moderately to highly attractive, express moderate to high levels of artistic skills (singing and dancing), and possess high levels of conscientiousness and emotional stability, as well as moderate to high levels of extraversion, agreeableness, and openness to experience. All Big Five personality skills (or traits) are, although to different extents, required to succeed. BLACKPINK and BTS have maximized these multifaceted skills, and, in conjunction with the typical G-L-G K-pop business model and idiosyncratic factors (hit songs, timing, luck), they have managed to reach significant success in the world's two major music markets, besides Japan, which are typically difficult to penetrate: the US and UK. While it may be possible for other local music markets to partially emulate the K-pop formula, it should come with an understanding of the downsides of hyper-competitiveness and elitism, which signify South Korean pop music.

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## Giving In: Crowdfunding for musical concerts in India\*

Anirudh Tagat, Hansika Kapoor & Anurag Tagat<sup>3</sup>

### Abstract

*Crowdfunding is a contemporary financial model for raising funds, specifically for artistic ventures. Recently, crowdfunding has featured prominently in the Indian independent music industry. We investigate the determinants of crowdfunding in India using the case of a crowdfunded musical concert using survey data. Age and level of education are significantly associated with contributions. Implications for crowdfunding in India and areas of future research are outlined.*

**Keywords:** Crowdfunding, India, music concerts, Indian independent music, pay-what-you-want

## 1 Introduction

Crowdfunding is steadily emerging as an area of academic interest for economists as well as business academics (Agrawal, Catalan & Goldfarb 2014). When defined as a means by which capital can be raised from many people online (or offline), crowdfunding offers benefits to investors as well as entrepreneurs looking to raise capital. This is in addition to other non-pecuniary benefits that contributors typically receive.

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There have been two broad 'types' of crowdfunding that the extant literature has documented: (a) entrepreneurs soliciting investment by offering a pre-order of the product, or (b) by offering a guarantee of future benefit (Belleflamme, Lambert & Schwienbacher 2014).

Crowdfunding is best categorised by large-scale online platforms that host several projects to any potential investor who wishes to contribute. Hemer (2011) is among the first to provide a comprehensive overview of the crowdfunding sector, finding that an average of 84,200 users per platform contributed to 51,477 projects between December 2010 and February 2011. Nearly 64 percent of all projects that invited contributions via crowdfunding were realised, with an average pledge of approximately € 62.9. Further, many of these platforms hosted projects exclusive to music, such as musical recordings, concert tours, and other merchandise. This provides some credence to the idea that creative projects are more likely to be seeking investment via crowdfunding than other sectors (Galuszka & Bystrov 2014).

Much like in the rest of the world, crowdfunding is a common means of raising funds for musical groups in India that do not have the support of record companies or music labels. This may stem from a do-it-yourself (DIY) ethic that has since long pervaded Indian musicians who choose to create music that does not fit into the burgeoning Bollywood music industry. In India, crowdfunding is slowly gaining momentum and has yet to come under the regulatory scanner despite interest from the financial regulator.<sup>4</sup> However, we know very little about the dynamics of what works in crowdfunding in India, particularly with reference to music or artistic domains. This paper explores specific institutional settings in the Indian market that could vary for crowdfunding music and other artistic ventures.

Since the past five years, Control Alt Delete (CAD henceforth), an independent music concert series, has utilized crowdfunding to organize concerts across India. In most cases, the organizers of CAD announce a

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<sup>4</sup> Currently, if the organizers follow the Donation-based, Reward-based or the lending-based module then they are subjected to basic financial legislations such as Income-tax Laws and Foreign Contribution Regulation Act, 2010.

fixed line-up of bands or musical acts that will perform at the show, stipulating that potential attendees can pay anything they want to attend. Additionally, even though a fixed upper limit is indicated to achieve success for the project, organizers often announce that CAD will take place even without this goal being met. There have been 11 editions of CAD held in the Indian cities of Mumbai, Pune, and Bangalore so far, spanning musical genres and bands across India (Tagat 2016). Each of these editions cover the substantial costs of organizing the concert, as well as additional payoffs to bands and organizers (Vidyasagar 2016). We employ novel survey data on contributors to CAD to identify their social, economic, and demographic correlates. Such a study is the first of its kind for India and is expected to establish contributor profiles and more information on market demographics.

The remainder of this paper is organised as follows: Section 2 provides a review of the literature related to crowdfunding and related areas, setting the background for the Indian independent music industry. Section 3 presents the research questions pertinent to the present study and section 4 provides the data and overview of the empirical strategy. Section 5 discusses the results on understanding the socio-demographic determinants of crowdfunding to musical concerts in India, and section 6 concludes with limitations of the current study and directions for future research.

## **2 Background**

Crowdfunding is one way to pool collective funds without depending excessively on a single individual's contribution or investment. Crowdfunding therefore draws investment due to extended networks of a crowdfunder, often relying on small amounts to support large ventures. The loans or donations given to crowdfunding projects are usually small and are mostly solicited from online sources (Gerber, Hui & Kuo 2012). The first platform that was used to crowdfund loans from individuals to support small entrepreneurs is widely accepted as KIVA in 2005 (Bannerman 2013). Since then the number and reach of crowdfunding

platforms has grown to include popular names such as Kickstarter, MILAAP and GlobalGiving<sup>5</sup>.

Crowdfunding has four basic modules,<sup>6</sup> based on the expectations of the people that are willing to contribute to the various schemes (Bannerman 2013). In donation-based crowdfunding, the funder expects nothing in return and is giving money without an expectation of any compensation (financial or otherwise). When the contributor expects to get a non-financial return on the money that they spent (for example a T-shirt or a poster) they are engaging in the Reward-based module. In the Lending-based module, funders expect their money back sometimes even with a little interest. Finally, the Equity-based module (e.g. Hornuf & Neuenkirch 2017) provides the contributor with some revenue or share of the profits gained from the scheme. CAD operates as a reward-based crowdfunding module, where funders receive merchandise (such as posters and T-shirts) as a reward for contributing specific amounts.

What explains the recent rise in incidences of crowdfunding being used as a viable means of raising funds? Multiple factors have been cited for its popularity, starting with the low costs of setting up crowdfunding campaigns – amateurs can showcase their work alongside experienced professionals (Bannerman 2013). On the demand side, potential investors can then decide whom they want to fund. Furthermore, online crowdfunding portals provide an interactive method of supplementing one's income. Crowdfunding has therefore been called democratic and is slowly being favoured over traditional methods of financing and public funding (Gerber, Hui & Kuo 2012). This is not to say that crowdfunding is infallible. By disconnecting the creators from more stable forms of financial aid, it can lead to the extension of existing forms of exploitation;

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<sup>5</sup> This is not to say that crowdfunding does not take place without online portals. Indeed, as we show in our study a majority of funds collected for CAD come from collections at the door of the venue.

<sup>6</sup> Literature has also suggested novel methods for overcoming free-riding (Cason & Zubrickas 2017) in crowdfunding, called assurance contracts or a provision point mechanism. Here, the contributor gets back funding in case of an insufficient collection for project execution, with a refund bonus. This refund bonus is proportional to the given contribution. This literature has found that the refund bonus rate is inversely related to the likelihood of provision of the public good. Only marginal differences were witnessed across the various refund rates.

there are no guarantees, no benefits, and no job security (Bannerman 2013). Since it is entirely up to the potential funders to decide how much a product is worth, it can put a downward pressure on prices. This can also cause the project to be undervalued.

Studies quantitatively exploring the success of a crowdfunding project or method have found that the social network of the entrepreneur or fundraiser has an important role to play (Martínez-Cañas, Ruíz-Palomino & Pozo-Rubio 2012; Zvilichovsky, Inbar & Barzilay 2013; Mendes-Da-Silva et al. 2016). Furthermore, since social distance is directly correlated with geographical distance, Agarwal et al. (2015) show that initial contributions are driven by local investors (within a radius of 3,000 miles), who also have a 'personal connection' with the fundraiser. This suggests that it is the interaction between social and geographical factors that is leading to successful crowdfunding ventures. There are only a few studies that seek to identify and analyse the profile of contributors as our study sets out to do, with none in the Indian context. Guerzoni et al. (2016) use data on contributors to 350 projects from Italy and find that social and geographical distance are significantly associated with choosing to contribute. In terms of socio-demographic variables, only education appears to be positively associated with likelihood of contribution.

Literature in economics has discussed the rise of crowdfunding as a method of raising investment that relies on an individual's subjective valuation of the reward, that is, her willingness-to-pay (WTP) (Belleflamme & Lambert, 2014). Field experiments in economics have linked prosocial behaviour (and altruism) with a higher WTP even when free-riding is a possibility (Gneezy et al. 2012). This suggests that contributing investors may not be funding purely on the basis of expected utility from the eventual reward. Vesterlund (2006) argues that charitable giving can also be due to the 'warm glow' that donors experience from contributing, rather than from any material benefits to the recipients themselves; this is often a signal of their social status or reputation. Gneezy et al. (2012) study the consequence of a pay-what-you-want model (similar to the one used in CAD) when purchasing a product. They

find that potential customers' identities and self-image concerns influence the decision to contribute. When individuals are asked to pay-what-they-want, fewer customers are willing to fund than when prices are fixed and low. This is because the funder feels that the price they assign will be less than the actual amount it was worth, causing an internal conflict they wish to avoid, and hence preferring to forego the project altogether. The study also finds that funders would be more open to donate if it were anonymous (Gneezy et al. 2012).

As stated earlier, many crowdfunding projects tend to be cultural and artistic ventures (Galuszka & Bystrov 2014). This is because it is often difficult to acquire funds for these projects from conventional funding agencies. The artists are able to showcase their work to funders, who are also their potential consumers. Since art resonates strongly with the values and ideals of the artists, funders that share them feel inclined to donate. When attached to the personalized sales pitch from the producer of the material, it can be argued that there is greater incentive for consumers to invest in advance. Funders also donate to artistic ventures to publicly acknowledge/signal their interests. Similar to warm-glow giving or impure altruism, the funder is not donating for financial returns or for that matter charity; it has more to do with signalling a level of artistic understanding and taste (Darveau & Legoux 2014).

### **2.1 Crowdfunding and Indian independent music**

Since the early 1960s, independent music in India refers to artists creating and performing their songs outside the prevalent sphere of mainstream cinema. The earliest record of a parallel music industry included groups (such as The Jets, The Savages, Trojans, Velvette Fogg, and later on, Atomic Forest) that were formed due to urban Indian youths' fascination with the music created by reigning 1960s and 1970s artists such as The Beatles and The Rolling Stones (Bhatia 2014). As Western culture slowly made its way into India's metropolitan cities – Bombay (now Mumbai), New Delhi, Bangalore (now Bengaluru), Calcutta (now Kolkata) – the sound diversified to produce bands (such as Indus Creed, Silk Route, Motherjane, Euphoria, and Indian Ocean) that played a variety of



genres through the 1980s and 1990s. By the late 1990s, heavier, more extreme bands also emerged to form an important underground circuit in cities such as Bangalore and Mumbai, with Naked Earth, Kryptos, Morticide and Demonic Resurrection taking shape (NH7 2015).

Juxtaposed with the Indian state's push for economic liberalization and the advent of the Internet, India's young musicians gained access to music and technology more easily than ever (NH7 2015). Typically, bands performed at college cultural festivals to large audiences that typically consisted of students who did not pay to attend, as well as smaller local venues to a limited but dedicated audience who paid upward of ₹250 (~USD 5 at the time) to attend. Bands like Parikrama (New Delhi), Thermal and a Quarter (Bangalore), Zero (Mumbai), Junkyard Groove (Chennai), Avial (Thiruvananthapuram) and Soulmate (Shillong) became country-famous among the "indie" fans (Bhatia 2014). In 2018, there are indicators of a solid infrastructure, including artist management agencies, booking agencies, venues, and promoters across the country. Bandcamp currently lists nearly 400 albums for sale on its website with the tag 'India' (Bandcamp 2018), while Wikipedia contains entries for nearly 50 artists that are under the category of 'Indian rock' (Wikipedia 2018).

How has this 'industry' transformed since the start of the early 1960s? From Indian Tobacco Company (ITC) in the early days to major brands such as British Physical Laboratories (BPL), sponsors and investors were keen to capitalise on this alternative circuit, which started off in hotel clubs and later took up space on big stages, playing to full houses at venues such as Hamsadhwani Theatre in New Delhi and Rang Bhavan in Mumbai (Mahindru 2012). Open-air concert festivals such as Great Indian Rock (started by one of the earliest Indian rock-centred print publication, Rock Street Journal, in 1997) and Independence Rock (established in 1986) gave impetus to the next generation of music festivals, including Sunburn, SulaFest, NH7 Weekender, GoMAD, Magnetic Fields, and VH1 Supersonic (Britto 2018). From the early days, however, the DIY ethic of Indian independent musicians has been sustained (Kappal, 2017a). Whether it is metal, punk, electronic, or hip-hop, pro-

motors and show organisers have self-funded artists' fees, travel, sound equipment rent, and setup costs, while making agreements with venues or hotels to reduce costs.

Sponsorship has now increasingly come from alcohol brands, and, considering the Indian regulations against advertising alcoholic beverages in media – other sponsors have typically included media conglomerates (Viacom18, a joint venture between American media giant Viacom and India's Network18), mobile phone companies (Micromax, Vivo), fashion brands (Levi's, Vans) and even technology companies such as *Saavn*. Such sponsors, however, will often curtail their involvement in curating artists for events, insisting only on having their names, logos, and creative assets to support marketing efforts to what they believe to be target segments for their products (Wallack 2016). On the other hand, there are also government sponsorships for artists and festivals. The Nagaland government has its own Music Task Force, dedicated to promoting and nurturing talent from the state, as well as hosting the *Hornbill International Rock Contest* (Suhasini 2013). In Arunachal Pradesh, the government sponsors their annual *Ziro Festival of Music* as well as co-sponsors the *Orange Festival* in Dambuk (Tagat 2017).

Although rare, artists, venues, and festivals do enlist funding from investors and patrons. These have, however, not had a long-term association. The new crop of YouTube artists such as New Delhi based *Blood-wood*—a metal band which performs renditions of popular Bollywood hits and global chart-toppers—uses online platforms such as Patreon for funding (Patreon 2018). Funding from such sources (and others) are used to record music at studios (to be released online or via physical release), shooting music videos, or commissioning photoshoots. Major labels that promote and release popular Bollywood or Hindi music in India such as Universal Music India, Times Music, and Zee Music remain selective in their support for non-Bollywood music makers, but may occasionally fund promotional and marketing costs for popular artists (Brindley 2017). In the fast-moving, results-driven world of brands sponsoring shows looking for guarantees of attendance numbers or footfall,

showrunners—who are, at heart, lovers of music—decide to trust their bands to pull in their own crowd, with entry fees covering all costs.

## 2.2 Crowdfunding in India

Control Alt Delete (CAD) was the first effort by showrunners to crowd-fund a musical concert, having likely taken a cue not just from international artists such as Amanda Palmer, but also closer home from filmmakers such as Srinivas Sunderrajan (Greater Elephant) and Bidyut Kotoky (Guns & Guitars). Individually, musical groups have also used crowdfunding to support albums, videos, and other projects (Mahindru 2013). Examples include Mumbai extreme metal band Demonic Resurrection, New Delhi-based progressive metal band Skyharbor (both using an all-or-nothing crowdfunding platform, PledgeMusic), and Bangalore-based rock band Thermal and a Quarter (for the album *No Wall Too High*). While there are no official figures on rates of success for such projects, there have been notable failures as well. For example, an offshoot of the globally popular heavy metal festival Wacken Open Air, the Bangalore Open Air festival aimed to raise a whopping ₹44,00,000, or USD 70,000 for their 2014 edition, but the organisers failed to meet their targets (Kumar 2014). At the same time, there are more platforms seeking to become a medium through which crowdfunding can take place (not restricted to musical ventures alone) such as Instamojo and Make-MyMerch (for band merchandise). In such cases, promoters tell potential customers that crowdfunding is similar to pre-ordering an album or purchasing a ticket to a show. Bands therefore have their basic costs (e.g., recording studio rentals, hiring a producer, among others) accounted for, while fans can feel actively, almost directly involved in the creation process. One might argue that it also serves as a signalling process for the bands to learn precisely how much of their fan base can actually be monetized.

Despite the allure and relatively low cost of crowdfunding, there are concerns about its viability. For example, there is increasingly a push toward digital streaming of music albums, where fans can enjoy the same music without having to purchase it at all (Kappal 2017b). There

are also barriers in a country such as India that are related to access to the Internet as well as payments infrastructure. Extensive use of crowdfunding through online platforms could therefore alienate a certain number of fans who lack access to Internet banking (or remain unaware of a crowdfunding campaign). The process of musical creation also brings with it some challenges: rising overheads or unforeseen price rises during the recording of an album (e.g. more studio time required to re-record songs or record more songs) or planning a music concert (e.g. obtaining venue permissions for performance). Thus, the amounts raised may be only enough for a band or promoter to break even and not necessarily profit from it. CAD is characterized by such an issue, with promoters often just breaking even or making small profits. Figure 1 shows the contributions raised by CAD since its 4<sup>th</sup> edition, which is the first edition for which data is available (Rolling Stone India, 2013). Online contributions via crowdfunding campaigns alternate with the contributions at the venue before or during the concert. The average contribution through onsite collection for the 6 editions was ₹105,951.33 (~USD 1,630), while that of online contributions was only slightly higher at ₹109,352.83 (~USD 1,682). This may be related to the anonymity associated with contributions made at the time of the concert (since the decision to attend is already made), as opposed to the planned and transparent<sup>7</sup> method of online contribution. Similar to concerns of self-image that dominate in Gneezy et al. (2012), contributor anonymity is positively associated with contribution amounts.

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<sup>7</sup> CAD organizers typically collate a list of contributors to the concert series online and share it via social media. Furthermore, the organizers print out this list for display at the concert venue.

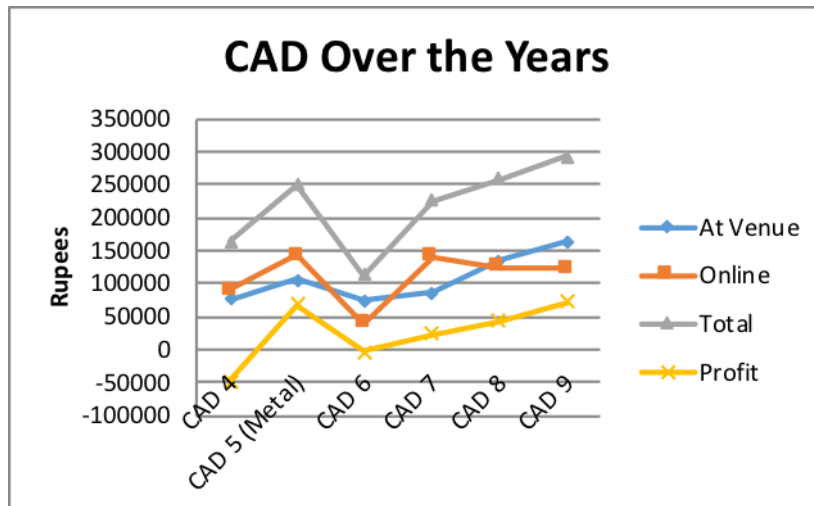


Figure 1: Contributions raised by Control Alt Delete (2010-16). Source: Accounts Data (Control ALT Delete, 2018)

Interestingly, there is a sharp increase in the level of profits when all performing bands are of the same genre (in this case the 5<sup>th</sup> edition featured only metal bands). However, the subsequent editions (7 and 8), whereby artist programming was motivated by genres, failed to meet the same level of profit (despite being profit-making overall). This suggests that the core ethos of promoting alternative music works better across editions rather than within a particular concert. Concert-specific characteristics also appear to be driving the profitability from the perspective of costs to organisers. Table 1 contains the travel and stay costs borne by organisers for each edition. Travel costs are borne by organisers in almost every edition and may not be linearly associated with the number of outstation bands, if some bands are in local proximity of the concert location. However, accommodation costs vary widely, perhaps owing to informal arrangements with local organisers who arrange accommodation for the bands.

CAD	Total Bands	Local Bands	Outstation	Travel Cost	Stay Cost
CAD 4	7	5	2	47,282	8,000
CAD 5 (Metal)	8	6	2	88,105	7,435
CAD 6	8	2	6	73,566	10,415
CAD 7	9	6	3	92,665	18,800
CAD 8	8	4	4	138,793	10,000
CAD 9	9	3	6	81,625	0
<b>Average</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>87,006</b>	<b>9,108</b>

Table 1: Characteristics of Control Alt Delete Concerts (2010-17). Source: Authors own calculations using Accounts data (Control ALT Delete, 2018)

Thus, it becomes important to understand the sources of variation in the promoters' income from organizing CAD in order to assess the viability of crowdfunding in this sector. While the business of organizing music concerts is in no way definitive of how the crowdfunding model works in India, the example of CAD provides some preliminary insights.

### 3 Present study

In investigating the reasons for CAD's success, one can uncover the enablers of crowdfunding for musical concerts in India, as well as provide a first-ever academic account of the economics of Indian independent music. Since there is a lack of data relating to crowdfunding platforms, this study is also among the first to explore crowdfunding dynamics and compare online and offline methods of seeking investment in such creative endeavours. Finally, this is the first study (to the best of our knowledge) that empirically establishes the likelihood of contributing to a particular project on the basis of socio-demographic characteristics in India. This analysis is also important in terms of understanding the regulatory framework under which crowdfunding falls in India. The financial markets regulator in India, Securities and Exchange Board of India

(SEBI),<sup>8</sup> is currently seeking to explore the implications of financial regulations (SEBI 2014) in the light of the popularity of crowdfunding initiatives (not unlike CAD). Finally, given the crowdfunding data used here, future organisers (of CAD and other concerts) may be able to evaluate pricing models and concert parameters (such as number or nature of performances) objectively.

In sum, this study seeks to explore and analyse the pattern of crowdfunded investments in musical concerts in India, particularly through the independent (non-mainstream) platform of 'Control Alt Delete.' Specifically, we are interested in exploring the following research questions:

RQ1: What is the average level of contribution to crowdfunded concerts in India? How does it compare to the average levels of contribution to other creative/artistic events?

RQ2: What are the social, economic, and demographic determinants that affect contribution amounts to crowdfunded concerts?

## 4 Methodology

### Participants and procedure

Primary data was collected from 100 participants via an online questionnaire (appendix A) inclusive of items assessing the WTP for cultural and artistic events. Data were cleaned on the basis of attention and honesty, as well as whether individuals had ever volunteered to organise an edition CAD.<sup>9</sup> The reduced sample consisted of 69 individuals (11 women,  $M_{\text{age}} = 26.32$  years,  $SD = 4.99$ , range: 19–46). Most participants (61%) were from Mumbai, India; were students (19%); and had completed their Bachelor's degree (58%). However, there were participants from 10 other locations in India, including Bengaluru and New Delhi; about 38%

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<sup>8</sup> Presently, there are explicit regulations only for the Equity-based crowdfunding under the Securities Contract (Regulation) Act, 1956, and the SEBI Act.

<sup>9</sup> We also dropped 3 outliers who indicated preferences for contribution that exceeded ₹100,000, since these were deemed to be purposively misleading to the question asked.

either did not have personal income or did not disclose their income; and were in varying professions such as journalism and architecture. Our sample contained 7% of individuals who had attended at least one past edition of CAD but did not contribute; this was estimated as the proportion of free-riders in the sample. The lowest contribution by a CAD 9 attendee in our sample at ₹100 (~USD 1.5). Our sample also contained 12 individuals who had neither attended any edition of CAD nor contributed to any previous edition.

Responses were elicited via purposive and snowball sampling; individuals who had a greater likelihood of having attended an earlier edition of CAD were identified and sent the questionnaire.<sup>10</sup> Further, the questionnaire was sent via email to all previous contributors of CAD and posted on the CAD social media page, to collect data from relevant participants. RQ1 is addressed using summary statistics from primary survey data, detailing the average levels of contribution to CAD as well as hypothetical contributions to other types of events. RQ2 is addressed using a multiple regression analysis framework by estimating the following equation using ordinary least squares:

$$Contrib_i = \beta_1 CAD9_i + \beta_2 Editions_i + \beta_3 X_i + \eta_i \quad (1)$$

Where for the  $i^{th}$  individual,  $Contrib_i$  is the contribution to the most recent edition of Control ALT Delete (9, or the most recently attended edition of CAD),  $CAD9_i$  is a dummy variable that takes the value of 1 if they attended the concert, and zero otherwise,  $Editions_i$  is the number of past editions of CAD attended, and  $X$  is a vector of socio-demographic determinants hypothesized to explain variations in the dependent variable. These include age, squared-age (to assess trend linearity), gender, level of education, and income bracket. For variable definitions, we refer the reader to the appendix. We run a third variation

<sup>10</sup> We collected data in two phases: the first was in January, 2017, and the second in August 2018 following referee requests for additional data. Our small sample can be explained by the fact that there were no ongoing promotions for any CAD event during these two periods, and therefore it was difficult to track contributors. The survey was sent to approximately 2200 individuals who were part of the mailing list of past contributors. Given that no prior data on these individuals was available and the specific subject matter of the survey, we adopted a purposive sampling approach.



of the model where we also account for the effect of location in determining contribution amounts. We did not include an individual's data if they were involved in organizing the concert in any capacity during any of the previous editions.<sup>11</sup> It is possible that  $Editions_i$  is endogenous to the level of contributions; that is, unobservable preferences for live music could be driving both past editions attended as well as the amount contributed. We therefore interpret  $\beta_2$  as a measure of association and not a causal estimate. An additional model without past editions attended is estimated for robustness.<sup>12</sup>

## 5 Results

Table 2 presents the summary statistics that describes the sample ( $N = 69$ ). The average age of a respondent is 26 years, and approximately 58% have at least a Bachelor's degree. About 16% of our sample is female, and a little more than 60% reported having residence in the city of Mumbai, where most CAD editions have been held. We also note average contributions reported by participants to real and hypothetical cultural and artistic events. On average, participants reported contributing ₹ 950 (~USD 14) to help organise CAD 9 (RQ1). Music-related WTPs were consistently higher than those for producing a play, organizing a book reading, dance recital, or an art installation. However, correlations among the hypothetical WTP for all events were highly associated,  $r_s > .96$ ,  $p < .001$ . This was contradictory to non-significant correlations between actual CAD contributions and WTP for cultural events, including the WTP for organizing a musical event and producing an album,  $r = .58$ ,  $p < .001$ . This gives impetus to further research examining the differences between actual and hypothetical contributions in crowdfunding contexts.

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<sup>11</sup> About 16 individuals of the full sample said that they were involved either presently or in the past with organizing or volunteering for CAD, whose data we do not use in the analysis.

<sup>12</sup> We are grateful to an anonymous referee for suggesting this.

Variable	<i>M</i>	<i>SD</i>	Min	Max
Age	26.31	4.99	19	46
Proportion with at least Bachelor's Degree	0.58	0.49	0	1
Proportion female	0.16	0.37	0	1
Proportion residing in Mumbai city	0.61	0.49	0	1
Proportion with income greater than Rs. 10000 per month	0.56	0.49	0	1
Contribution to CAD 9	950.72	1984.19	0	16000
WTP Music Event <sup>1</sup>	3412.69	12223.14	300	100000
WTP Music Album <sup>1</sup>	4816.42	24312.83	0	200000
WTP Music Merchandise <sup>1</sup>	1835.21	6100.98	0	50000
WTP Play	1409.85	6057.90	0	50000
WTP Art	1604.63	6178.33	0	50000
WTP Dance	1309.10	6175.87	0	50000
WTP Book	1262.84	6091.13	0	50000

<sup>1</sup> Participants were asked to provide estimates of their willingness to pay with respect to their favourite artist (organizing an event, supporting an album, or buying merchandise).

Table 2: Descriptive statistics

Table 3 presents the findings from OLS estimations of Equation (1). We run three variations of the model, including key socio-demographic determinants in Panel (B) and geographical proxies in Panel (C). First, we see that in the simplest model, attending the concert, did not significantly explain the contributions made although the effect is large (₹ 2033, or ~USD 31 increase on average) and positive. In Panel (B), we examine socio-demographic factors. The results show that having attended past editions of CAD has a positive and statistically significant impact on contributing. Attending one additional edition of CAD in the past is associated with increased contributions on average by ₹ 202.6 (~ USD 3). This is in line with past evidence that suggests that those familiar with the concert series are more likely to contribute due to strong social networks (Gneezy et al. 2012).

VARIABLES	(A) Contribution	(B) Contribution	(C) Contribution
Attended CAD	2,033 (1,645)	214.4 (537.5)	339.8 (471.9)
Number of past editions of CAD attended	90.73 (98.85)	202.6** (82.34)	213.6** (80.04)
Age		-1,636*** (555.6)	-1,738*** (558.4)
Age-squared		30.71*** (9.891)	32.45*** (9.911)
Female		5.306 (305.3)	-52.13 (330.1)
Education = 2, Bachelor's		1,369** (522.3)	1,541** (708.9)
Education = 3, Master's/Professional Degree		1,123* (664.1)	1,312 (813.6)
Income = Undisclosed		313.2 (531.4)	368.3 (546.6)
Income = Less than Rs. 10,000/month		288.7 (325.0)	133.1 (433.5)
Income = Rs. 10,000 - Rs. 30,000/month		703.1 (435.5)	682.6 (519.7)
Income = Rs. 30,000 - Rs. 50,000/month		332.8 (306.7)	385.9 (381.1)
Income = More than Rs. 50,000/month		426.0 (384.2)	458.0 (417.4)
Eastern States			-685.7 (791.8)
Northern States			427.5 (409.7)
Southern States			-411.1 (397.0)
Other States			496.0 (508.2)
Constant	554.3*** (164.5)	20,043*** (7,065)	21,339*** (7,105)
Observations	67	67	67
R-squared	0.134	0.735	0.751

Robust standard errors in parentheses \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table 3: Regression estimates of contributions to CAD

However, as noted earlier, this estimate could be only showing correlation and does not necessarily imply causality. When running the model without the potentially endogenous variable, all demographic results stand (table B1 in appendix B). In terms of socio-demographic determinants of the level of contribution, we see a non-linear relationship between age and contribution levels (RQ2). For a unit increase in age, contributions on average, reduce by nearly ₹1636 (~USD 24); but as age increases, there is a small increase in average contributions. Given the restricted age range in our sample, this non-linearity of the effect of age on contributions can be approximated to linearity. We also see that the level of education is positively associated with the average contribution, where having a higher level of education (at least a Bachelor's degree) explains a higher contribution. In the model without Editions, we find a statistically significant and positive effect of having a Master's degree as well (table B1 in appendix B). It is possible that this is due to the higher income level associated with higher-wage employment opportunities from higher education. While we find no statistically significant effect of location, our analysis suggests that income appears to have a non-linear effect on contributions.

This could mean that the intensive margin of contribution (i.e. how much to contribute) does not vary significantly by income. We find that these results hold also for the extensive margin (i.e. the decision of whether or not to contribute), by reframing Equation (1) as a logistic regression and a binary dependent variable indicating whether or not an individual contributed.

These results hold on average when we control for potential effects of location in Panel (C). Compared to residents of Maharashtra (where 5 of 6 editions surveyed in this paper have taken place), we find no significant relationship between location and contribution amounts on average. Contrary to existing evidence (Mollick, 2014), we are unable to find that geographical proximity significantly influences the amount of contribution.

## 6 Concluding remarks

This paper sought to review the potential for crowdfunding in India using the case of a novel series of musical concerts held annually since 2010. We find that, on average, individuals were likely to report higher hypothetical contributions for musical events compared to other art forms such as visual arts, theatre, or dance performances. This suggests that crowdfunding in India may be particularly suitable for musical events, especially when viewed in the context of its historical association (and limited success) with the format. This provides more context to the Indian entertainment industry (market), and associated target socio-demographic features. That said, it is important to note that the sample specifically included individuals who were likely to have attended CAD editions and did not seek out participation from other individuals who could be inclined to contribute to non-musical artistic events (such as members of book clubs). Since CAD used a pay-what-you-want, keep-it-all form of crowdfunding that has been used previously by musical groups in the past, it offers a potentially viable mechanism by which concert organizers or promoters can raise funds for their future ventures. For such instances, it is important to understand the key determinants of contributions, particularly in a developing economy such as India, where the share of youth in the labour market is rapidly growing. We find that age and level of education significantly affected the level of contribution, both positively. Although income levels were not found to be significantly associated with contribution amounts on average, more research is needed to understand its importance. Since past studies have shown that an increase in disposable income is associated with greater spending on artistic and cultural outlets such as music (e.g. Favaro & Frateschi 2007), this is an important area that has implications for crowdfunding as well as the sustainability of funding for the performing arts.

Our study is a limited exercise in establishing the socio-demographic determinants of crowdfunding musical concerts in India using the specific case of CAD. Given the specificity of the issue, limitations arising out of sample size necessarily means that our study serves as a starting point

for future work in this domain. Finally, we are unable to extensively study the scope for higher returns from organizing musical concerts using crowdfunding since we were able to obtain data for only 6 editions. As CAD and other crowdfunded concerts progress, one might be able to gain greater insight into what factors determine the profitability and viability contingent on inputs such as programming, venue locations, ticket prices, and merchandise rewards, among others.

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## **8 Appendix**

### **A Questionnaire**

#### Section I: Demographic Details

Age, sex, city of residence, higher educational qualification, current occupation, personal income, English fluency

#### Section II: CAD

Were you in any way engaged in organizing any edition of CAD?  
(That is, are/were you an artist, part of the management, or a venue provider for any edition of CAD?)

Yes

No

Other

Which editions of Control ALT Delete have you attended?

CAD 1.0 (15.1.2010, Mumbai)

CAD 2.0 (23.4.2011, Mumbai)

CAD 3.0 (30.9.2012, Mumbai)

CAD 4.0 (28.9.2013, Mumbai)

CAD 5.0 (1.6.2014, Mumbai)

CAD 6.0 (14.9.2014, Mumbai)

CAD 7.0 (18.4.2015, Pune)

CAD 8.0 (13.6.2015, Mumbai)

CAD 9.0 (16.1.2016, Bangalore)

Did you attend CAD 9.0?

Yes

No

Don't remember

How much did you contribute to CAD 9.0 (approx.)?

(If you don't remember or did not attend, list contribution for most recent CAD attended. Please enter INR.)

Section III: WTP

Please rate how much you like your favourite musical artist.

(This could be anyone at all!)

(Not at all!) 1 2 3 4 5 6 7 8 9 10 (Extremely!)

How much are you willing to pay to help organizing an event similar to CAD that features your favourite artist?

How much are you willing to pay to help record an album of your favourite artist?

How much are you willing to pay to help produce merchandise of your favourite artist?

How much are you willing to pay to help produce a play?

How much are you willing to pay to help organise an art installation?

How much are you willing to pay to help organise a dance recital?

How much are you willing to pay to help organise a book reading?

**B Robustness Check**

VARIABLES	(A) Contribution	(B) Contribution	(C) Contribution
Attended CAD	2,108 (1,614)	376.3 (571.6)	495.4 (481.9)
Age		-1,626*** (574.3)	-1,745*** (575.9)
Age-squared		30.50*** (10.21)	32.51*** (10.21)
Female		18.67 (316.4)	-79.77 (340.4)
Education = 2, Bachelor's		1,614*** (567.1)	1,620** (710.0)
Education = 3, Master's/Professional Degree		1,474** (690.6)	1,492* (822.5)
Income = Undisclosed		290.9 (590.2)	368.3 (590.2)
Income = Less than Rs. 10,000/month		209.8 (403.6)	102.3 (439.1)
Income = Rs. 10,000 - Rs. 30,000/month		669.0 (456.0)	674.1 (527.7)
Income = Rs. 30,000 - Rs. 50,000/month		340.5 (335.9)	322.4 (397.8)
Income = More than Rs. 50,000/month		603.5 (425.5)	654.6 (465.0)
Eastern States			-888.0 (829.4)
Northern States			59.14 (424.8)
Southern States			-552.8 (396.9)
Other States			181.1 (451.3)
Constant	681.0*** (93.86)	19,932*** (7,307)	21,744*** (7,345)
Observations	67	67	67
R-squared	0.130	0.715	0.732

Robust standard errors in parentheses \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table B.1: Regression estimates of contributions to CAD (without past editions attend

## Balances Scorecard as pianist's tool for the implementation and control of business strategies

Tamara Goličnik<sup>13</sup>

### *Abstract*

*This qualitative research was based on six case studies of historically world-famous pianists and focused on the early periods of activity of the individual pianists. The research defined the key success factors for pianists at the initial stage of business through the use of the Balanced Scorecard (BSC) model as a strategy for gaining recognition and reputation. The BSC method can enable the pianists to develop their potential and define the ways for them to implement their vision to ensure long-term success.*

**Keywords:** Pianists, key success indicators, balanced scorecard, vision, strategies, image

## 1 Introduction

Classical music, as part of world and most of all European cultural heritage, is preserved through musicians' live interpretations, in front of audiences, which is why such artistic offerings are always unique. Various American (e.g. Brown 2002; Page 2016), German (e.g. Gembris in Tröndle 2011), Austrian (e.g. Bernhofer in Krämer & Malmberg 2016) and Slovenian (e.g. Bervar Kralj 2002) studies all reveal a declining interest in classical music so it has become yet more important to find ways of increasing audience numbers. In this regard there is the question of whether classical musicians can function also as entrepreneurs. To answer this meant identifying and defining success within the framework of the key entrepreneurial functions (innovation, marketing, financing and networking) for a self-employed pianist. Using a complex methodol-

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ogy to extensively research the business activities of a self-employed pianist showed certain success factors were fundamental in designing the BSC system for pianists.

The article is structured in five parts. The theoretical framework focuses on a presentation of the BSC method as one of the tools used for achieving successful business outcomes. The defined factors for entrepreneurial success are described in the background section and the methodology section shows the methods for defining success factors for pianists as well as the results. The results section shows how the application of BSC method is influenced by the unique characteristics of self-employed pianists. The conclusion features a discussion of and commentary on the values of the method employed within the research.

## **2 Theoretical framework**

A BSC was set up in the beginning of the 1990's at Harvard Business School in the USA, when Robert S. Kaplan (Kaplan & Norton 1992, 1993) and his team tried to establish how to add non-financial indicators next to financial indicators in companies' business reports. According to Schneidewind (2006: 180), who called BSC a management instrument, significant changes in the business environment gradually increased the importance of so-called soft factors, such as co-worker satisfaction, customer satisfaction, motivation, ability to change, flexibility of an organisation etc. Since then awareness has increased about the positive impact of the optimised soft factors on the hard factors (e.g. the scope of financing). Nevertheless, they are all interconnected and show for example that financial-economic indicators based on accounting data and oriented towards the past and the operational activities are not sufficient for future-oriented companies. Such indicators most importantly lack entrepreneurial strategies and non-financial results. Whilst this does not mean that financially oriented indicators are redundant, they must be connected with soft factors according to the needs of a company. Successful development of potential requires the support from all stakeholders to turn strategic designs into practice. A company should follow

one-dimensional objectives, but should consider the existing network of various fields within an organisation and their relationship with the environment.

An effective BSC for measuring success is a model with four dimensions or perspectives<sup>14</sup> for successful performance: financial, consumer, internal business processes and learning and growth (Rejc Buhovac 2002: 103). According to Kaplan & Norton (1992, 1993), the BSC provides answers to four basic questions: how do we look to stakeholders or how should we appear to our stakeholders to succeed financially (financial perspective), how do costumers see us or how should we appear to our customers to achieve our vision (consumer perspective), what must we excel at or what business process must we excel to satisfy our stakeholders and customers (internal business process perspective), can we continue to improve and create the value or how will we sustain our ability to change and improve to achieve our vision (learning and growth perspective).

These perspectives provide a comprehensive view of successful performance and together with appropriately selected indicators,<sup>15</sup> they form a balance needed between the financial and non-financial indicators. According to Schneidewind (2006: 182–183) the core indicators for the customer perspective are customer acquisition, retention and satisfaction. In the field of a cultural activity, the customer perspective could be measured by market-position, creation of an image, increased customer satisfaction, increasing levels of recognition, an increase in loyal customer numbers along with, acquisition of a younger target audience as well as an increase in the number of new customers.

The financial perspective represents the company's economic objectives and the key indicators are the return on investment, profitability, revenue growth, productivity and cost reductions. Whilst the return on

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<sup>14</sup> A perspective can be understood as a thematic selection of objectives, indicators, initiatives and measures that function in the same way and serve as points of reference for the implementation of strategically relevant management criteria (Reichman in Schneidewind 2006: 183).

<sup>15</sup> The indicators with different content enable the users to identify the state, or the changes of a state of various important phenomena and can be a result of measurement or evaluation (Pučko et al. 2009: 154–155).

investment and profitability are not important indicators for a non-profit activity, increasing revenues along with searching for new financial sources, provision of financial sources and liquidity, reduction of costs and generation of savings are important to achieving economic objectives.

In terms of the internal process perspective, the focus lies within the core processes important for the achievement of other objectives. This includes for example innovation processes, improvement of internal processes, acceleration of standardisation, reduction of conflicts, and reduction of the time spent for planning, reduction of errors etc.

The learning and growth dimension is linked with personnel, satisfaction of the employees, further education and most of all with the ability to introduce changes. It is connected for example, to expanding knowledge of foreign languages, the share of qualified professionals, the number of new products, the index of improvements, levels of innovations, the quality of services, internal communication etc.

These perspectives are not exclusive and can be changed according to a company's requirements. In establishing objectives, main and partial, their allocation to related perspectives and communication with all stakeholders provides balance and therefore the BSC model is regarded as a "transparent report". Strategic goals in the BSC model context are distinguished by unique company-tailored characteristics, by providing strategy and measures for each concrete perspective and examining strategies for each individual perspective. Defining strategic objectives for each perspective is the starting point in the preparation of a BSC and as the core activity; it has a decisive influence on quality. The definition of objectives includes financial and non-financial indicators, their desired and actual values, and strategic actions to achieve individual objectives as well as deadlines, financial planning and persons responsible for the achievement of an individual objective. The indicators, as in the values of objectives and strategic actions are not separated but are closely connected and establish cause and effect relationships. The chain of cause and effect shows the connection and dependency between key



success indicators.<sup>16</sup> Awareness about this interconnectivity depends on a mutual understanding of the strategy, which improves teamwork among the management. Strategic objectives can only be transferred if other objectives are achieved. It is the connection of all partial objectives that describes the entire strategy. Due to concrete indicators, the mission, vision and strategies can be presented transparently.

According to Schneidewind (2006: 187), setting up and implementation of the BSC model requires time because it has to be introduced gradually since its effectiveness in a company depends on the quality of its implementation. Each model in a company is unique; therefore, there are no patterns that could be copied. Kaplan & Norton (2000: 323) stress that the indicators are defined around the drivers of the operation and enable the company to achieve the core result indicators. It is therefore necessary to establish the objectives for each perspective in detail, to determine the detailed indicators, to determine the way to measure and present each indicator, to create a graphic model, a diagram of connections between indicators within one of the perspectives and the connections with other indicators or objectives of other perspectives. A strategic diagram of balanced system success indicators (a strategy map) represents a cause and effect connection between key success factors (the factors and the results) and is the most demanding part of the creation of the tools needed for the implementation of the strategy (Pučko et al. 2009: 175–177). It shows a unity of interconnected strategic success factors of a selected strategy. As such, it shows that a BSC system should include partial goals and their indicators, which measure and monitor the implementation of strategic success factors in the organisation's operation. This ensures a successful implementation of a business strategy.

Authors such as Turbide & Laurin (2009), Weinstein & Bukovinsky (2009) and Schneidewind (2006) state that the BSC is suitable for the non-profit artistic sector as well. Turbide & Laurin (2009: 56) stress that

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<sup>16</sup> The key success indicators are activities the organisation must engage in if it is to succeed in reaching its objectives (Weinstein & Bukovinsky 2009: 48). The key success factors can help us select priority fields at the operational level (Pučko et al. 2009: 151).

a substantial number of non-financial indicators are expected within artistic organisations in their BSC system.<sup>17</sup> Schneidewind (2006: 187–188) stress that non-financial indicators are difficult to measure. A non-profit organization in the artistic sector that wishes to assess the consequences of its management process, must also take account of the interests of artists and cultural policy. A cultural organisation adopts metrics that are based on artistic, cultural and political objectives. The usually dominant financial-economic criteria do not have to be considered as a stand-alone perspective given these criteria are not the prime objective for a cultural non-profit organisation but rather a framework condition. Niven (Weinstein & Bukovinsky 2009: 48) stresses that dependence on financial metrics often leads to an emphasis on short-term decision-making, which reduces the organisation's ability to implement its strategy through long-term investments. Long-term success is predicated upon organisational alignment, a process of linking the organisation's corporate mission, values, vision and strategy with its plans, process and actions. It allows for current operations and initiatives to be viewed in the context of whether they advance the organisation's strategic goals that should be the focus of organisation's management control system and its program of performance measurement. According to Schneidewind (2006: 187–188), a cultural organisation focuses on fulfilling its mission, customer satisfaction, the audience and its resource providers. With the use of controlling services that reveal and measure the organisation's achievements, an organisation can improve the quality of its cultural products and satisfy its customers and resource providers. It needs a management approach that optimises the interests of artistic freedom, artistic quality, economic value and audience satisfaction in any given set of circumstances. The implementation and use of the BSC model are very useful in cultural organisations providing various perspectives supported by a vision and strategies.

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<sup>17</sup> Contemporary models for monitoring the success of performance attach substantially higher importance to the non-financial indicators. The non-financial indicators are physical measurements or descriptive information expressing or projecting the state or the development of a specific studied phenomenon. The non-financial indicators can cover not only the business performance fields but also the critical success factors and some key business objectives (Rejc Buhovac 2002: 161).

Cultural entrepreneurship is an institutionalised form of a cultural life and signifies a unity of interactions between persons and means as well as goods and services with the products offered to the audience in multiple forms. A cultural activity involves a complex system that brings together different competencies and objectives that are broader than initiatives based around a particular artistic work or sector. Numerous cultural activity characteristics originate in the past and as such it is important to be familiar with the historical background to understand it (Heinrichs 2006: 9–10). This is especially important in the field of music including pianists.

### **3 Background: Pianist success factors**

The six case studies of pianists reveal that a pianist's success is linked to implementation of a mission and a vision. At any given time a pianist uniquely serves the art and the humankind; by implementing his mission, he fulfils his vision of an honourable and renowned artist. Even though a pianist's main motivation is artistic self-realisation, he should also take account of economic realities to become financially successful. This requires a broad circle of people as the supporting network. The first members of this network are those involved with initiating the pianist's career so there is a key role played by close family members, teachers or persons who recognise the young pianist's qualities that are the foundation of successful entrepreneurial self-employment. They help the pianist build a network of professional and financial support. An economically successful pianist forms multiple networks<sup>18</sup> offering ideal and varied types of informal and formal support. Members of the network offer the pianist moral, professional and financial support even before he becomes self-employed. A successful independent artistic and entrepreneurial pathway is nearly always the result of the choices made including the appropriate school and teacher as well as participation at

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<sup>18</sup> In practice, entrepreneurs very frequently receive various resources from the same person, which means that this person is present in the entrepreneur's various sub-networks. A phenomenon that marks intertwining of function within a network is called a multiplexity of entrepreneurial networks (Antončič in Ruzzier et al. 2008: 85).

events such as concerts or competitions where he can be spotted by potential members of the network, resource providers, suppliers of pianos, conductors, artistic directors and agents – in other words, it is the result of successful networking.

Preservation and spreading of an entrepreneurial network are therefore key to achieving success for a self-employed person. It is important to have formal as well as informal connections and receive all kinds of support. An important aspect of the network is the moral support in which parents and teachers are usually replaced by spouses, friends or individual members of a formal sub-network. The need for moral support probably exists because of the nature of pianist's activities involves selling a 'product' that can be sometimes very stressful. Equally a pianist's connections with financial and material support providers are also important. In the past, these roles were carried out by aristocrats as well as wealthy individuals and pianos manufacturers. Nowadays, these roles are exercised through national or local educational institutes, music competition funds, piano manufacturers, well-established record companies as well as the concert agencies that organise a pianist's performances.

A pianist is faced with diverse and strong competition from other musicians and service providers promising a pleasant experience. Therefore, he must be innovative to create competitive advantage as well as to preserve his position in the market; successful pianists constantly innovate their innovations mostly relate to music and aesthetics and show that music industry innovations are not limited just to technologies. These innovations now occur in music aesthetics, legislation, work relations, organisation and structures, job roles etc. Tschmuck (2006: 183) differentiates between technological, social and aesthetic types of innovation in the music industry.

Up until Liszt, innovations related to new styles and shapes in the piano-related literature as well to their interpretations and from his period on, they mainly concerned interpretations of already-known works. The pianists, as professional interpreters, have to continuously create innovative interpretations of the older works within certain stylistic,

cultural and social frameworks to exceed the expectations of music professionals and concert organisers, the audience and resource providers. According to Montparker (1998: 89–90) individual artists differ from each other by certain intangible creative qualities. This "special chemistry" that each individual pianist creates with his interpretation of a composition, is the most important aspect of the performance. In being able to uniquely interpret the work whilst at the same time, staying faithful to the composer's intentions, they can be original and innovative.

The pianist's work is marked also by technological innovations, especially those relating to piano manufacture, as well as recording and computer technologies that continuously encourage them to work harder and search for perfection, to discover musical and aesthetic innovations and to improve their brand. Innovation for pianists is evident in the public relations area, as well as relationships with concert organisers and resource providers. However, the most important are innovations related to products and musical aesthetics. The later are essential for creating a professional style, which a pianist uses to develop his image, a key factor in successful marketing.

According to Borgstedt (2008), a pianist's realm comprises the way he interprets the musical notation, the way he follows, observes and understands the composer's instructions or how he forms his own interpretation, all of which is reflected in a critics' reviews. Apart from his interpretation, these articles also focus on the interpreter's professional style. The generally accepted criteria for defining a professional style are perfection, authenticity and exactness. This professional style is also expressed in the pianist's personal understanding of music and in his way of interpreting a particular composer. It depends on how the pianist understands and reacts to the composer, expressing his mental and emotional world. A pianist's professional style originates from his personality and is an important component of his image. A pianist's image is most often created in the media and by the public in articles that reference his interpretations and professional style. The interpreter's professional world creates attention and a pianist's image is never perfect or complete. It is possible to track the revolving main criteria of interpreta-

tion, professional style, repertoire, awards and honours from music competitions and unique characteristics. To promote sales requires an image of an individual with special characteristics and abilities that are stressed and supported by the media. The media thus has the decisive power in establishing important musical personalities. The pianist's image is an important element of media discourse, suggesting a reality that is a construct depending on the media orientation, socially accepted norms or desired lifestyles. In the end, at a pragmatic business level the users' perspective thus dictates what is successful.

Because musicians are self-employed, there is more focus on the interpretation and on the musician's personality, which has become a constant component of a concert. The important figures in music are outstanding individuals, virtuosos that build strategies to achieve success and financial reward based on the excellence of their abilities and personal characteristics. Business excellence is also closely related to the image of an important personality since it attracts admiration as well as attention (Borgstedt 2008). The pianists in this study enjoyed a lot of attention and have been successful in marketing themselves. Even though they are active in various social frameworks, they selected similar business and marketing strategies to achieve success in their business performance.

In the case of a work of art, it is essential to focus on substantive effects since the audience's response during the performance, comments, reviews, media reports and the feedback from listeners and readers, as well as polemics play an important part. Artistic goals must comply with the audience's needs to ensure the artist meets its goals and satisfies the audience's wants. (Klein 2011: 113). The consumers, i.e. audience, enter the exchange process only after they are certain they gain a benefit whether that be entertainment, education, culture, being part of something, discussions, experience (Schneidewind & Tröndle 2003: 74). Individuals evaluate the advantages of the consumption of culture firstly according to their own aspirations and goals that include the usual expectations and these have been the main motive for attending cultural events since time immemorial. The presence of fine arts, an experience

of creativity and aesthetics can broaden our perspective and affect our minds and feelings. The art shapes our personality, we feel dedicated to beautiful, good and valuable matters. The purpose of art and culture is also entertainment. Providers of artistic activities, especially musicians, compete with other leisure activity providers having an entertaining value that brings relaxation, entertainment and offer a break from everyday life (Gottschalk 2006: 105–107).

An important element for the implementation of the exchange is not the supplier's point of view but the benefit of the product as perceived by the consumer. Marketing thus succeeds if the supplier can recognise the benefit of a product from the listener's point of view. A supplier can address a consumer by using different strategies to present the benefits. The basic benefit, the best possible performance, can be offered by using the strategies relating to the quality of, and aiming offer the best possible, performance. Cultural services also offer social benefit since nobody likes to sit in an empty concert hall even if attending an excellent event. Specific social context is important. A concert should be perceived as an event one has to be at (Klein 2011: 110). This could be achieved by using an appropriate image strategy, by striving for artistic quality, reflected in international recognition, reputation and popularity, which is the main task of each pianist. In order to establish oneself in a very competitive international market it is necessary to plan the acquisition and maintenance of a market or to develop strategies for entering and positioning on the market.

Tours are one of the usual ways of implementing a concert activity and involve strategies of market penetration and market development strategies. At the same time, there are also differentiation strategies to help pianists gain recognition and reputation and establish their image. Up until the 19<sup>th</sup> century pianists such as Mozart, Beethoven, Liszt were also composers, developed new products and new interpretation. This strategy of developing products enabled them to satisfy their audience and increase their popularity. From the 20<sup>th</sup> century onwards pianists, who were only interpreters, developed their market by carefully selecting their audience including important musicians and potential support-

ers. This strategy had been used by their predecessors who performed for important aristocrats and focused on building their reputation and recognition. Development of the market and products are the usual strategies used for positioning in existing or new markets, while a pianist often retains his audience by also adapting to their current wishes even though this means that he does not strictly follow his original vision and mission.

It is also important for pianists to perform in important musical centres and at prestigious locations. The market penetration strategy enables them to successfully position themselves on the market provided they have good teachers. They then play in front of important, critical audiences to build their reputation. In the past, if a pianist wanted to enter the market it was important that he was proclaimed as a prodigy with enormous musical talent. A contemporary pianist's entrance to the market now involves winning an important competition. Competition, involving a strategy for relationships with competitors, used to be an important way of acquiring reputation and recognition from music professionals and public. While winning a competition might represent a key factor for entering the market and positioning on the market today, it is artistic quality, reputation and recognition that are the main goals of each pianist. These strategies enable differentiation and formation of an image that in the longer run can bring competitive advantage and as a consequence financial success.

A pianist has to consider, budget and monitor the financial as well as non-financial factors of his activity to forecast and monitor his business success. He can plan to achieve objectives and define them in a business plan to determine its vision and mission, and using a SWOT analysis, assess opportunities and threats of its market activity and his own strengths and weaknesses. He can set up strategies and tactics to successfully use opportunities, avoid failures, realise one's potentials and eliminate weaknesses. In relation to this, a pianist can decide about the sale by areas and market segments, a desired figures of monthly incomes, product policy, price policy and promotion activities. Once he



projects his operating costs and expenditures, he can create a financial plan.

One of the most difficult tasks for a self-employed pianist is to discover revenue sources and scope, to assess operating costs and ensure liquidity and to generate savings. Revenue generated in the market usually includes revenue from concerts of various organisers, revenue from self-organised concerts, income from teaching or financial awards from competitions. At the beginning of a career, when a pianist begins to establish himself, revenue is usually small and irregular so he looks for additional source of financing. A musician can apply for funds at various foundations, sponsors and donors as well as for public sources at a national, regional or local level. Each source has its own logic and rules. An artist must find out which sphere is the most suitable one for him at a given moment in time and has to use an innovative way to obtain financing since the competition is strong despite his recognition and reputation. Therefore, the BSC model shown below was prepared and focuses on the implementation of a strategy for gaining recognition and reputation as the key success factor of a self-employed pianist.

#### **4 Methodology**

The content of this paper is a part of a larger qualitative research on the business aspects of a self-employed pianist activities. A qualitative approach was chosen because of the nature of the research content and the problem under consideration. The research strategy was a phenomenologic case study suitable for the study of the business aspects of the activity of a self-employed pianist. On the one hand, a deductive research approach was used for studying existing material on entrepreneurial activities and the cultural or artistic sector. From this it was therefore easier to form a baseline research model and to integrate the findings in the framework of the existing knowledge in this field. On the other hand an inductive approach was used to define the business

aspects of pianists by implementing a secondary analysis or the analysis of the material.

In the analysis the focus was on a smaller number of pianists i.e. Mozart, Beethoven, Liszt, Rubinstein, Buchbinder and Lang Lang. In order to assess the problem, information on their implementation of business tasks was gathered in the actual socio-economic environment. The study focused on early periods of activity of individual pianists, ten years before self-employment and ten years after self-employment. The reason for this is that the pianists usually start to implement their activities early on in their life including education, and attending master courses, taking part in competitions and performing in public to build their reputation and establish themselves on the market.

Further, historical-biographic and historical-comparative methods for the collection and analysis of the information on the activity of the pianists in the past were used. The data was obtained mainly by studying the relevant literature and other written sources on individual pianists and events that had had an impact on their activity, by studying documents such as letters, biographies, concert programmes, books of pianists' contemporaries and younger authors. Secondary data from web sources was used as well. The study also included contemporary pianists provided they were deemed to be successful and there was sufficient data available about their work. The data was compared and differentiated in order to establish the business operation of successful self-employed pianists. Business aspects of their activity were evaluated with a qualitative analysis of the content, which is important for the analysis of texts, newspaper articles, reports, speeches, discussions etc. The last phase of the qualitative analysis involved interpretation of the selected, organised and analysed data and the presentation of the findings. The analysis and the interpretation were used for the definition of the key factors that have an impact on business performance of pianists.

In such a research process, defined success factors helped in the design of the BSC method. As an illustration, all studied pianists Mozart, Beethoven, Liszt, Rubinstein, Buchbinder, Lang Lang attended various competitions and were awarded or recognised as important musicians.

Mozart, Beethoven and Liszt were attending "competitions" in improvising. Rubinstein, Buchbinder and Lang Lang won prizes in international competitions. These were the ways to gain recognition and reputation. Such competition results were selected and employed as critical success factor. Placement at an international competition was a goal and the name of the competition and results an indicator in the review of a pianist's objectives and indicators in terms of learning and growth. Thus it follows that victories in competitions were placed in the learning and growth perspective of the strategy diagram. Similarly, other reviews of a pianist's objectives and indicators for all four perspectives of the BSC model were designed and considered in a strategic diagram of a pianist with a strategy for gaining recognition and reputation.

## **5 The results: BSC for pianists**

A study of innovation, networking, marketing and financing of pianists employed as micro-entrepreneurs, revealed that even though they function on their own, it is possible to create a model of their entrepreneurial activity. The BSC model can be used within the individual areas of work to determine key success indicators and establish a cause and effect connection between them according to the perspectives included in a model. A self-employed pianist works on his own and therefore plans, coordinates and implements all the activities planned in the BSC. The basic elements for setting up a BSC are a theoretical base for the model, knowledge about the activity of other self-employed pianists and especially about their successful or unsuccessful strategies for achieving objectives, knowledge about the broader environment, and clear own vision and mission.

It is important how a pianist develops his potential and how he will perform for his customers to fulfil his vision. He has to know which strengths to use to satisfy business partners and how to approach finance providers in order to obtain financing. All four perspectives in a pianist's BSC are thus important; customer perspective, financial per-

spective, learning and growth perspective and business processes perspective.

The stories of successful pianists show that all areas of work include the main and critical goal to become an established and renowned artist. A successful pianist builds his reputation in all areas that helps him enter the market more easily, gives him access to other sources of financing, and collects satisfactory income. The learning and growth perspective (table 1) includes outstanding performance and other functional knowledge that facilitate and improve communication and access to information. How to attain outstanding performance and which indicators are used for its measurement? Firstly, by taking music lessons provided by excellent pianists during regular education and by attending master classes. The quality of performance is also assessed by other excellent musicians at competitions. A pianist's reputation and recognition can also increase after public performances at important locations and after receiving positive reviews. The strategy for gaining reputation can be better implemented if a musician is familiar with non-musical knowledge and skills that facilitate communication and access to important information. He can reach these partial goals if he speaks foreign languages, knows how to use a computer, as well as cooperates and socialises with people from other professions, mainly lawyers and economists. From the internal business processes point of view (table 2), a pianist should form a programme and create his own interpretation. These artistic qualities are important components of his image. A pianist's public image, reputation and recognition are also affected by his way of communication with customers, resource providers and the media, by his accuracy, reliability and politeness. The critical factors of a successful operational process are innovativeness in the design of a product and in public relations.

<i>Critical success factors</i>	<i>Goals</i>	<i>Indicators</i>
Education at renowned schools under renowned professors	Excellent performance	Schools and professors
Participation at master classes	Excellent performance	Successful auditions in front of excellent pianists
Good competition results	Placement at an international competition	Name of the competitions and results
Positive reviews	Reputation and recognition, possibilities to perform	Number of reviews received and their content, number and place of performances
Knowledge of foreign languages	Effective communication	Active knowledge of at least one global language
Computer skills	Effective communication, information	Mail, the internet, music and non-music programmes
Acquisition of new members of the network	Effective communication, information and other benefits	Benefits from the network, names of members and their number

Table 1: Review of a pianist's objectives and indicators in terms of learning and growth

Source: Goličnik (2015)

<i>Critical success factors</i>	<i>Goals</i>	<i>Indicators</i>
Own interpretation	Pianist interpreting a specific composer or having a specific style of playing	How often is this recognised by the professional public (media publications)
Innovativeness in the programme	Specific programme, something different, new	How often is this recognised by the professional public (media publications)
Effective communication with customers, interesting presentation – CV, fast responsiveness, nourishment of contacts	Possibilities to perform	Number of performances, invitations to other events...
Effective communication with resource providers, interesting presentation – CV, nourishment of contacts	Acquisition of funds	Volume of funds, frequency of financing
Effective media communication	Publications in the media, reviews, interviews	Regular, occasional, type of media...
Effective communication in the network	Possibilities to perform, obtain funds, appearances in the media	Benefits from the network, names of members and their number

Table 2: Review of a pianist's objectives and indicators in terms of business processes

Source: Goličnik (2015)

A pianist's market strategies reveal what is important for his reputation and recognition in terms of customers (table 3). He uses the strategies to raise the attention, obtain, preserve and attract more audience. The audience expresses its satisfaction by regular attendance at concerts, in its reaction on a pianist's concert and by bringing others to his concerts. In the past, it used to be important for the pianist to be proclaimed as a prodigy. Today we use the term "young talent" although many people still prefer the term "Wunderkind". Activities and performances in important music centres, where a pianist can be heard by persons that can offer him new options for performing, and access other financial sources, was a success factor of all important and successful pianists. Results at competitions and media publicity can raise the attention of the professional as well as of the general public, increase the possibility of performing and recording, attract the attention of the audience and potential agents. Selection of a programme, cooperation with piano manufacturers and publicity work are ways to gain recognition, reputation and creation of an image also in the eyes of potential buyers.

Assessment of successful implementation of marketing strategies for gaining reputation and recognition is a very demanding task for a pianist. If a pianist organises concerts by himself, the financial effect is an indirect criterion of loyalty and satisfaction of the audience. If he is invited by organisers to perform, the criterion can be the price and the frequency of performances. The greater the reputation and recognition of a pianist, the more income will be generated in the market. More performances lead to increased recognition by the audience as well as by record labels, piano manufacturers and agents who usually later on take over the marketing function.

<i>Critical success factors</i>	<i>Goals</i>	<i>Indicators</i>
Satisfaction of the audience	Concert visits	Number of audience, profit
Satisfaction of the organisers	Concert visits	Achieved price
	Possibilities for further performances	Number and frequency of performances
	Scope of publicity	Concert announcement, reports
New audience	Visit of the event	Number of audience
Interest from recording houses, piano manufacturing companies, agents, critics; new members of the network	Recording offers	If yes, how many?
	Offers for cooperation	Terms and conditions for cooperation
	Critiques published in the media	Number and nature of reviews

Table 3: Review of a pianist's objectives and indicators in terms of customers

Source: Goličnik (2015)

Practice shows that at the beginning of a career the income generated on the market is not sufficient to cover all costs and present an inappropriate payment. A pianist must therefore search for additional financial sources. This is when reputation and recognition play an important role. The criteria of recognition and reputation are critical from the point of view of learning and growth, business processes and marketing and are used by public and other financial resource providers in the allocation of funds. If a pianist does not have sufficient additional sources of financing and does not build appropriate reputation and



recognition, he is sometimes forced to adapt to specific audience, which is not always in line with his mission. Non-compliance of strategies with the vision and mission brings failure in the longer run and this is why artists need additional financial sources for implementing their vision. It always takes a lot of time to obtain public funds or funds. This is why the income perspective has to be planned for a longer period to avoid illiquidity.

In terms of finances, it is very important for a pianist to create an appropriate range of revenues to cover costs and to have appropriate payments. The growth in revenue is therefore a key factor in financial success. It is also important for a pianist to have enough funds available to settle current obligations. Business performance results and liquidity are affected by the acquisition of other financial sources and careful management of assets that are important factors of financial success as well. Financial indicators determined in a business plan are the criteria for monitoring and evaluating performance from the point of view of finances. These are presented in the table 4. Acquisition of additional finances usually refers to individual projects. Financial projections that are set up for longer time periods can be also prepared for bigger individual projects. This happens very often in case of pianist who is preparing thematic concert cycles or recordings. A BSC model prepared for each project enables a pianist to monitor and evaluate a project and it is also important when a pianist applies for public or other funds since the resource providers usually request a submission of the project's evaluation.

Even though a strategic diagram of an organisation usually created in a company for the BSC model, might not be necessary in case of a self-employed person, this article tries to establish the critical factors in a cause and effect relationship and create a strategic diagram for the application of the strategy for gaining recognition and reputation (figure 1).

<i>Critical success factors</i>	<i>Goals</i>	<i>Indicators</i>
Revenue growth	Achieved planned volume of revenues	Generated revenues in the market
	Acquisition of additional sources from public funds, sponsorship and donations; new members of the network	Source, volume and frequency
	Money awards	How many, sources
Cost management and liquidity	Revenues exceeding expenditures	Actual values regarding the projections in the profit and loss statement in the business plan (annual revenues and expenditures, monthly revenues and expenditures) Sources for financing
	Liquidity	The actual available value regarding the projected balance sheet and cash flows (annual volume of cash flows)

Table 4: Review of a pianist's objectives and indicators in terms of finances

Source: Goličnik (2015)

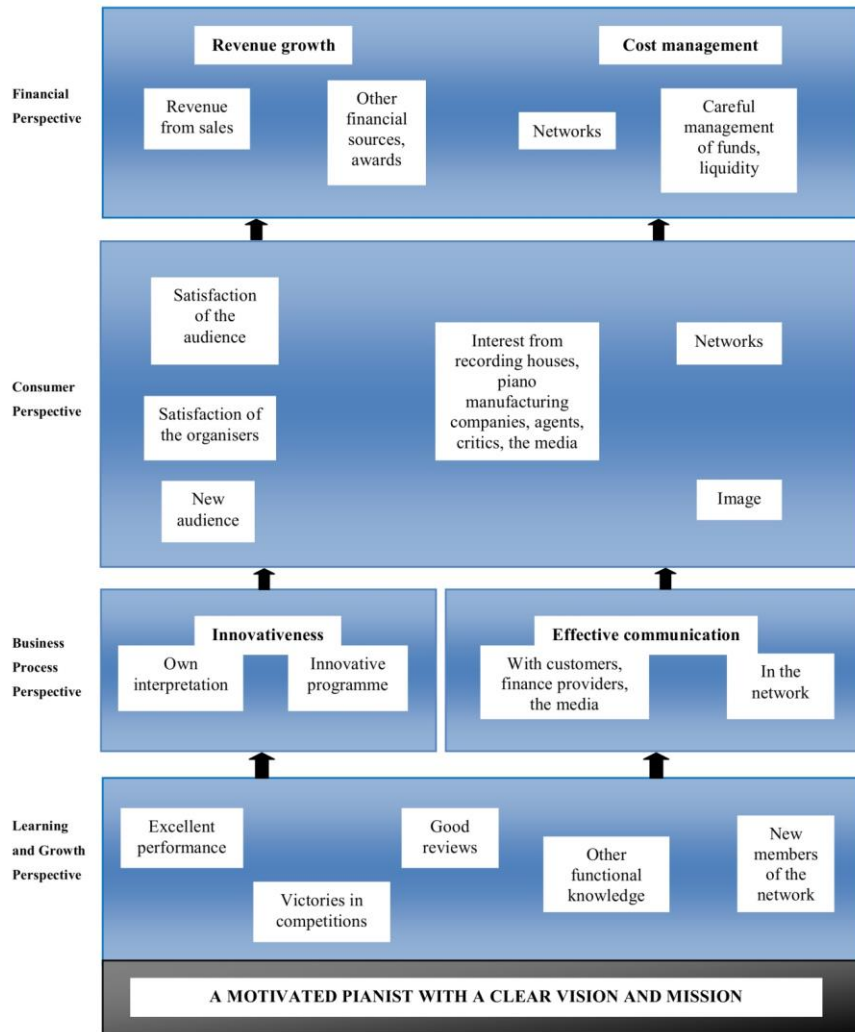


Figure 1: Strategic diagram of a pianist with a strategy for gaining recognition and reputation

Source: Goličnik (2015)

The diagram shows key success indicators in a cause and effect relationship and is therefore an important tool for a pianist. It offers him guidance in individual circumstances so that the consequences of his activity are favourable in terms of all business perspectives. It shows how the implementation of a strategy from one perspective affects the key success indicators from other perspectives of business activity.<sup>19</sup> For example, a good placement in a competition enables a pianist to enter the market and at the same time attracts the attention of critics. In terms of finances, this enables him to access other financial sources, apply for public funds, possibly find a new donor or sponsor and consequently a new member in his network. Similar connections can be found for each factor and indicator since the diagram is based on the results of a comprehensive study of business perspectives of a pianist's activity that revealed key success indicators of business performance. An example of a BSC for pianists underlines the implementation of the strategy of gaining recognition and reputation as the key success indicator of a self-employed individual – a business novice.

## 6 Conclusion

This paper focuses on a model of an entrepreneurial activity of pianists in the initial phase of self-employment. Schneidewind (2006), Weinstein and Bukovinsky (2009), Turbide and Laurin (2009) supported the arguments that the BSC model is useful for the cultural and arts non-profit sector. The model shown and commented within this paper thus represents a step forward since key success factors for business activity of pianists were defined and explained, and accordingly a Balanced Scorecard model was designed for a self-employed pianist – a novice in the business. This model enables a pianist to develop his potential and define the ways in which he wants to perform for his customers to fulfil his vision. A pianist can decide about the areas in which he has to excel to

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<sup>19</sup> Some authors also show all of the connections in a diagram. The present article does not include such a diagram since it would not be transparent because of the substantial number of connections.

meet the expectations of his business partners and how to approach finance providers to obtain funds. All four perspectives in a pianist's BSC thus play an important role – customer, financial, learning and growth and business perspective. The pianist's main and important objective is to become a renowned and established artist. He builds his reputation in all areas of operation and the reputation helps him enter the market, access other financial sources and generate satisfactory income.

The model includes success factors, determined by individual perspectives that proved in cases of the studied pianists to be the decisive factors for the acquisition of reputation, recognition, glory, successful entrance on the market and generation of income. The model is effective only if the objectives are measurable, so that a pianist can monitor when and to what extent they are met. In this way, he evaluates the selected strategies. This is why an exact definition of indicators is the most difficult part in the creation of the model. It is difficult to express the non-financial indicators in numbers since, for example, an award at an important international competition is worth as much as several awards won at the competitions that are not among the top ones according to the professional public. The situation is similar in terms of reviews and publications on the media. It is important who writes a review and which media publishes it. It is also necessary to carefully consider the evaluation of the effectiveness of the communication with the media and resource providers since the achievement of that objective strongly depends on external factors that are difficult for a pianist to foresee. Definition and monitoring of financial indicators also represent a demanding task for a pianist since he has to learn about the budgeting, determining the time frame for financial realisations. It is difficult to make accurate projections because of mixed financing.

In the postmodern society, where classical music is in competition with other musical genres, most of all with the pop culture the majority of young people identifies with, young classical musicians are faced with numerous challenges when they want to build their public image in an innovative way. The BSC model can thus be of great use for musicians. This model could be established as a model for monitoring networking

or innovation strategies, in a similar way as it is made for the strategies for gaining recognition and reputation. Similar cause and effect relationships would definitely reveal similar key success indicators. Even though this paper focuses only on pianists, since their work includes rather specific characteristics in comparison to other musicians, the guidelines for those at the beginning of the career would be useful for other musicians or artists as well.

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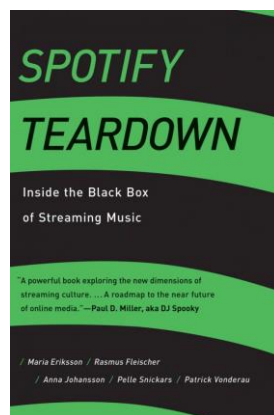
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**Spotify Teardown: Inside the Black Box of Streaming Music**  
by Maria Eriksson, Rasmus Fleischer, Anna Johansson, Pelle Snickars & Patrick Vonderau, The MIT Press, ISBN 978-0262038904  
(Paperback)



**Book review by Martin Ivan Mikulik**

*Spotify Teardown: Inside the Black Box of Streaming Music* is the highly anticipated work of five interdisciplinary scholars: Maria Eriksson, Rasmus Fleischer, Anna Johansson, Pelle Snickars & Patrick Vonderau. This new text aims to "*initiate public debate about the often subtly changing standards, values, and politics of cultural dissemination online*" (p. 2) by examining, questioning and experimenting with Spotify's front and back end. The book consists of four chapters, plus an introduction and a conclusion, each immediately followed by so-called "interventions". In trying to explore the way in which Spotify is commonly perceived, the researchers analyse Spotify from every possible angle.

Chapter 1 "Where Is Spotify" starts by questioning Spotify's corporate history, analysing it through the lens of its funding rounds. This approach proves helpful to understand the way the company was built



from a service that relied on pirated material. It also helps put into question Spotify's foundational vision, i.e. a narrative that portrays them as the saviors of the music business through the creation of a legal music streaming service. By exploring its many changes, this chapter showcases how, in reality, the company seems to have changed dramatically basing core-business decisions on economically sustainable reasons more than a technological vision.

The second chapter "When Do Files Become Music" explores the system's backstage describing its network infrastructure and the data gathering and sharing processes. It also discusses the service of aggregators, providing evidence of their arbitrary rejection criteria, and the detrimental influence they have on smaller rights holders that see their distribution chain get longer and less profitable. The chapter ends by discussing an experiment aimed at finding algorithmic flaws on Spotify radio that shows how patterns tend to repetition even after different user input.

Chapter 3 "How does Spotify Package Music" moves the analysis to what the user can see, examining the front end of the service. By picking its interface apart, the authors describe the particular way in which the system's recommendations influence users. By displaying a set of playlists at specific hours of the day, the system creates a narrative of what the typical user should be doing at that time to live "*the good life*" (p. 121). They also analyse how a "*utilitarian approach to music*" (p. 123) is enhanced by the ubiquitous aspect of the service and the use of playlists targeting the performance of specific activities from working to exercising. As a coda, they share an experiment using Spotify's recommendation algorithm that suggests that there are differences in music recommendations based on gender and age, the two demographic variables that are required to subscribe to the service.

The fourth chapter "What is the Value of Free" explores the monetary aspect of the company. Starting with the historical contextualization of the meaning of free within the music industry, it analyses programmatic advertising within the platform and its middlemen, and it ends by describing the way their network communications work. By doing so,

they question the role of Spotify as a mere distributor and describe it as a mediator because of the role its recommendation and classification systems play connecting users' data with advertisers.

The smaller chapters named "*interventions*" serve as a way for the authors to insert themselves as participants of the Spotify model and interfere in the world they are investigating. This prompted a new topic of discussion on the ethics of big companies toward research after the group received a letter from Spotify questioning their practices. This topic is properly dissected, making it one of the biggest accomplishments of the book. Though some of these interventions work better than others, the overall result demonstrates the power of new bold approaches for the research of new technologies. Through the use of bots and the creation of an app and a record label, the researchers tried to find answers to topics ranging from algorithmic discrimination to the meaning of music within Spotify's platform.

The book is recommended for users of the service and readers curious about the history of Spotify, its inner-functioning, and the way music consumption works in the 21<sup>st</sup> century. It also will certainly be useful for scholars interested in a discussion of ethics on new research methods on modern technologies.

In conclusion, though some of the author's experiments and results had been published in previous publications, this work proves to be valuable, integrating different concepts, methodologies, and approaches in a well-curated volume. In doing so, it becomes a significant voice in the ongoing discussion that new technologies bring to the table with their disrupting products. As it tries to answer old questions in new and original ways, at the very least, this book raises important and timely questions.

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