Music enterprise and cultural entrepreneurship: How are independent music entrepreneurs adapting to working in the digital economy?

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Abstract:

This paper focuses on independent music entrepreneurs, capturing their experiences and perspectives of the rapidly changing music industry and examining the effects digital technologies are having on their practices. This research stems from observation of the weakening economy of the British music industry's production, retail and distribution chains caused by growth in digital technologies, together with the rise in direct relationships between artists and consumers evangelised by new media commentators (Anderson, Dubber, Kusek & Leonhard). The current situation is underpinned by an analysis of the changing nature of the music industry. The adaptations made, and challenges and opportunities faced, by independent music entrepreneurs are examined through case studies and personal experiences to determine what skills and strategies are needed for them to thrive in the digital economy and defining the new relationships between 'majors' and independent practitioners.

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Introduction

The music industry faces "*radical uncertainty*" (Wilson&Stokes,2001:44) from the economic and business model disruption caused by digital technologies. This research focuses on independent music entrepreneurs, capturing their experiences and perspectives of the rapidly changing music industry and examining the effects digital technologies are having on their practices. I contextualise their experiences with wider empirical data about changes in the music industry to understand how the current situation indicates future trends.

This research set out to answer two key questions:

1) What are the opportunities and challenges facing independent music entrepreneurs - particularly 'micro' enterprises operating outside of the traditional music industry - in using digital distribution, marketing and communications?

2) What skills and strategies do they need to succeed in the digital economy?

I define independent music entrepreneurs as those working within all aspects of music production, retail and performance outside international corporations, with particular focus on popular music as classical music tends to operate within subsidy and education models. I use an ethnographic approach to give a voice to an under-represented group working outside the traditional music industry structure. In addition to economic independence, many participants are "'*independent' in character, working according to their own beliefs and at their own pace*" (Wilson&Stokes,2001:41).

The idea for this research came from my own involvement in music. In 2000 I began my professional career working for an independent record label then became the first online marketing employee at major label Universal Music. I entered the music industry at a time when new media was being adopted relatively late as an experimental platform for marketing; subsequently, digitisation has weakened the incumbent commercial industry. I left the music industry, continuing to work in the digital media industries and practicing as an independent musician.

In 2008 several factors created a tipping point for change: a sharp decline in physical sales due to consumer preference for digital formats; the simultaneous collapse of retailers Zavvi, Woolworths and distributors Entertainment UK and Pinnacle; and a global recession - the old hierarchical structures of production and distribution in the British recorded music industry began collapsing.

The Government's 'Digital Britain' interim report (Carter,2009) attempts to enhance the regulatory framework to control digital technologies, proposing a Digital Rights Agency to "*keep consumers on the right side of the law, and ensure artists get properly paid*" (David Lammy, Minister for IP, cabinetforum.org), aiming to cut illegal file-sharing 80% by 2011. In tandem, two UK (Featured Artists Coalition and UK Music) and one international (Merlin) trade bodies were established in late 2008 for the industry to collectively lobby to benefit from new patterns of production and consumption of digital music.

In recent years a swathe of commentators began to talk about the opportunities for independents to exploit digital platforms to promote and sell their work, many originating from web blogs such as Chris Anderson's 'The Long Tail', Kevin Kelly's '1,000 True Fans' and Andrew Dubber's 'New Music Strategies'. All present the digital era as a 'brave new world' where the independent artist is empowered to control their creative output and engage in direct dialogues and retail with fans.

Yet, in common with the commercial music industry, for many independents, 'pick-and-mix' MP3s have cannibalised higher-margin album sales, the proliferation of file-sharing and the diffusion of audiences and markets has detracted from their ability to create economically sustainable activity. According to UK licensing body PRS For Music, 90% of their members earn less than £5,000 a year in performance and recording royalties (April 2009).

Throughout this research I contextualise the experiences of independent music entrepreneurs within wider changes in the global music industry which affect the status, production mechanisms and consumption of popular music. The Literature Review sets the context and reviews authoritative studies to analyse these changes in peer-to-peer distribution, copyright, digital marketing, business models and skills.

Using a qualitative, ethnographic research methodology, I combined interviews and an online survey with participant observation. I engaged a range of participants, all active practitioners in the independent music sector.

In the Findings chapter I draw out key themes introduced in the Literature Review to theoretically underpin my research findings, using direct quotations from practitioners and illustrative case studies to explore their adaptation strategies for digital technologies, discovering how 'majors' and 'indies' co-exist in the digital economy.

Chapter 1: Literature Review

This research discusses the effects digital technologies are having on independent music entrepreneurs, reflecting on their future challenges and opportunities. The impact of digital technologies on the music industry is not an uncommon area of study; an initial search revealed over 100 academic papers on the subject. Many of these are by American and European economists published in 2001-2004 during the popularisation of file-sharing, containing quantitative data and reflecting on the impact faced by major labels. There are few texts, however, which look at independent music and the changes in practice caused by digital technologies or ethnographically investigate independent music entrepreneurs. My research bridges this knowledge gap. My study reviewed three international sources: academic journals about digital music published since 1999; academic research analysing the music industry; publications by industry and new media commentators discussing trends and online value models.

Studies emphasised six key themes, therefore I have chosen to structure my Literature Review and Findings chapters against these:

The changing role and values of the music industry;
The effects of peer-to-peer digital distribution;
The changing values of copyright;
The opportunities of digital marketing and social media;
New business and value models;
Business skills and entrepreneurship.

The changing role and values of the music industry

The global music industry - primarily build around the *recorded* music industry – continually evolves, driven by technological innovation. In the 19th century music halls were the primary access to popular music, creating professional singers who became their stars. The real money was in sheet music for the home; the singers promoted the ‘product’ of scores.

Edison’s invention of the gramophone in 1877 made records the main commodity, transforming music from a performance and service to a product (Kusek&Leonhard,2005:12). New products and platforms were not welcomed by all. The composer Sousa called gramophones ‘infernal machines’, fearing the record business would ‘devalue music.’ The music business as Sousa knew it – through sales of pianos and sheet music - collapsed (Dubber,newmusicstrategies.com). The advent of broadcasting through radio and cinema in the early twentieth century increased the scale and reach of music, increasing its profit and its workforce. Radio made music commonplace, The Association of Sheet Music believed listeners: *"...bathe in music as a pleasant sensation, with half-hearted attention*" (Kusek&Leonhard,2005:127), echoing Adorno's fears that recorded music *"encourages alienated, narcotised listening"*, criticising popular music for its "*standardized production*" (1941).

Understanding the music industry's structures and inter-relationships between 'major' labels and 'indies' is critical in viewing how technology impacts on the independent music sector. An academic study of the music industry is itself problematic: Negus believes the industry emits confusion and is immune to systematic or 'academic' explanation, often failing to operate according to its own criterion for success (1999:7). Conversely, Wall observes a highly organised and commercially exploitative industry which paradoxically co-exists with creative expression and personal identity (2003).

The four major labels ('majors') account for 72% of the global music market (Circus,2007) – an oligopoly of large companies which form lobbying groups (Hesmondhalgh,2002:69). Davis and Scase's categorisation of cultural industries can be applied to music: majors form 'commercial bureaucracies', with formalised control and co-ordination, 'charismatic organisations' (larger independent labels) achieve co-ordination through shared values but less formal control, fed by 'network organisations' - micro-companies operating in networks. The 1990s saw a decline in mid-size 'charismatic organisations' and a rise in large and smaller organisations (2000:104-127), observed in today's dominance of majors through their absorption of mid-size labels, co-existing with a vibrant market of micro-enterprise 'bedroom labels'.

The music industry has been subjected to academic scrutiny for its overt links with commoditisation and capitalism, with majors as the dominant institutions of a homogenised culture industry (Wall,2003:71). Chapple and Garofalo's 1977 study of the USA music industry showed that control by a few major corporations had a detrimental effect on the diversity of music listened to, reflecting Peterson and Berger's 1971 study of 1948-1973 top 10 hits which showed an inverse relationship between business concentration and diversity. However, Burnett (1992) used their theory to analyse 1980s music, finding high levels of concentration and diversity simultaneously. In 1986 Garofalo reassessed his claim of cultural erosion, finding no correlation between controlling the marketplace and controlling the form, content, and meaning of music. Negus believes "*culture produces an industry*" – music production does not happen because of a corporate structure but relates to broader culture practices (1999:18). 'Institution autonomy' weakens institutes, who cede control of production to musicians before fans and artists come together in ‘proto-markets’ (Toynbee,2000:19-25).

Hennion’s studies of the French music industry (1982,1983,1989) identified ‘collective creation’ with music industry personnel as mediators who connect artists with audiences. A&R (artist and repertoire)introduces the idea of an audience involving empathy and intuition (1983:191). The weakness of independent artists producing without A&R intervention is observed in Prince’s release of three simultaneous download albums, which Observer Music Monthly reviewed: “*he’d have done himself better service to release just one album somewhere everyone could buy it...*” (Davis,2009:42).

Independent labels have challenged the majors since 1950s rock-and-roll when independents produced 69% of top 10 singles (Kejner,2007:12). Independent music took a new direction in 1977 when The Buzzcocks sold 15,000 copies of their self-released, self-financed ‘Spiral Scratch EP’. This led to the popularisation of DIY releases, kick-starting the punk and new wave movements. The Desperate Bicycles demystified and explained the process on instructional record sleeves declaring: “*go and join a band, it was easy it was cheap*” (Do It Yourself:2009). By the 1980s an ‘indie’ scene had grown, pitting small DIY producers against majors for chart success. By the late 1990s, many pioneering labels had been bought-out by majors e.g. the 1995 sale of Sub Pop, the Seattle label that created grunge, to Warners. ‘Indie’ then became synonymous with a style of guitar music rather than reflecting DIY principles.

Though perceived by fans as polar opposites, a web of connections has always existed between small and large record companies, with indies becoming A&R for major labels (Wall,2006:16), both linked in licensing, financing and distribution deals in a strategic “*alliance capitalism*” (Castells,1996:162-4). Negus believes the industry adopts two tactics: over-production, covering many genres like throwing mud at a wall or ‘testing’ the commercial potential of new genres by co-opting or swallowing the ‘indie’ (1999:34). The idea of independence and sincerity is a myth based on a few pioneering labels (1992:18).

Global recorded music sales peaked at $39.8 billion in 1996. By 2005 this had decreased 16% to $33.46 billion (Kejner,2007:14). Michael Jackson’s 1988 ‘Thriller’, with 50 million sales, is still the best-selling album of all time. Global trade value decreased 6% during 2008 with music sales approaching half their value in 2000 (Jopling,juggernautbrew.com). Many factors which explain the decline in CD sales relate to greed and lack of innovation in the industry: price increases of 7.2% from 1999-2001 in a period of no economic inflation; fewer titles released by major labels; increased competition from other media; radio consolidation leading to shorter playlists; lack of ‘superstar’ releases; fewer CD singles produced. Since the 1980s secondary rights (licensing and copyright) have become more profitable than primary rights (selling records); the internet has made this shift more radical (Burkhart&McCourt,2006:23-72).

The weakening of the recorded music industry aligns with the ‘Kondratieff Cycle’ – it takes 50 years to reach the crest of the wave in any industry but growth is deceptive as repayment on capital takes a long time (Drucker,1985:4). The recorded music industry grew exponentially from the post-war years and reached its economic peak 50 years later at the turn of the millennium.

In 1935 Walter Benjamin saw the potential for mass media technology to break down the traditional barriers of authority, turning artists into democratic producers, although with the loss of ‘aura’ in performance. By the millennium the internet was transforming business - particularly the music industry. “*Music takes to digital technologies like a duck to water*” (Howkins,2001:61), a popular internet pursuit since 1993s Internet Underground Music Archive which sold works by unsigned artists.

The music industry produces ‘public goods’ – its consumption is not diminished by passing it on. It achieves scarcity by limiting access by means such as copyright to prevent duplication and controlling distribution channels (Hesmondhalgh,2002:19) to achieve the optimum price before goods ‘go bad’ (Burkhart&McCourt,2006:50). The birth of one media does not eclipse that of another: television did not replace cinema, radio did not replace concerts, but online music’s arrival haemorrhaged this hierarchical model. Amazon, ‘the world’s largest bookstore’, made inventory space anathema; digital distribution makes huge volumes of content available which can be profitable after covering the cost of cataloguing and digitisation.

Diversity has been a significant limitation for many digital music services, for example the failure of MusicNet and Pressplay (2002) which stocked limited catalogues only from partner major labels (Gordon,2005:89). Goldstein’s ‘celestial jukebox’ was a utopian concept to describe a satellite connection to a vast warehouse of music (1994). Only in 2009 with the launch of music streaming service Spotify are there services which provide unlimited access to ‘the world’s largest record store’.

The launch of iTunes by Apple in February 2006 had a transformational effect in commercialising and legitimising downloads: by April 2006 Gnarls Barkley’s ‘Crazy’ was the first UK No.1 through download sales alone; by June 2008 iTunes had sold five billion downloads. CEO Steve Jobs believed their success was offering a simple service, equivalent to the “*instant gratification*” of file-sharing (Jobs in The Rolling Stone,2003:5) The iPod allows for the portability of an individual’s entire music collection and a change in the culture of ownership. For many music fans today, physical products are environmentally wasteful, impractical and cumbersome – access is more valuable than ownership. Laurie Anderson believes, "*where people once wanted bigger cars and bigger offices, they now want smaller, tinier things*" (Coyle,1997:vi), born out by the fetishisation of the iPod - 4% design and manufacture, 96% experiential (Powell,2007).

The IFPI's Digital Music Report (2009) shows digital now accounts for 20% of global music sales. iTunes single track download model is great news for the consumer but bad news for the recording industry, ravaging their highly profitable model of 'bundling' tracks on a high profit margin CD as "*no institution built around selling products for dollars can survive from selling those same products for cents."* (Jopling,juggernautbrew.blogspot.com).

The effects of peer-to-peer digital distribution

Many studies since 1999 have investigated the impact of peer-to-peer file-sharing technologies on the music industry. Findings have been contradictory and inconclusive: studies by government bodies or music trade groups (Zetner,2003, IFPI,2008) report negative effects, earlier studies (Vassileva,2002, Adar&Hueberman,2000) show a net positive effect on the then buoyant CD trade, compared to later studies (Liebowitz,2005) showing net losses on purchase patterns.

Downloading music boomed in popularity following Apple's controversial 2000 'Rip, Mix, Burn', campaign. Apple's iPod became the icon of a new generation of music consumers for whom volume, variety, and portability of their music collection was more important than its legality. Critics noted that the iPod 40GB holds 10,000 songs - larger than most people's CD collection - thus encouraging downloading (Gordon,2005:114).

Tape-sharing was a phenomena of the 1970s-90s which helped to popularise the punk and new wave moments, reflected in the 1981 song 'C30, C60, C90 Go!' by Bow Wow Wow, yet this song encouraged "*going down the record shop*". Digitisation allows for an immediate, low or no cost transfer of music in larger volumes by disc, portable flash drive or sharing files via decentralised bit-torrent software. A visit to a 'record shop' is no longer necessary to access music. A 2008 survey by UK Music and University of Hertfordshire of 14-24 years olds revealed 95% copied music in some way (Music Week,14-02-09:4). Napster became the first martyr of the peer-to-peer generation, attracting 57 million users prior to shutdown (Gordijin,2004:36). 50 million people use Kazaa daily, "*a community of pirates*" (in the words of America's RIAA) which represents the largest music market on the planet (Kusek&Leonhard,2005:147).

In support of file-sharing, it has been argued that it offers 'super distribution' of information products at minimal cost; gives access to a large customer base via networks enthusiastically supported by participants (Vassileva,2002:23); may increase product spend in older internet users, though benefiting obscure artists more than stars; is a marketing tool to test new music and opens the market to small artists (Peitz&Waebroeck,2004:34-61).

Arguing against file-sharing: an IFPI study estimated that in 2008 40 billion files were shared illegally with only 5% economically benefitting the producer (netimperitive.com). A 2003 Zetner survey showed downloading reduced the probability of purchasing music by 30% and sales of products by 7% (Peitz&Waelbroeck,2004:33). Liebowitz (2005:16) examined CD sales in 99 US cities, finding that large young populations with internet access had reduced record sales.

File-sharing has negative internal effects within the music industry: it wastes corporate resources, makes consumers sceptical about industry claims, and encourages the industry to cling to old business models (Gordon,2005:112). Consumers can also suffer: there is a cost in search and sampling in time and bandwidth (Gopal&Bhattacharjee,2006:1510-1530); a danger in finding files which are badly compressed, incomplete, or contain viruses; and downloading is storage hungry (Peitz&Waelbroeck,2004:13).

Much analysis is inconclusive as to whether file-sharing has a positive or negative effect on artists and labels. Pew Internet's 2004 survey of artists showed over half were ambivalent, similarly Speck's 2004 survey of 90 small labels showed less than half benefited and a third were unsure about file-sharing. Using weekly album sales and download information, Oberholzer and Strumpf (2004) found that illegal downloading had a statistically insignificant effect on sales.

Peer-to-peer distribution is a form of piracy. Piracy can be a virtue, getting the developed world accustomed to western music and making the market more profitable once developed (Silva&Ramello,2000) which does not necessarily detract from cultural production: in India, Cuba, and Jamaica musicianship thrives despite high levels of illegal manufacture (Kusek&Leonhard,2005:40). Piracy can be viewed as a form of sampling or testing necessary to measure interest, as music is, "*an experience good whose true value is revealed to a consumer only after it has been consumed.*" (Nelson,1970)

These arguments are not new: in the 1970s the music industry attempted to outlaw private copying onto cassette tapes under the slogan 'home taping is killing music'. Today, it is received wisdom that tape recorders helped to expand the market for music in the same way the film industry tried to ban video recorders, yet video sales and rentals now represents one of the studio's biggest markets (Kretschmer,2001:28,Passman,2004:400).

The changing values of copyright

A recurring theme is how copyright has evolved in the digital age of sampling and 'mashup' (remixing and re-appropriating different media content), which challenges the notion of cultural work as fixed, finished artefacts (Hesmondhalgh,2002:206). Examples include John Oswald's 'Plunderphonic Music' and Kutiman's 'ThruYou' project, remixing video and audio posted to YouTube.

The sampling phenomenon began with the release of the Akai sampler and hit records like M.A.R.R.S's 1987 UK No.1 'Pump Up The Volume', however, the earliest 'samples' were Pierre Schaeffer's 1940s academic musique concrète (Barnet&Burris,2001). Brecht reputedly said "the first law of creativity is theft"; many believe current copyright laws disallow a cultural evolution from developing the work of others, a key trait of blues and folk music. Stliger and Becker (1977) investigated cultural capital: as culture is so prolific, a consumer doesn't know whether to invest in a new work or not. Social cultural capital is a collective appropriation and investment, developed from the contribution of the consumer.

The Copyleft movement aims to increase the number of works in the public domain or available for others to legally build upon and share, spearheaded by Creative Commons, a non-profit organisation founded by law professor Lawrence Lessig. By using a Creative Commons mark, artists can change the terms assigned to their work from 'All Rights Reserved' to 'Some Rights Reserved'. Creative Commons has been questioned: it is more useful for amateurs, creators of 'user-generated content' rather than incentivising professionalization (Lessing says he favours licensing schemes that recognise "a second class of creators" and Google, owners of YouTube, sponsor his Harvard law department); the dissolution or variation of copyright is led by academics, not rights holders, who are in comfortable, salaried staff posts; Orlowski argues it is a 'movement' led by a small number of 'evangelists', which is designed to benefit the Creative Commons network rather than individual creators (2007,theregister.co.uk); American trade association ASCAP believe licences are irrevocable, disallow access to royalties and 'non-commercial' is not definable (ascap.com).

Opportunities in digital marketing and social media

Digital marketing and promotion through social media networking creates new platforms and methods of viral (word-of-mouth)marketing. The internet enables self-managed communities and weakens the role of the institute in accessing knowledge or producing content. Blogging allows mass amateur publishing, e.g. setting up a MySpace profile and 'publishing' four music tracks by an artist where the cost of distribution is shrinking towards zero. This presents many possibilities for diversity of content and reach but creates a new problem of 'noise' from the prolific range of content, information and entertainment choices enabled by the internet, creating a "*scarcity of attention*" (Jennings,2007:1) for consumers. When publishing is, *"...effortless, the decision to publish something isn't terribly momentous.*" (Shirky,2008:79)

As the markets fragments, there will be an enhanced role for mass media – placing a greater emphasis on advertising and publishing which may paradoxically strengthen the hand of the incumbent music industry and existing stars (Burkhart&McCourt,2006:132) as unknown artists, *"...need labels to break through the noise – it's expensive and takes a lot of expertise.*" (Passman,2004:403) This is observed in the dominance of Clear Channel in radio, live music, and advertising – even providing seed capital for new artists and financing established artists like Madonna.

Social media is an extension of what marketers previously daubed 'guerrilla marketing' (Revinson,1984) or 'below-the-line' marketing, concerned with "*achieving conventional goals, such as profits and joy, with unconventional methods, such as investing energy instead of money*" (gmarketing.com). The medium mixes the *"'neatness' of traditional media, v 'messiness' of social media"* (Shirky,2008:96) where independents can flourish over their Goliath competitors. Independents have less to lose by entering the digital arena, benefit from constantly reducing costs (Jennings,2007:6) and it is time, not capital, which is the limiting factor (Rossiter&Goodrich,2006:4). Social media works by stimulating multiple one-to-one and one-to-many personal interactions. Since the medieval minstrels, music stars have always succeeded by cultivating relationships with their fans where "*deeply personal ties"* puts the artist in a strong position of economic and emotional power (Kusek&Leonhard,2005:22). Success dictates limitations: although the web has no technological limit there are cognitive limits as to how much you can read and how many people you can trade with (Shirky,2008:91).

Several studies demonstrate the impact of word-of-mouth online marketing on music sales. Chang's 2007 study of 108 albums found that each additional blog post corresponded to higher sales. If blog chatter is extremely high (above 240 posts) it is possible for an album to overcome the disadvantage of being released by an independent label. Chevalier and Mayzlin (2006) examined the effects of online consumer ratings on book sales at Amazon and Barnes & Noble's websites, finding that additional positive reviews increased relative sales. Very negative reviews had a greater impact than very positive reviews.

Viral marketing, accelerated by online communities, relies on the fervour and interconnectivity of fans. An Emap poll (2003/2005) categorized music consumers as 'savants' 'enthusiasts', 'casuals' and 'indifferents', showing 'indifferents' make up half of the population. Gladwell (2001) highlights the relationship between 'connectors', 'mavens' and 'salesmen' to make things go viral. Reaching the many, or what he terms the 'tipping point' of market impact, relies on championing by an influential few. In a pyramid model, few are 'creators', more are 'synthesizers' and the majority are 'lurkers' – directly proportional to 'savants' (few), 'enthusiasts/casuals' (more), and 'indifferents' (many) (Jennings,2007:41-46).

Tastemakers are critical for consumers to navigating through the online 'noise' to find quality goods – credible agents who include celebrities, the music press, DJs or "*a friend is a true tastemaker*" (Kusek&Leonhard,2005:57). Hirch calls these intermediaries, "*autonomous gatekeepers or surrogate consumers*" in his 1969 study of how music products 'flow' from their originators to consumers via gatekeepers who rank, order and filter them to the public. As the music available increase towards infinite, what to listen to next becomes a critical economic and cultural leverage. Godin is unclear whether taste-making will become the domain of 'payola' marketing or a pay-for service in its own right (rollogrady.com).

New business and value models

Fluxus artist Dick Higgins (1966) declared: "*A composer is a dead man unless he composes for all the media and for his world.*" It is not competitors but the new game in town which is weakening the music industry, today in a period of 'creative destruction' - the process of transformation that accompanies radical innovation with the old giving way to the new (Schumpeter,1942). The popularisation of MP3s threatens the dominance of labels and retailers, yet the shift is radical, that of disruptive innovation, a theory by Christensen which draws on Schumpeter's 'discontinuities' which create a new game – whereas disruption destroys the old game. Disruptive innovation trades off performance for convenience or affordability, bringing new customers into the market (Christensen,1997). MP3 is not a superior technology but it is 'good enough', trading off high quality for user experience.

Across the media industries, new business models are being developed to match these new patterns of consumption: '360-degree' deals (artists signing rights to publishing and live as part of an enhanced record deal); Groove Armada's sponsorship and investment from Bacardi (2008); in 2008, on the same week distributor Pinnacle collapsed, Mail On Sunday launched a record label to distribute to its two million readers (Music Week,17-01-09:13). Emusu.com horizontally aggregates '360-degree' solutions for labels with centralised downloads, CD sales, concert tickets and merchandise, enabling labels as they do not have expertise in e-commerce or telecoms (O'Neill&Bessant,2009). These models are innovative but may yield only short-term gains: a'360-degree' signing represents a power shift to the artist but breeds disloyalty, is not favourable to investment from majors and only engenders short-term interest (Morrow,2004:114-6).

Theorists have proposed many new value models for digital music: ancillary products with free music downloads; a media tax on MP3 players or a levy on ISPs (Varian,2005); encouraging voluntary tipping; blanket licensing or subscriptions for peer-to-peer services (Slater,2005); or bundling volume or types of content (IFPI,2004, Slater,2005). Distribution scenarios predicted include limiting consumer choice, DIY artists and labels selling direct to consumers (Kretschmer,2001:19) or accessing digital content through a state-run system that taxes consumers according to use and rewards creators according to popularity (Berkman Centre,2004:4).

Bourreau (2008) proposed three value models for the future music industry:
1. Star system – although music is theoretically open to everyone, only those who benefit from mass media promotion will succeed. This echoes Adorno's view that "*the less the mass discriminates, the greater the possibility of selling cultural commodities indiscriminately*." (1941);
2. Structured pull – independent labels dominate ('the happy few') in a segmentation model neither favourable to artist nor label, relying on the collective approach of many labels;
3. Free pull or 'Consumartist' – record labels merge into decentralised relationships between artists and the public, with strong relationships leading to a greater willingness to pay, but this system is less favourable to intellectual property and auteurship, therefore works may lose their sacred status. Chuck D from Public Enemy envisages "*a million artists with a million labels*" (Kronschnabl&Rawlings,2004:29).

Increasingly in the convergent media landscape, music has symbiotic relationships with other media rather than being an attractor in its own right. Coke established a music download website and Diesel an unsigned artist website to strengthen the 'cool' perception of their brands (Kusek&Leonhard,2005:65, Gordon,2005:259). Music becomes a commodity, perhaps even a loss-leader, with which to sell other value-added services and products (DeFontenay,2000:16, Kretschmer,2001:24). Computer games and film are another route to promoting new music: Blink 182's 'Feeling This' debuted on Madden in 2004, becoming the band's bestselling hit (Kusek&Leonhard,2005:69). This shifts the context as music becomes a media rather than an arts-based cultural product. This could weaken the music industry as music is valued not in itself but for how it is consumed in relation to other products, e.g. as a theme song from a blockbuster film (Kibby,2004:75-6).

In a 2002 interview with the New York Times, David Bowie, an artist who personifies the changing nature of popular music, said, "*I'm fully confident that copyright will no longer exist in ten years...music itself is going to become like running water or electricity.*" His remark prompted Berklee academic David Kusek and music consultant Gerd Leonard to write 'The Future of Music: Manifesto for the Digital Music Revolution' which prophesized radical ways in which music, like photography, could become a service-led rather than product-led industry:

"*Imagine a world where music flows all around us, like water or like electricity, and where access to music becomes a kind of 'utility'. Not for free, per se, but certainly for what feels like free. Fans, artists and all kinds of music communities drive business rather than being driven by corporate powers.*" (Kusek&Leonard,2005:x).

The challenge is how to up-sell: music could be on tap and consumed by the gallon (e.g. as a subscription service) or there could be a market for selling premium bottled music (e.g. limited edition premium products). The authors declared: "*The MUSIC industry is alive, the RECORD industry is dead"* - file-sharing is the new radio (Kusek&Leonard,2005:9-20).

The economic viability of this proposal is questioned by industry leaders and economists and whether it disproportionately favours corporations over independent producers. Wiszniewski reviewed EFF's Voluntary Collective Licensing on estimates of most broadband users giving $5 month to music, showing major labels would make significant gains but independent artists might only average $583 a year each, making most production financially unviable under an 'all-you-can-eat' model; as more works are produced, the value of each work decreases. The only way to profit is to become an aggregator rather than a producer of works (2008,thecynicalmusician.com).

Chris Anderson advocates 'freemium' business models which give content away in exchange for advertising or building a user base for premium products, believing, "*free music is a good way to create celebrity, and monetizing celebrity is a problem we should all have.*" (2009:rollogrady.com) He previously formulated 'The Long Tail' theory which showed there is a greater market collectively in the 'tail' of niche products and back catalogue than in the 'head' of best sellers as 98% of titles on the major online distribution platforms sold at least once per quarter. Consumption patterns are evolving as "*increasingly the mass market is turning into a mass of niches*" (2006:7). However, his theory has been disputed by Will Page, Economist for PRS For Music, whose study diagnosed that 3% of tracks accounted for 80% of sales, and 80% sold nothing at all and are unlikely to have merited the cost of making them available, therefore "*the future of business is definitely not selling 'less of more'."* (2008:3) It may also dramatically increase competition, deflating prices (Kelly,kk.org).

Journalist and blogger Kevin Kelly offered a solution to monetizing 'The Long Tail', proposing that an individual artist needs only '1,000 True Fans' to make a living, quoting Steadman's theory of the 'micro-celebrity' - someone who is famous to 1,500 people. He defines the true fan as near obsessive, buying every version of a product and travelling 200 miles to see their favourite artist play. Getting fans to spend one day's wages per year provides the artist's salary (kk.org).

Business skills and entrepreneurship

New business models create new challenges and the need for new skills for the independent music entrepreneur. Direct relationships with consumers, enabled by web 2.0 technologies, create new cultural and commercial frameworks. Innovation is led not by those within the traditional music industry but by technologically savvy individuals like Shawn Fanning, the 19-year-old love-child of a rock guitarist who founded Napster. Exponential rates of change in technologies and trends mean the individual must "...*become a lifelong learner, market expert, media maven, pioneer, innovator, and - very importantly – self-starter*." (Lathrop,2003:2-7) This presents challenges to those who are not literate, educated or IT savvy, and who therefore could be disadvantaged in marketing their product.

'Cultural industry' was coined by Adorno in 1977 as a derogatory term, believing culture was meant to critique everyday life and the political and economic system, not profit from it (Kerr,2006:44). Subsequently, positive definitions of the cultural, creative, or art entrepreneur have described the twin drivers of creating something of intrinsic personal, artistic or aesthetic merit, yet driven by the extrinsic necessity for commerce and profit (Aggestam,2007:32). Cultural entrepreneurs exploit intellectual capital, using creativity to "*unlock the wealth that lies within themselves"* (Howkins,2001:129) where "*risk taking propensity is a core attribute*" (O'Cinneide&Henry,2007:77). Without any commonplace government subsidies, such as those provided by Arts Council England to visual and performing artists, popular music practitioners are driven to work more entrepreneurially and commercially. Yet 'entrepreneur' and 'entrepreneurial' are behaviours which can be applied to the business process, qualities that can be learnt and developed rather than personality trait (Drucker,1985:22).

We now see two different but interrelated trends unfolding: the increase in the 'middle-class' artist – neither star nor pauper but making a comfortable living from their work (Kusek&Leonhard,2005:25) along with the mass amateurization of music production creating "*musical landfill*" in the digital landscape (Kusek&Leonhard,2005:166). This creates a generation of 'Pro-Am' (professional amateurs) consumers who increase demand, and also competition, in music production. 'Pro-Am' activities are "*not passive consumerism but active and participatory*", structured as "*bottom-up self-organisation and the crude, all or nothing, categories of professional or amateur will need to be rethought*." (Leadbetter&Miller,2004)

Within this shifting landscape, there is a potentially huge opportunity for independents. An Association of Independent Music (AIM) survey showed 65% of members believe they will increase revenue in 2009, despite a global recession. They now represent thousands of 'micro-businesses' operating under the radar - untroubled by market share, chart positions, or profile (Music Week,10-01-09:4). Independents can be "*core-focused and nimble, building on customer loyalty and brand recognition*" (Alderman,2002:23), surviving on lower sales using niche-marketing methods, proving historically to be more innovative, more willing to take risks and better at nurturing new talent and genres (Kusek&Leonhard,2005:111). No longer tied to specific formats like the ten track album (which evolved as many majors refused to pay royalties on more than ten tracks), this could herald new forms of expression and new creative formats (Burkhart&McCourt,2006:131).

This chapter reviewed how digital technologies are affecting the music industry. Fear by practitioners of the disruption of new technologies on production and sales has affected the recorded music industry since its birth; equally the intertwined relationship between 'independents' and 'majors' shows them as bed-fellows in supply chains, although outwardly displaying separation. Digitisation has created new markets and new marketing methods to reach consumers, opening up the market to independents whilst increasing competition internally and from other types of media, requiring specialisation of new skills in marketing and the creation of new value models.

Chapter 2: Methodology

My research collated and interpreted views from independent music entrepreneurs and set their experiences in the context of international studies of the commercial and independent music sector to investigate the adaptations in their business and creative practice caused by online digital technologies, signposting future opportunities and challenges for independents.

I used an ethnographical approach to give a voice to an under-researched group in academic and business studies, particularly self-employed musicians who make an 'invisible' economic contribution to the music industry (Wilson&Stokes,2001:40). Ethnography uses fieldwork to explore meaning in the context of a particular culture or social group. Although independent music entrepreneurs could be described as a 'broad church' rather than a specific culture, attempts were made to observe, capture and distil participants' common experiences. This exploratory research complements existing quantitative research, which tells us what is happening, whereas qualitative research better explains reasons why it is happening and is critical in understanding social groups: "...*the most provocative and novel insights for social science are not to be found in sterile academic journals but in the flotsam of everyday life."* (Ashforth,1998:13)

The research was carried out over a six-month period during 2008-2009 using three methods to collect primary evidence:

1. Seven in-depth, semi-structured interviews were conducted with independent music entrepreneurs;
2. An online survey by open invitation for independent music practitioners, collected in a six-week period, which received 68 responses;
3. Participant observation with music and media entrepreneurs and presentations at two conferences.

Secondary evidence came from three sources:

1. Academic papers, books, and business publications by authors who used an analytical framework, forming the basis of the Literature Review;
2. Documentaries and interviews with established music entrepreneurs which supported my findings;
3. Web and social media including online news and blogs using an initial opinion with secondary comments.

Online dialogues were an important source of information as those who are discussing the latest thinking in online music initially establish their ideas in online publications. Recent industry publications and social media were important sources as digital technologies are fast evolving; books often become out-of-date shortly after publication. Murthy argues that because of their reach and pervasiveness, social researchers cannot afford to sidestep digital methods in ethnography (2008:838).

For this subject it was impossible for myself as the author to detach my own business interests to become an impartial observer: I began my career as a digital marketer in the music industry and work today as a musician and consultant to the digital content industries. I framed my context and understanding of the music industry from the viewpoint of an insider.

The participants in my research were, in some cases, close connections - people I have worked with or 'friends of friends'. This is endemic of the independent music scene, reflecting the nepotism of the industry as a whole. Reflexivity describes the circular relationship between cause and effect; there is no neutral relationship between researcher and subject but observation is inter-dependent with participation, potentially altering actions (Thomas,1923). Although my existing relationships could be seen as 'contaminating', bypassing analytical distance, it enabled an early building of trust and increased access, easing the research relationship. This research is not, however, an auto-ethnographical study but uses my personal experiences as an additional source to produce an empirical account - "*hard evidence collected from real-life experiences or observations*." (Kumar,2005:7)

Ethics

Ethics concerning the researcher and her relationship to participants is an important consideration to avoid an imbalance of power. It was critical that participants understood the interview process: a time slot was booked and confirmed by email. Interviewees were asked to approve the recording of the interview and transcripts.

Anonymity is important in encouraging the honest, unbiased opinions of participants. However due to the specialism and profile of many interviewees, interviews were, by consent, attributed as the research attempted to identify real actions and results. One 16-year-old participant was anonymised at the request of his guardian. His interview was conducted in his home in a small group to provide a comfort measure as he was unfamiliar to being interviewed. Others were experienced interviewees: my challenge was establishing a neutral space which encouraged freedom to speak openly, avoiding the 'PR spin' common in music industry promotion. Seven respondents (10%) chose to complete the survey anonymously, therefore all survey results were treated as anonymous.

Some views have been gathered from observing social networks, material exchanged within a semi-closed online group. Fletcher (2007,41-2) believes those who 'lift stuff off the web' may be acting unethically, however newspapers argue material placed online is the public domain (Murthy,2008:845). Online communities are where ideas about the online economy are initially disseminated, therefore my participant observation and anonymised quotations from these communities is a valid evidence source which has, I would argue, been 'published' by its participants.

Access

I cannot claim that interviewees and survey participants represented the full range of experiences. This was because I was successful at gaining access to those whom I had an existing 'in-road' and the failure of some groups to respond to invitations to participate. Four music retailers were approached, all declined or failed to respond. This is telling of the difficulties the retail sector faces in survival in the present climate and perhaps their unwillingness to confront their 'demons' of digital technologies.

Interviews and interviewees

Given the brevity of this research, a limited number of interviews were conducted in order to form a picture of various stakeholders views. Interviewees represented a range of professional and semi-professional independent practitioners across differing genres, regions and sub-sectors:

Alison Wenham – Chief Executive of Association of Independent Music (AIM), trade body (London)
Andrew Dubber – Academic and online music consultant (Birmingham)
Jake Shillingford – Musician and independent label owner, former major label artist (Brighton)
Robin Junga – Engineer, studio owner, and music technology teacher (Nottingham)
Roger Simian – Musician and independent label owner, former major label artist (Borders, Scotland)
Yinka Oyewole – Musician and promoter (London)
Anon – 16-year-old male music fan (Nottingham)

Three interviews were conducted face-to-face and four over the phone. Face-to-face interviews offer a more interactive, in-depth exchange interpreting non-verbal signals but were not always possible due to geographic and time limitations.

I categorised my interviews into three groups: 'expert' (Wenham, Dubber), 'practitioner' (Shillingford, Simian, Junga, Oyewole) and 'fan' (Anon). The interviews were recorded and transcribed verbatim before I made a thematic analysis of the content.

The interview is a vital tool for ethnography, "*an active social encounter*" producing knowledge via a process of exchange involving communication, interpretation, and occasionally misunderstanding to explore collective meaning (Negus,1999:11). Interviews are good for collecting in-depth information, supplementation of information, and to provide an explanation of questions, however, the quality of data depends on the quality of interaction between interviewer and interviewee and the researcher introduces bias (Kumar,2005:131). Three 'Elite' interviews (Wenham, Dubber, Shillingford) with high-profile experts provided a high level of access and insight (Gillham,2005:55). Deutscher observed that people commonly express attitudes verbally (good or bad) which they do not display in their behaviour (Gillham,2005:7). It was neither possible nor ethical to overtly scrutinise interviewees' claims: their opinion is valid as it reflects their perceptions; supplementary questions were used to qualify significant claims.

Interviews used an open, semi-structured format which Gillham believes is the most important for research interviews, "*because of its flexibility balanced by structure"* (2005:57). My existing relationship or knowledge was inferred to qualify their points and make the interviewee feel understood and at ease. All participants were interviewed on the same topic and main subject areas (file-sharing, online marketing, business models, copyright and skills), however, each Topic Guide was customised to be specific to their experiences. Open questions, supplementary questions, and probes were used. This format makes it hard to compare and analyse open-ended questions, however, the survey counteracted this weakness.

Surveys

An online survey was used to collect additional experiences to supplement the small interview sample. The survey achieved a considerable response of 68, giving a total of 75 research participants. It used the Likert Scale ('agree', strongly agree', 'disagree') which allows for comparative data of subjective opinions (McNeill&Chapman,1985:37).

Surveys benefits from contemplation and individual authorship, allowing greater 'intimacy' in personalisation (Miller&Slater,2000:183), high accuracy levels in data, and contains less subjective bias as everyone is subjected to the same stimulus (McNeill&Chapman,1985:44). Surveys provide productivity advantages, are economically efficient, provide adaptive questions with 'richer' responses, and have a potentially global reach (Murthy,2008:7). They are, however, limited in their application to those who can read and write, have a self-selecting bias, a lack of opportunity to clarify details and no spontaneous response (Kumar,2005:130). Literacy is an important consideration for my target research group as dyslexia is considered to be common amongst creative practitioners (theatrefutures.org.uk). An online survey is biased to those who use the internet who may be more socially advantaged, perhaps not giving a full impression of the limitations or adoption of an online music economy.

The survey was promoted through a variety of online techniques: emails sent to music entrepreneurs through my existing relationships, postings on internet groups for special interest music, and social networks relating to creative enterprise. There were four weaknesses in the data received:

1) A bias towards electronic musicians (34%) because this reflects my practice and contacts;
2) A lack of younger respondents: only 6% were under 25 and 69% were over 35;
3) A predominance of responses from artists (55%), with limited response from retailers (5%) and no distributors;
4) Limited numbers of professionals – only 30% make a living from music, with 43% more making some income from music.

Interpretation

I divided evidence into three groups:

1. 'Filtered' views - hypothesis, commentary, and data from academic or trusted sources;
2. Factual accounts – news, case studies, and events which have occurred;
3. 'Unfiltered' views – opinions from practitioners and commentators that describe their experiences.

'Filtered' and some factual accounts were aggregated to form the Literature Review, which allows for a comparison of knowledge, aids in formulating a methodology, and provides theoretical background (Kumar,2005:30). 'Unfiltered' evidence from primary and secondary sources, together with factual accounts, formed the Findings chapter. Case studies contextually and practically illustrate key theories.

Chapter 3: Findings

Digital technologies are radically changing the music industry. In this research I explore how independent music entrepreneurs are utilising this technology for economic and cultural profit, and what future challenges and opportunities they face. Using primary evidence from interviews and survey data, and secondary evidence from interviews and press reports, I identify common themes in how participants talk about issues and provide examples from their experiences as evidence. I grouped my findings in the same six key themes as my Literature Review as these were the questions and responses framing my survey and interviews.

The 75 research participants included experts with decades of music business experience, novice talent, and experienced 'Pro-Am' producers choosing music as a second income profession. All displayed enthusiasm for the creation and distribution of their music, many demonstrated entrepreneurial and strategic approaches to getting their works into markets. Although biased towards 'Pro-Am' rather than professional participants, the increasing demarcation between professional and amateur producers (Leadbetter&Miller,2004) shows how profit can be achieved outside a commercial industry framework.

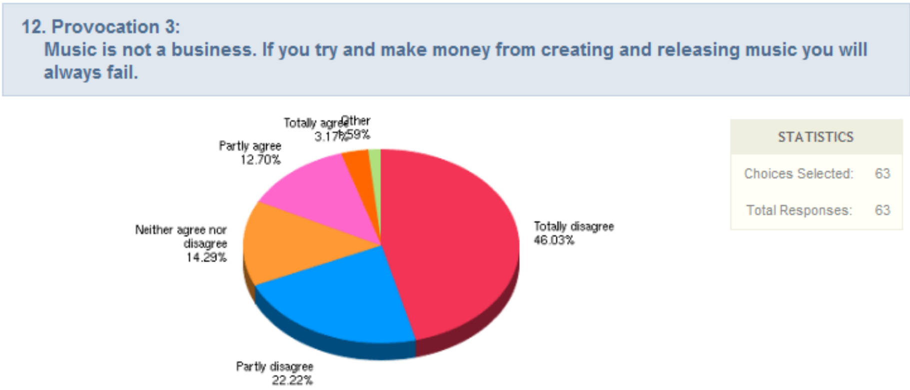
A series of ten provocations were tested on survey participants that described an opinion on the extremities, both for and against digital technologies, to provoke participants to form a stance. These were loosely based on the views of 'new media evangelist' commentators (Lessig, Kelly, Anderson et al) to test how their assumptions in reality affect producers of music.

The changing role and values of the music industry

Music has shifted in the eyes of society – still a cultural product but one consumed in new, multi-media contexts. Opportunities for independents have been created by the growth of live music whilst distribution and retail incomes decline.

Cultural entrepreneurs face a duality between creating cultural product and creating art (Aggestam,2007). Several participants interviewed spoke of music as being primarily 'fun' more than a profession, but one which paradoxically required a hard work ethic to succeed in. Music is a "*language that belongs to society*" (Alison Wenham) yet it is evolving, culturally "*music isn't so primary*" (Roger Simian). Popular music is a type of media more than an art product, which can be artistic within its commercial framework. Like McLuhan's theory 'the medium is the message', placing music online makes it the content of the internet medium and a contextual media from which people create meaning, weaving their own personal narratives (Andrew Dubber).

Figure 1:



68% of survey participants believed music is a valid business. The divide between the product of music and its artistic creation, with the repeated cry of artists 'selling out', affects both producers and consumers. Fans do not want to recognise the structures of the music business or acknowledge their participation in it. Both artists and audiences are suspicious of music industry intermediaries enacting "*bureaucratic control of creativity*" (Hesmondhalgh,2002:22), however, trade associations only exist to promote music as a commercial interest rather than for the cultural good (Dubber).

The collapse of independent music retail was a pertinent topic during my research period. 540 independent stores closed between 2003 and 2007; in 2009 only 300 remain (Music Week,28-02-09:18). The failure of many stores to establish strong e-commerce offers during the rise in e-sales may have contributed to their demise. Distributors too have failed to become digital aggregators, yet even in the early dotcom years they were pessimistic about their viability, calling themselves "*dinosaur distributors*" (Wenham).

Selectadisc was one of the UK's most established independent stores, opened in 1966 and closed in March 2009. Owner Phil Barton attributed the Nottingham shop's demise to high rents, falling music sales and the credit crunch. He thinks:

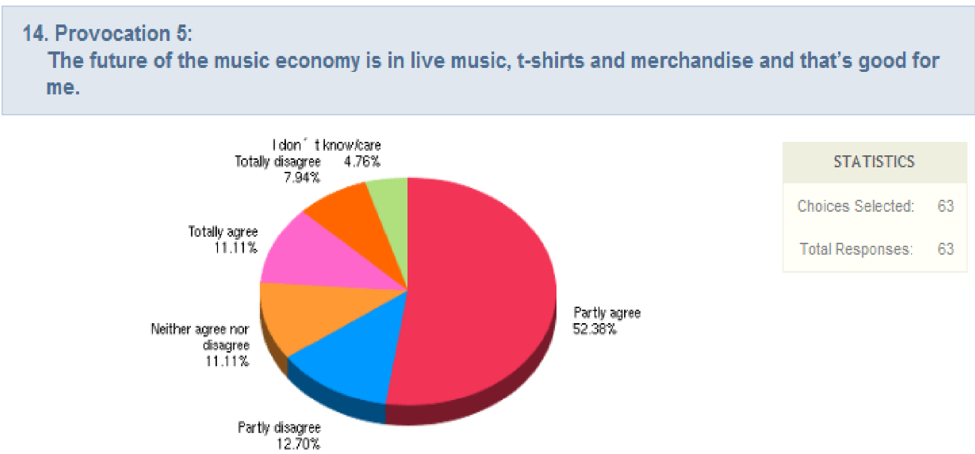
"*...there will be a last-man-standing thing. There will be a core of curiosity shops. They will be selling vinyl, CD, DVD, second-hand and memorabilia. And there will be the core ultra-specialists*."
(Music Week,07.03.09:17).

The collapse of some retailers may have a strengthening and consolidating effect on the survivors which, "*become 'lifestyle zones' or 'music arcades'*" where consumers gather around different products matching their cultural tastes (Kusek&Leonhard,2005:85-88). This can be noted from the growth in second-hand and specialist stores in Mansfield Road, Nottingham – some located alongside sound hire, boutiques or galleries - and the profits posted in April 2009 by 'last-man-standing' high-street retailer HMV. Some retailers have capitalised on e-commerce to engage audiences. Norman Records in Leeds personalises its online store with a popular weekly e-newsletter featuring reviews of new releases by shop staff.

Independents, like the majors, are suffering drastic loses as new artists are "*cool, but they're not selling,*" (Yinka Oyewole) and releases in the UK hip-hop scene attracting rave reviews, *"...only a few years ago, you'd have been guaranteed 10,000 CD sales, and now you're coming up with 850...*" (Robin Junga). This suggests that the economics of retail are declining far more rapidly than new markets and formats to replace CD sales are growing, making production potentially economically unviable, even for nimble independents.

Live music in the UK is experiencing strong growth in attendances where performance fees and merchandise provide alternative financing to augment product sales. Services like CafePress.com reduce merchandise entry costs to nil, although ironically artists who have "*harnessed the digital world to distribute their work have to rely on semi-disposable clothing to finance it.*" (Thompson,Wired.com)

Figure 2:



63% of survey participants believed live music and merchandise benefited them, with recorded music "*the new flyer*" to promote live shows. Performance fees top up royalties, yet many had concerns: the major acts dominate the live scene, the expense and lack of returns make it "*the domain of the middle classes*", those not favoured to a 'T-Shirt-and-merch' fan-base or who play 'recording arts' will miss out. The trend of bands replacing DJs as bar entertainment has increased opportunities but decreased fees, where the performers often get paid less than the bar staff – if anything.

An ingenious response to the limitations of the live music economy is the emergence of house concerts which exploit the growth in niche music and online communications by connecting performers with promoters who host shows in their homes. Continuing the tradition of Classical 'parlour concerts', house concerts promote the idea of touring without losing income and help artists to establish a national fan-base (synder,Musicthinktank.com). This further signals the gentrification of live music, "*in 1993 that would be a rave and now it's middle class,*" (Jake Shillingford). Overall, there are winners and losers in the growing live music economy, but the middle class or 'Pro-Am' musician is likely to benefit from this exposure in promotional, though not always in economic, terms.

Relationship with majors

The attitude of the majors and corporations and the effects their actions have on the wider music industry was widely criticised, particularly for their limited investment in new genres, relying on 'make-me-a-star' television: "*They made something that's kind of magical and intangible into baked beans...now they've sanitised everything.*" (Oyewole) Digital platforms owners – including MySpace and YouTube - were criticised as operating in the favour of majors, creating a smokescreen of 'promotion' to offer unfavourable terms to indies (Wenham). Attitude divides between 'cool' indies and 'un-cool' majors are still apparent, yet taking a stance against majors is perhaps more political than strategic:

"*I don't think they're majors anymore – they're not major players. They are corporate, the Maccie-Dees [McDonalds]...no one I know listens to any music that's on a major.*" (Junga)

Participation with majors was cited as equally positive and negative, showing that experiences between artists and labels are about personalities and situations rather than empirical 'good' or 'bad' approaches of corporations. Independent labels allow creative control, majors have the muscle of marketing and distribution.

The effects of peer-to-peer digital distribution

Case study: 16-year-old male music fan:

"*Youth instinctively understands the present environment – the electric drama*" (McLuhan,1967:9). To understand future trends, look at 'digital natives', the young music fans today; "*'screenagers' are 'always on', natural digeratis*" who are changing the way music is discovered and business is conducted (Kusek&Leonhard,2005:98).

I interviewed a 16-year-old male music fan on his patterns of music consumption. He accesses music from several sources: Limewire (peer-to-peer network), bluetooth (mobile-to-mobile), and grabbing audio from YouTube to listen to artists he already knows or tracks he hears on the radio. He spends his money on other entertainment products because with music "*there's always a way*". He prefers to spend his money seeing a concert, particularly rock or heavy metal, which "*is 100% better live.*" Before the show he'd listen to the artist on MySpace or 'talk' to them there.

He listens to music everywhere: at the gym, walking to school - even doing the washing-up using a (digital) Walkman Player. He defines music ownership as having unlimited access, "...*so I can play it wherever I want*." He owns few CDs, merely carry-cases for digital files, which are a status symbol: "*Some of my posher mates, they will go and buy CDs because they can.*" 'Tape-swapping' consists of borrowing – and ripping – stuff from friends. If he had more money he would pay for music: "*If you've got an iTunes account it's just easier to click 'Buy' and then it's there.*"

[6]

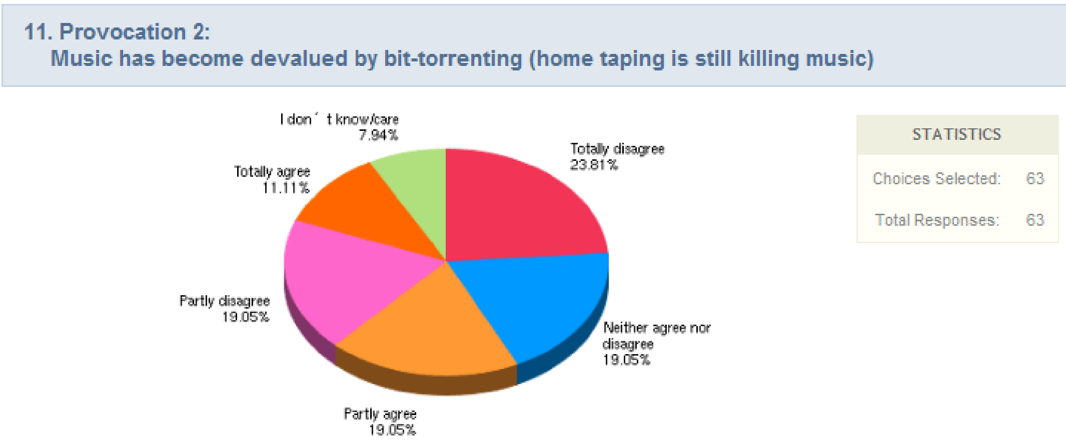
Although he knows artists personally, the loss of their income in choosing to take rather than pay for music "*doesn't go through my head*", though in principle he believes consumers should pay and creators should be rewarded because making music is "*very time consuming.*" He has a powerful response listening to music, which "*changes your mood*".

[6]

His experiences demonstrate that music is still an important, emotive, part of a young person's life, however, whilst access to free music is so prolific, its financial competitiveness against other harder to duplicate media is difficult to maintain. Models to develop tangible, experiential products – either in the form of live music, collectable products, or alternative funding models e.g. ISP tax – are means of monetizing a young audience, who still have the passion, if not the pocket-money, to enjoy music. Bill Drummond believes digitisation and the ubiquity of "*two-dimensional 20th-century*" recorded music will inspire new means of producing music which cannot be downloaded (the17.org).

The phrase "devaluation of music" has been used frequently since the RIAA claimed file-sharing "*reduce(s) the value of music to free*" (Alderman,2002:140), echoing Sousa's view that gramophones devalue music. Arrington believes the continual decrease in MP3 pricing since 2007 will drive the price of music towards zero (techcrunch.com). 'Devaluation' was frequently repeated by participants in differing contexts. Devaluation described their perception that today's consumers ascribe less value to collecting and discovering "*throwaway*"(Junga) music products. Dubber argues music is more integrated into people lives as many carry their whole collection in their pocket; devaluation is an excuse for those earning less in the digital economy. Giving away music for free potentially "*devalues the label and the music*" (Simian). Shillingford felt the majors' CD price reduction strategy was "*devaluing music...you can't sell something that cheaply*," and bit-torrenting stimulates theft in a vicious circle as "*stealing something isn't devaluing it, it's stealing it*", where people 'steal' music software from bit-torrents, then their music is 'stolen' in the same manner.

Figure 3:



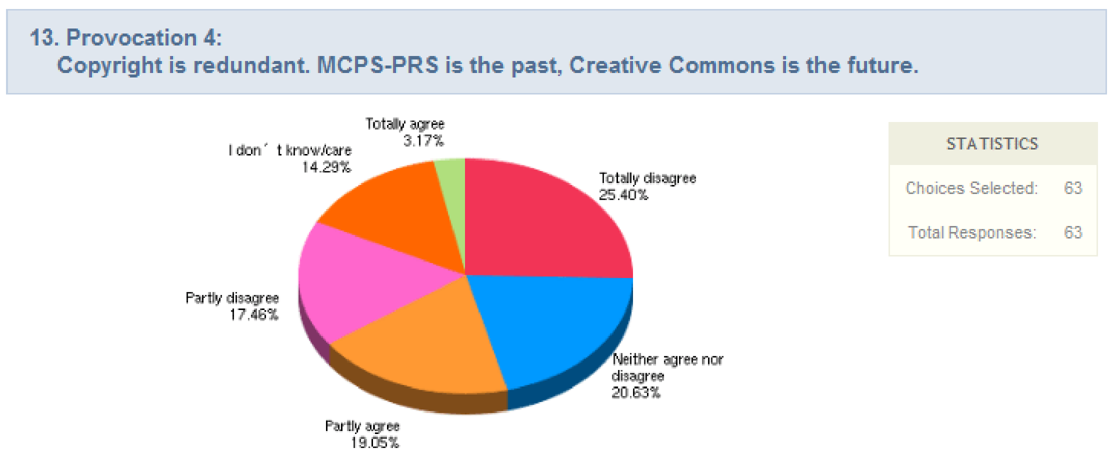
The majority disagreed that bit-torrenting has 'devalued' music, yet many felt the wide availability and convenience of downloads negatively affects production, their "*heartfelt investment being reduced to a tiny drop in a huge iPod ocean*" where ease of access decreases value. Tapes require a time and asset investment, bit-torrenting happens with little investment. Some thought devaluation occurred through commoditisation – used as background media, music's value is decreased by newspaper giveaways. Supporters believed higher access creates higher quality standards, greater access to potential paying audiences, and a passive worldwide distribution where access heightens cultural value. The greatest threat was the expectation that young people expect music to be free (five citations), because "*free music has become the norm*", devaluing the contribution of the artist. File-sharing affected "*Tesco music*" more than independents, echoing Gopal and Bhattacharjee's view that it disproportionately weakens stars (2006:1510-30).

Devaluation – the reduction in value of music goods – affects the wider music industry, however, for independent music entrepreneurs, 'devaluation' is an emotive term which describes the commoditisation of high volumes of music production and consumption where the individual work becomes homogenized, potentially losing its "*sacred status*" (Bourreau,2008).

File-sharing was in the media spotlight throughout the 2009 trial of Swedish peer-to-peer site The Pirate Bay, which was criticised by Bjorn Ulvaeus from ABBA for giving users "*the 'freedom' to be lazy and mean*" (Newsmill.se). The defendants positioned themselves as liberalists and crusaders against copyright for the benefit of society, a stance common amongst peer-to-peer advocates. The government, through strategies like 'Digital Britain', want a regulatory role in educating consumers about copyright, yet with popular music this may be intrinsically flawed as "*it's an industry built on getting in trouble with your mom*" (Godin,rollogrady.com). David Lammy, IP Minister, compared teenagers downloading music to stealing a bar of soap not a TV from a hotel (Music Week,21.02.09:3), sending mixed messages about the severity of copyright infringement.

The changing values of copyright

Figure 4:



Many participants had little clarity about using Copyleft in their work, most believed copyright was still valid and essential in monetizing their practice as "*...you cannot have a set-up where anything is 'pinchable' or 'usable' by anyone else, especially if the other party profits from it*." Creative Commons is making work more accessible and was used by someone who was "*not really interested in making money*" – evidencing the critical view that Copyleft is primarily for amateur user-generated content (Orlowski,theregister.co.uk). 'Choice' described the producer's right to use, distribute, or modify their work, including 'fair use' rights. Copyright was thought to favour larger producers but also to have an important role in protecting the small from exploitation by larger companies, but institutes like PRS For Music "*need redesigning*". Copyright is "*completing broken*" and "*irrelevant*" but a problem hard to solve.

There is a perceived propaganda: "*I don't like the 'all or nothing' attitude that people that want to protect copyright interests are 'the man', the evil, corporate enemy*." (Simian) Artist Ice-T emphasises the division between theorists and practitioners who, *"have never created anything...just put it all out there for free. Food should be free then, right?*" (Alderman,2002:125)

Participants' responses echo research which identifies copyright as a motivating factor in encouraging the production and professionalization of artists at the margins as, "*without the prospects of potential top 10% earnings, nobody would become an artist...*" (Kretschmer,2005:7-8), entering this life-altering and financially risky career path (Speck,2004:6). There is however, a wider revisiting needed on how copyright is adapted to benefit the independent producer in new online markets. Creative Commons increases scope but is problematic to adopt within a commercially sustainable model.

The Opportunities of digital marketing and social media

Case study: Unsigned artist

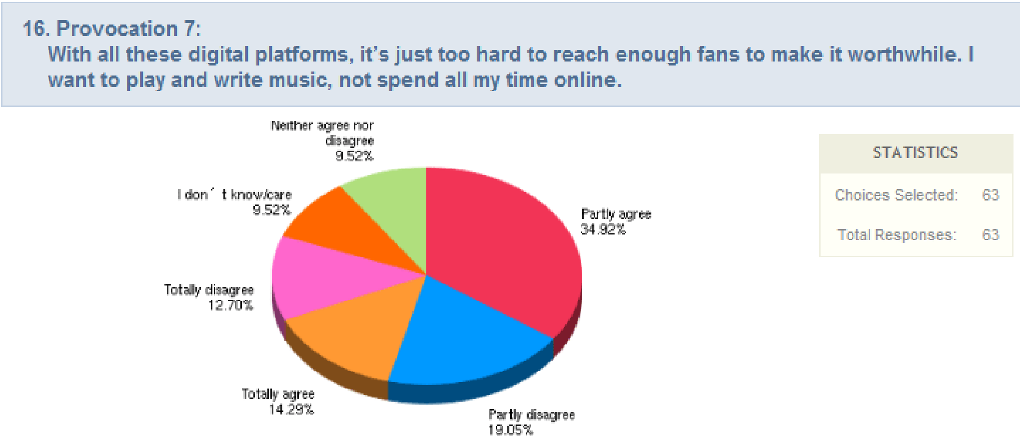
Basildon comedy music artist Kunt And The Gang uses digital marketing to establish a following and professionalise his work. After failing to get signed with previous bands, the solo artist, trading under the moniker 'Kunt', established a project which was unlikely to appeal to corporate sponsors, creating four self-released albums, promotional videos, and ongoing touring. MySpace and YouTube are critical in establishing his success without a record label.

File-sharing was significant in spreading his name, yet his third album features a guilt-inducing track 'The Illegal Download Song', a parody of the music industry's heavy-handed attitude to file-sharing where, "*me and Little Kunt boo hoo/ over our lost revenue*". He thinks file-sharing has exposed his music to more people than legal purchases, but it may fail to benefit the creator as people hear his songs *"...without actually knowing who it's by*". On balance, he thinks file-sharing is beneficial as free word-of-mouth publicity but it is more effective through personalised sharing like blue-tooth mobile and CD copying rather than anonymous bit-torrenting. T-Shirt sales at his gigs outnumber CDs by two to one.

As an artist "*marooned on a small island between comedy and music*", the mainstream press offers little critical exposure, so live gigs and heavy promotion from mailing lists, MySpace, and Facebook are invaluable promotional tools. Videos are part of the creative process creating, "*another dimension and I see them now to be as much of a part of it as the music."* Videos are shared virally between fans, becoming 'the singles' which people want to hear at gigs. One video was show on Channel 4 TV show 'Rude Tube', gaining him mainstream exposure. Videos are part of the nurturing of fame, *"...sometimes you turn up at a venue and you can see people nudging each other and whispering, "That's Kunt!""*

His approach demonstrates that an independent can sustain a career using online technologies, but it relies on a multi-pronged strategy of creating multiple product and media types and persistent marketing through several digital channels. Fame, or ubiquity, is achievable through powerful web viral marketing, but it cannot necessarily be readily monetized, "*being famous may get you the girl but it will not feed you*." (Krasilovsky&Shemel,2008:445).

Figure 5:



Navigating the 'noise' of the crowded online marketplace, and how this can become a profitable activity, concerns independents. 49% believe digital marketing is unrewarding, perhaps detrimental to their creative practice. Negative perceptions include MySpace as a "*waste of time and harmful to integrity*", where it is hard to "*cut through the haze*". It cuts into creative time, participation is labour intensive leading to fatigue, but others thought marketing and promotion, using letters and phone calls, always took a lot of time. The difference is not between it being easy before and hard now but "*it used to be expensive with money and now it's expensive with time.*" Online networking is "*a bit like live gigging - you have to work at it to be successful*" with success happening from "*offline stuff supported by an online presence*". The web is a unique resource for developing a list of potential buyers, but requires a "*PR machine*" or street team of fans to spread the word. One participant noted that traditional magazine press led to an online sales spike.

This marks a strong diversion from the utopian view of online commentators of the web as an enabling tool – indeed, many find its current mechanisms cumbersome with a potentially low return on investment. From my own experience of promoting shows using MySpace, the website's lack of geographic filters became as arbitrary as fly-posting to target an audience – instead I flyered outside similar, local gigs. In time, more sophisticated 'web 3.0' tools utilising recommendation engines, meta-data and filters may allow more targeted, measurable marketing approaches.

Different platforms were cited as important in promoting music online: MP3 blogs are the modern-day fanzines to discover new music; a database for relationship management, "*the DIY entrepreneurs' currency*" (Shillingford), was critical for those with commercial music experience; 'Street teams' and offline guerrilla marketing techniques were important for underground music which places significance on "*the kudos about keeping things close to the edge of legality*" (Yunga). The artist's own website as a standalone destination was the most important digital platform, with

52% declaring it 'vital', demonstrating that the individual's 'brand' and identity is valued above a standardized space.

Social media was cited as the most effective marketing tool for independents. Adorno critically viewed popular music as "*social cement*" (1941). Today, music's sociality can be positively harnessed for cultural and economic gain. Success comes from being "*persistent and repetitious*" with online marketing supporting live shows and "*press-the-flesh*" activities. Facebook (43% of survey participants found it 'useful', 15% 'vital') is better for peer recommendation due to the likelihood of 'friends' knowing each other. Many were cynical about MySpace (although 23% thought it 'vital' and 46% 'useful'), with little relevance between number of 'friends' and quality of relationship or commercial potential. Baker's research with MySpace artists reported many found it time consuming, difficult to quantify friend quality, with a vulnerability of shutdown (2006:86). MySpace helps to connect artists in different geographies: Simian released works by a New York artist and Oyewole supported an American artist for a UK show. There was a discrepancy between established artists bombarding audiences with marketing messages whereas "...*because I'm an independent artist, all of a sudden it's spamming*." (Oyewole)

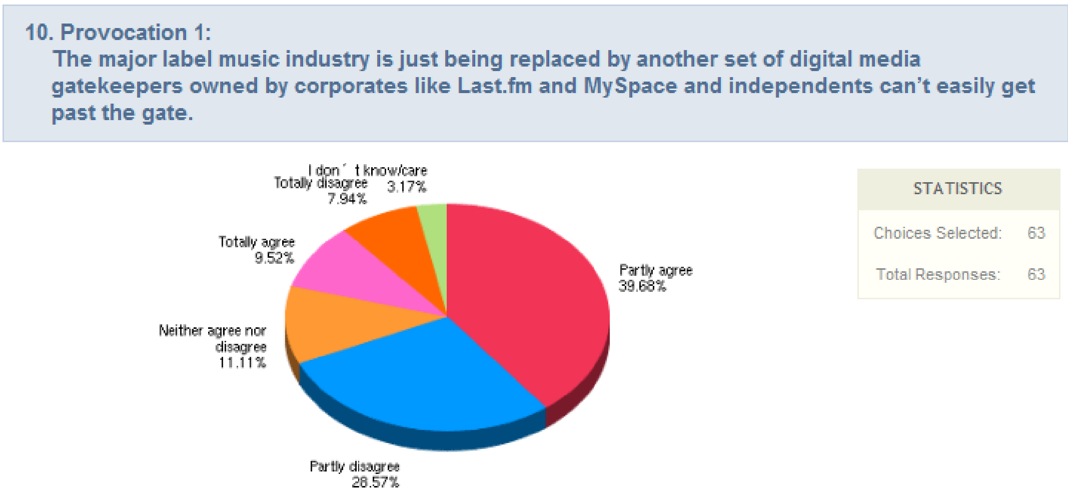
Participants used the internet to grow communities of interest or 'scenes', starting a label for local artists (Simian) and a radio show of ethnic music (Oyewole). Internet culture as a sub-set of mainstream culture was noted as positive to independents e.g. the Radio6 show 'Introducing' for new artists, reflecting Wall's view that underground music, through its adaption of technology, is now able to directly influence the development of the music economy (2003:41). However, an internet community does not replace a real-world community as "*physicality is still extremely important*" (Oyewole), although it may reduce the desire for people to work locally, weakening regional scenes (Simian).

Two themes recurred: the shrinking physical environment enabled by the internet where artists can connect with geographically dispersed communities of interest, enacting Marx's prophecy of capitalism spurring on the "*annihilation of space by time*" (1857:538) and McLuhan's ideology of an inter-connected 'global village' enabled by technology (1962). This is met by the increasing importance of personalised connections, with social networks as a 'third space' to connect real-world fans, artists and collaborators together to accelerate relationships, creating "*deeply personal ties*" between artists and audiences (Kusek&Leonhard,2005:22).

New business and value models

The digital economy offers new models of product financing and new product forms, yet to access the market requires new entry points through a network of ‘tastemakers’ and ‘gatekeepers’. Gatekeepers have always dominated the music industry, yet the growth of digital gatekeepers sees online music controlled by even larger corporations than the majors. Bourreau describes MySpace as “*an extension of the mass media*.” (2008:22) The old music industry relied on business and personal networks, whereas digital gatekeepers are outside the music industry (iTunes), use collaborative filters (Last.fm) and bridge the old and new music industries (NME.com) (Johannsen,2005:1). Many digital gatekeepers are not primarily music companies, using music to sell hardware (iTunes, Nokia) or advertising (MySpace) but they fail to invest in talent or product development, at the heart of the recording industry which is a high investment sector, spending 15% of turnover on R&D, more so than computer software (10.3%) or aerospace (4.6%) (Kejner,2007:71).

Figure 6:



The dominance of a limited number of digital gatekeepers was unfavourable to half of survey participants as “*one evil replaces another”.* The latest social networking tools become cutting-edge with indies leading the uptake (e.g. Twitter) until successful web start-ups are “*brought into the fold by the big music corps*”. Online networks offer wider communications than in the old major/indie model during today’s transition process of “*destroying and rebuilding*”. The opportunity for independents to get their music onto iTunes through independent aggregators like CD Baby is “*a big step towards a resurgence in independence in music*”. Their attitudes reflect ongoing opinions of larger corporations as ‘the man’ whom independents position themselves against with corporate gain driving the online music marketplace.

Tastemakers are the consumer's accomplices, guiding them through the maze of new content where "*90% of everything is crap*", although the volume of quality music has increased with supply. This means approaching the same audience through many more people as, "*it takes a lot more bloggers than it does Terry Wogans to get heard*". Personal recommendation and interactive engagement draws audiences to seek, find and remark on amazing content (Dubber).

Technologies, such as 'web 2.0' interactivity, 'web 3.0' evolutionary search, meta-data, and user-recommendation are evolving the curatorial and taste-making process. "*Digital maids*" help users to navigate content (McBride,Rollogrady.com) and boutique stores act as curators e.g. Bleep.com carefully selects high-quality electronic tracks. Deciding what to listen to next is "*the 'problem' of discovery*" –some gather around the 'hits', some gorge on everything, but many are "*free-range foragers*" finding things from all sources (Jennings,2007:3-23). Some participants felt that consumers' depth of engagement and relationship with music was weakened by its superficial and omnipresent access. Serendipity played a large part in many people's early experience as music consumers, whereas today's consumers use targeted digital tools for discovery:

I found in a burnt-out car a tape of 'Satanic Majesty's Request' which was a really bad copy and when I bought the vinyl I was really disappointed that it didn't have all this atmosphere and crackle and nastiness... But maybe YouTube is the equivalent of that, a poor copy of something, but the longevity is not there because it's an ephemeral thing on the computer. (Junga)

Established artists are perplexed about the exponential rate of change, likened to: "*The Wild West...the rule book's been torn up*." (Neil Tennant,The Brits,2009). Independents are the "*brave frontier men*" (Wenham) pioneering new technologies and business models. Prince gave away an album free to Mail On Sunday readers to promote his live shows; The Arctic Monkeys hired cinemas for a one night only 'performance' to promote their 'Live At The Apollo' DVD; Brighton independent Martha Tilson sold her paintings of album artwork on stage to pay for her album's manufacture and marketing costs.

New DIY business models create many opportunities but "*you need to use your own imaginative model*" rather than aping an existing artist. DIY culture creates a strong framework for content creation and new content forms, although the term "*was invented by the music industry to make us sound like we were amateurs*" (Shillingford). The current DIY scene emulates the original 1980s 'indie' scene when anyone could release anything and it was "*left to float on the sea*" (Junga), but today's scene provides exciting direct connections and more potential routes forward than in the 1980s (Simian).

The survey revealed 39% of independents are professionalising due to more opportunities, whereas 19% can no longer survive. This shows the online economy is growing opportunities for the professionalization of musicians, albeit creating more middle-class musicians than superstars, dividing those with a passion for music who will win and the industry of "*limos, advances, lawyers*" who will lose (Godin,rolloandgrady.com).

The economics of self-releasing can create greater sales increases compared to record contract models. Shillingford has increased recording sales 1,000% compared to his major label releases. However many artists are heavily reliant on touring and syncs (media licensing)to maintain income – although this was likely to always be true for all but the best selling recording artists.

Online music video is a new source of audiences and income. The 2009 stand-off between PRS For Music and YouTube over royalty negotiations pitted the Google-owned corporation against rights holders where an unviable remuneration model cannot sustain the cost of production. It is difficult for independents to monetize online videos which "*people forget about the next day*" (Oyewole). Rhodi Marsden, in a quest for fame, shot a pop video for £870 which became the most watched video that week on YouTube, but only sold 58 MP3s (Marsden,independent.co.uk).

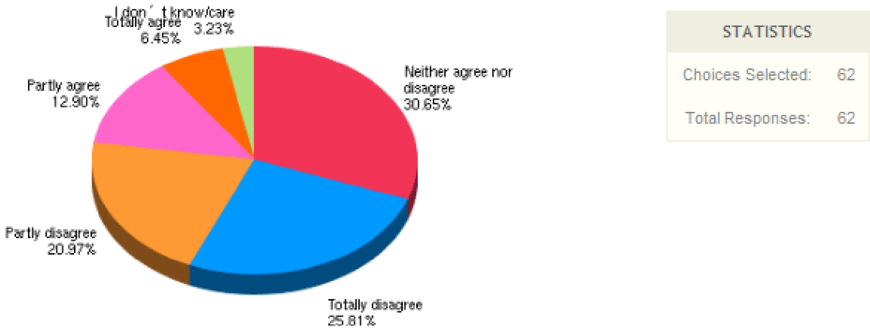
The most cited tactic for increasing physical product sales is developing 'deluxe edition' packaging as standard CD jewel cases are "*a waste of time*" (Shillingford). Limited edition products create scarcity, lacking in the digital download market. Ownership of the database is crucial, producing only the amounts existing markets want. Many independents still desired physical products but perhaps through nostalgic associations, "*possessing a product, holding it, made in your own hands...*" (Simian) whereas the CD was a poorer retail experience compared to vinyl - a "*statement*" (Junga) - as "*it was a piece of f**king plastic – useless*", but nostalgia is "*complete nonsense*" compared to the rich vein of discovery and possibility of artists' websites (Shillingford). Digital formats have advantages after the collapse of distributors as "*digital stock can't go down*" (Junga). This re-invention and premiumisation of music products is a continuation of 'format shifting', the introduction of new formats which expanded music sales in the 1970s-90s.

Music as a service

Figure 7:

18. Provocation 9:

Music should be free like water. We should pay for it as a service like TV or telecoms and listen to as much as we like. The writers and musicians will all get paid and we won't need music stores.



There was mixed uncertainty and disagreement from participants about Kusek and Leonard's theory that music should be free like water with many questioning how this would work in practice. 'Music on tap' removes the joy of selection and purchase and favours the big producers. The phrase 'Devaluing' recurred as "*each work should stand on its own*", with the system potentially weakening the cultural value or "sacred status" (Borreau,2008) of individual works. It may favour the talentless as equally rewarding the talented, however, bit-torrenting may have already made the concept "*de facto, not a theory*". Spotify was cited as a good model for creating value, although Jopling believes streaming services negatively impact on overall consumption, with more time listening equating to less music purchases (juggernautbrew.blogspot.com).

'The Long Tail' (Anderson,2006) was cited as a potential economic model, but "*the jury is very much out*" on if and how it works and the challenge is "*to be at the thicker end of the tail*" (Wenham). Rather than favouring the longevity of obscure artists, it allows the selling in volume of small things. Bundling tracks or building a scene are successful tactics, where the artist is not a star or auteur but is approachable as part of a bigger sub-genre (Dubber).

Simian's band Dawn of the Replicants gave away 1,000 copies of their first 7" in 1997 on John Peel's Radio1 show. This approach gained them fans, the product became collectable, it got attention from labels (culminating in signing to Warners) and created a database. Fast forward a decade and free music, for better or worse, is a commonplace model. Creating value from 'freemium' content is a thorny challenge for independents. On his New Music Strategies blog, Andrew Dubber (2008) wrote:

"*Giving stuff away for free is NOT a business model. You'll find it very hard to make money if ALL you* *do is give things away. But equally it's very hard to make money UNLESS you give things away."*

The article received 158 comments. Of those citing an identifiable opinion, 25 agreed, 16 disagreed and six were undecided – reflecting overall uncertainty. Many favoured the principle but supported a plurality of models where 'choice' was essential in the producers' rights of use. In support, "*free downloads are the new radio*", benefiting from reducing the expense of promotion, with wide exposure leading to concert and album sales, and commissions. Those against believed free music led to the "*Creative Commons traps*", stripping creators of their rights, with the future "*fairly bleak*" if losing their main product income. Blanket free music sends out the wrong messages, ascribes little value, proper releases create a discography and establish credibility (Tom Robinson, Radio6).

In common with their views on bit-torrenting and copyright, independents desire a plurality of funding models, an enabling choice by the creator which respects their right to monetize or limit distribution, although this can be hard to achieve with the pervasiveness of bit-torrenting. Like Walter Benjamin (1935), independents embrace mass media technology to enable democratic production but potentially losing 'aura' with the circulation of unlimited, lossless digital copies of works.

Financial models

The digital economy creates opportunities to develop new financing models like micro-patronage (e.g. a 'tip jar' or donations) or pre-financing an album's production costs. This offers important opportunities for artists to maintain creative and production control outside of the financing and distribution models of the mainstream music industry, but ironically favours artists with a pre-existing fan-base best developed in the 'old economy'. Wilson and Stokes (2001:45) argue independents should strive for 'self-sufficiency' over the 'self-help' approach characteristic of music industry financing.

Two highly successful proponents of DIY business models are Radiohead, whose pioneering sales models include a PR stunt of 'pay-what-you-like' for 'In Rainbows', and Trent Reznor (Nine Inch Nails) who has created a strong fan community, giving away component tracks and videos for mixes and marketing directly to his database of two million subscribers, independently selling 250,000 copies of 'The Slip' album (Wired.com). Reznor's business model is connecting with fans plus offering a compelling reason to buy (Massnick,techdirt.com).

Jake Shillingford was the founder and singer in Britpop band My Life Story, signed to Parlophone before forming Exilophone Records, the first to use 'Investor Angels' to co-finance releases. The scheme now has 32 investors at £500 – half fans of his music, half fans of the idea of the scheme. Shillingford took the idea from patronage of the arts and British film, "*I always just loved the idea of Toulouse Lautrec being given a roof over his head and oils and canvasses and stuff*." He interacts with and learns from other DIY proponents like Marillion, despite little musical common-ground. Although investors act as informal advisors, the model places Shillingford in creative and management control.

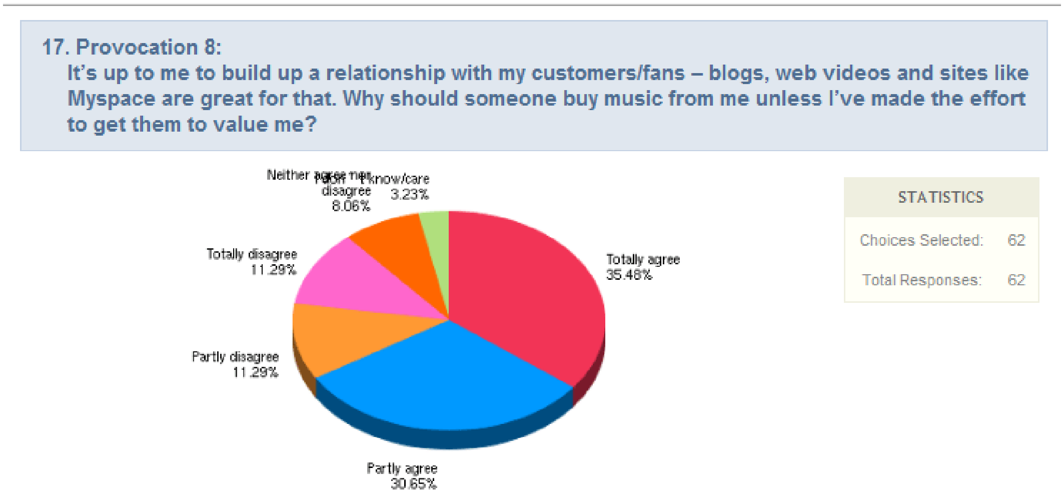
Subsequently various venture capitalist funded dotcoms like SellaBand and Slice The Pie offer micro-financing models for fans to invest in new artists. When investment levels are reached, the company helps to produce and re-sell the album (Ordanini,sloanreview.mit.edu), however, these models are questioned as to whether they are ethical or driven purely by profit, particularly as they may ask bands to sign over their copyright (Shillingford).

Reznor, Radiohead and Shillingford all demonstrate the power of mass marketing from major labels to establish a fan base, coupled with innovation and business acumen to monetized fan relationships in a 'post-major' scenario. However, there are fewer success stories from unknown artists succeeding without the intervention, at some stage in their career, of a major investor or corporation. Investigating web phenomena like Lily Allen or The Arctic Monkeys reveals early investment and PR financed by established labels or management companies. This reflects Negus (1999), Wall (2006) and Castells's (1996) evidence of complex financial alliances between majors and independents, with the mass media playing a crucial role in the financing and distribution of digital content and the creation of its stars.

Business skills and entrepreneurship

Building direct relationship between artists and audiences as a 'consumartist' is one of the most valuable developments of the online economy, which has begun to democratise the music industry for independent producers. Fans produce fast, free viral marketing that 'pyramid sells' artists.

Figure 8:



66% believed they need to build relationships with fans for economic gain, distinct from the mysterious 'auteur' of previous generations e.g. The Smiths or The Residents. The relationship is now critical, with consumers paying the musician rather than paying for the music, but "*savvy PR companies*" still garner more attention and relationship tools like MySpace "*promotes competition rather than true artistic impression*". The directness and closeness of fan relationships was an exciting prospect to develop new models "*like selling ourselves on Ebay for a tour*" (Shillingford). This focus on individual relationships in an 'art' versus 'commerce' market may, however, bias one exchange with a customer at the expense of another (Wilson&Stokes,2001:45).

Business skills are critical for survival in the digital economy - mainly traditional skills like strategy, funding and database management more than A&R. It is critical to master online marketing skills by either developing them personally or getting people onto your team with them through partnership or skills exchanges using "*an old-fashioned chicken for a loaf of bread*" (Shillingford) as an alternative economy.

Being simultaneously the business brain and artistic guru vexed many independents, when "*the two aren't always the best of friends*" (Oyewole) but mastery is necessary: "*I've had to work on my Achilles Heel... I took up the business course like a rhythm guitarist would go for lessons to expand their lead playing...*" (Shillingford).

The ‘360-degree’ model of signing bands with existing success was felt to be culturally damaging, favouring the entrepreneur over creative talent when “*people like Bjork might never have got signed, because you can’t imagine Bjork setting up her own label.*” (Shillingford) Those who are PR and business savvy may achieve success with an average product, while those who are creative but not business savvy “*might be a little bit lost*” (Oyewole).

Music technology students, growing from the expansion of creative industries education, have less star-centric and more realistic ambitions about music enterprise than previous generations, developing “*a massive cross-pollination of audio and video and films and web*”. However, the British art school tradition developed attitudes “*to buck the trend and stand out*”, stimulating more great music than the current education system (Junga).

Sound engineering is shifting in the digital economy; home studios and affordable software has led to many musicians recording, mixing and mastering their own releases. This has led to lower mix quality but overall higher audio proficiency as usable, affordable digital tools and peer-comparison drive up quality (Junga).

We see two related trends between ‘good enough’ disruptive innovations (Christensen,1997) in sound production and management which allow for authenticity and creative independence; the traditional music industry uses specialisation of skills, whereas the independent must be a multi-dexterous entrepreneur to succeed, potentially weakening auteurship. Partnerships and exchanges are crucial ways of embedding skills but difficult to barter for newcomers.

Key findings

The digital economy creates opportunities for new value models of distribution and promotion for independents outside of the limited routes of the traditional music industry. However “*the more things change, the more things stay the same,*” (Oyewole) as international corporations strictly control the digital marketplace, determining who can rise above the ‘noise’. Like Kusek and Leonhard’s theory that the online economy leads to the rise of the middle-class artist (2005:25), so too are the middle classes, or those with a technology and marketing education, best placed to succeed when owning a computer and a broadband connection is an entry requirement.

The expectation that online music is a free commodity, and the economic and perceived cultural ‘devalution’ of music, is a worrying trend for independents: their challenge is to create experiential goods - e.g. live products, merchandise or deluxe limited editions - which offer “*better than free*”

(Kevin Kelly) experiences as, in common with the wider music industry, ‘fame’ online does not necessarily correlate to economic success. Strong relationships between artists and audiences are critical, owning the relationship through direct contacts and databases outside corporately controlled networks.

Conclusions

This research sought to capture the experiences and perspectives of independent music entrepreneurs, identifying the effects digital technologies are having on their practices and assessing what skills and strategies they need in the new digital economy. This research stems from my own experiences as a worker in the commercial music industry and as an independent artist.

The music industry, spear-headed by the majors, is the fly in the ointment of digitisation, favouring regulation over adoption - although independents are at the forefront of innovation. The majors and independents both now feel ill-winds as recorded media sales plummet and file-sharing technologies and 'freemium' models have led to a 'devaluation' of music products – in economic, and potentially cultural, terms. Services like Spotify and Nokia's 'Comes With Music' inch the industry closer towards Kusek and Leonhard's 'music free like water' service model – although independents actively resist this cultural shift.

Building personalised relationships with fans and promotion through social media favours the self-promoting entrepreneur over the introspective artist, potentially weakening music as a stand-alone art product and re-contextualising it as online media, consumed as part of wider internet, film or games culture. Practitioners must be hyper aware of their context – developing Amazon.com-style 'those who bought this also bought...' recommendations and selling their goods as part of an online 'scene' of like-minded practitioners to benefit from 'The Long Tail', recommendation and meta-data trends.

Reaching this new army of tastemakers is no mean feat – the previous barrier was money, the future challenge is time and access to this diverse network of influencers (Rossiter&Goodrich,2006:4). The majors' marketing budgets will shorten some, though not all, paths to cut through the 'noise' online (Passman,2004:403). The music industry – large and small – congregates around a limited number of platforms or 'gatekeepers', simplifying access routes and increasing standardisation (e.g. MySpace profile as a multi-media 'flyer') but potentially recreating the 'old media' scenario, favouring elite, corporate relationships. The artist's, or scene's, own website will continue to be an important currency, with access to data - especially older formats like email databases – essential to maintain independence outside of a corporately controlled network.

The predictions of evangelists for the new online economy are doubted by some practitioners. Some believe online marketing detracts from artistic practice and creates a deafening marketplace which benefits corporate gatekeepers and established stars more than individual practitioners; others see the networked economy as an exciting opportunity for new products, relationships and business models. As a producer myself, I experience this heady mix of excitement, uncertainty and exasperation.

Through the growth in user-generated content, the division between professional and amateur is increasingly blurred (Leadbetter&Miller,2004); on one hand this increases the market and opportunity, but on the other increases competition creating over-supply, demoting music's "*sacred status*" (Bourreau,2008).

There are many challenges for the music industry of the future. The major label is by no means dead – quite the contrary, their historic strengths in publishing, marketing and talent development – with society's continual need for superstars - means their survival is assured and dominance is likely. However, there may be further consolidation with labels' synergy with media and internet corporations, playing to their core competency of seeking and developing talent (Lam&Tan,2001). Corporations (both majors and media investors) will continue to be bedfellows with independents, providing the capital, marketing and distribution to maximise their opportunity in the global marketplace. The majors will focus on the 'star system' (Bourreau,2008), creating 'hits' and investing in tried-and-tested artists and genres with an established fan-base; independents will, through choice rather than necessity, proactively choose commercial investment to advance into new markets. Autonomy is closer to a reality for today's entrepreneurs than the 'myth' of independence for previous generations (Negus,1992:18).

Today's period of creative destruction and re-invention (Schumpeter,1942) is an exciting time for the independent music industry, likened to the creative outpour of the 1980s 'indie' scene, but not dominated by any specific music style. Established artists - particularly those who found fame through major label mass marketing to establish loyal fan-bases – are able to thrive in the new economy. Those starting out are finding new ways to professionalise their practice earlier in their career, with less reliance on arbitrary connections to find fame and greater opportunities for those working outside of the 'global centre' London (Wall,2006:16). We are seeing the rise of a new generation of middle-class musicians, neither 'grassroots' artisans nor superstars (Kusek&Leonhard,2005:25). Increasingly, the online and live music economies favour those who are marketing and IT savvy, increasing opportunities for 'middle-class' educated artisans and decreasing diversity in underground music scenes.

The music industry of the future will have mitigated online piracy by moving in one of two directions specific to each artist: producing more experiential goods like premium products, compelling live performances or 'backstage' access; or using music as a secondary product with income derived from syncs or commissions. Regulation in some Western territories may moderate the 'free lunch' of file-sharing but subscription models that offer greater selection and cross-platform, multi-device delivery will help to legitimise online music consumption. Closeness between artists and audiences will deepen in tandem with the "*structured pull*" (Bourreau,2008) of micro-'scenes' of geographic or thematic collectives, led by networks of boutique labels and 'consumartists' co-existing with corporately promoted superstars.

Production economies will continue to skew downwards but will not, as some predict, drop to zero. DIY will become not a stance but a necessity for survival. Investment will be personalised, drawn from fans directly, with a greater chasm between superstars and independents. Independents need to be in for the long haul rather than playing the instant fame game.

In 2002 David Lynch declared "*TV is dead*" - the internet is the video distribution method of the future. The digital content industries fear whose apple-cart will be next overturned by digital distribution, particularly with the growth in high-speed broadband when a DVD takes just minutes to download (OFCOM,2005). The music industry provide learning outcomes, business models and foundations to develop the whole digital content market (Virtanen,2003:62). Peer-to-peer distribution technologies threaten Hollywood, yet the film industry has the benefits of playing catch-up, potentially linking with music to lobby for solutions from centralised regulation.

The digital economy offers, like the 'celestial jukebox' (Godstein,1994), limitless possibilities for the invention of new cultural paradigms to benefit the independent music entrepreneur. However, choosing the right model, acquiring the increasingly diverse and digitally focused skills and competing with established and corporately financed artists for attention is potentially more difficult for independents than in previous generations. Yet with focused application, their potential for success at modest levels to support early professionalization is greater than ever before.

By studying a sample of independent music entrepreneurs, my research suggests there are many opportunities, yet many unresolved concerns and uncertainties as to their future role in the digital economy, still thought to be governed by large corporations. This is an area worthy of further investigation, either extrapolated into a rigorous economic study of current and future models, exploring in-depth one specific activity such as social networking or showing how these findings may apply to the wider digital content industries.