How media prosumers contribute to social innovation in today’s new networked music culture and economy

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Abstract
This article aims to contribute to a greater understanding of the development of new opportunities for the creation of value within the music economy. The underlying proposition is that the current transformation of recorded music culture into a networked on-demand music culture, one where new digital networked media allow more artists and consumers to act as producers, distributors, publishers, critics etc. is comparable to previous fundamental transformations where new media became the dominant means of production, allocation, perception and use of music. The concluding part of article examines how the new media impacted and challenged the music business’ economic value chain.

Keywords: co-creation, context, media, means of production, media innovation, music production, music allocation, music perception, music consumption, digital network-media, prosumer, push & pull culture, strategic foresight, strategy, value creation.

1 Introduction: The media prosumer as the new strategic challenge

Ever since Adam Smith, it has been assumed that markets best serve the needs of ordinary people as consumers, regulating their demand with production and allocation and sustaining growth (Smith 1976 [1776]). Economic models of innovation and of value creation focus empirically on the processes of the commercial production and distribution of their goods and services in markets as well as on increasing opportunities to

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perceive and to purchase them. It is assumed that innovation and the
creation of value is a matter of economics (Schumpeter 1934 [1997]),
that firms are needed to reduce transaction costs (Coase 1988 [1937])
and it is taken for granted that all value activities should be as market-
orientated as possible (Porter 2004 [1985]). It is not just the many critics,
but also economists like M.E. Porter, the former high priest of market-
orientated value creation, who no longer believe in such assumptions
(Porter & Kramer 2006, Winter 2006, Potts et al 2008). Today many peo-
ple own smart digital networked media that allow them to create value
in relation to music, without the involvement of companies and at lower
costs. Using these new media to undertake activities like commenting,
criticising, sharing, producing, posting, publishing, they are able to inno-
vate socially and culturally whilst at the same time creating cultural and
social value instead of economic value. To understand how these media
‘prosumers’ innovate socially in today’s new networked on-demand mu-
sic culture as well as innovating in the modern networked music econ-
omy requires an examination of the history of music cultures within the
framework of the communication and media sciences.

Communication and media studies consider music to be a form of
communication within its process of production, allocation, perception
and use. For ordinary people, usually referred to as consumers by the
music business, new media in this sense are the new means of overcom-
ing the uncertainties in communication, the fundamental problem of
mediated communication (Luhmann 2001). To overcome these uncer-
tainties between people and music or artists, firms have produced ever
more media. Normal production ensures proximity to markets and prof-
its follow. However today, much closer relationships between the artists
and fans are made possible, without the intermediation of the tradi-
tional music business, through network media such as Last.fm, YouTube,
Spotify or SoundCloud and less frequently via electronic media\(^2\) such as

\(^2\) Communication and Media Science historically distinguishes between four dominant groups of
media with regard to the respective technology. The oldest group is the Primary or Role Media
dealing with fundamental media roles ("minstrels", "prophet", "priest" etc.) and institutions such as
the "theatre". Here public communication takes place without the use of technology. Print or Sec-
ondary Media such as "books", "newspapers" or "magazines" require technology for the production
radio, records or MTV. Such developments have enhanced the transition from a push music culture, in which the few produce for the many, to a networked pull, or on-demand, music culture in which increasing numbers of people participate in networks where they share, post comments, publish and even produce music by themselves.

Obviously, changes in the music culture and economy take place when music is produced, distributed, perceived and used by new media. Increasingly people, with diverse interests, are involved in these simultaneous and complex processes. This presents real problems for the music business extending well beyond the scope of academic disciplines.

The scientific challenge posed by such changes is in finding suitably precise definitions. Efforts to do so became the focus of strategic research in the mid 1990’s. Hamel and Prahalad (1995) showed corporate success was not solely based on a competitive position in the market. They showed how competitive industrial strategic foresight and management focus on potential demand for new products and services was just as important as a company’s competitive position in markets where, when it comes to making profits, cost and differentiation are the decisive advantages. Strategic foresight is above all about the practical challenge of articulating plausibly, how and why value creation activities should be directed towards new market expectations.

Competition based around industrial strategic foresight and a new focus on value creation activities come closer to strategic research, when the music economy is seen as a media economy, and therefore closer to media development research. Research on strategy, in contrast to economics, holds that knowledge of that which will be important in the future economy is the central criterion; for example, the cause and effects of media development and the new possibilities brought about by their use. A glimpse into history shows how the development of new
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print media such as sheet music, music books or books of lyrics followed by electronic media like radio, records and television opened up substantial new music markets, as shown in studies in research on innovation and creativity in the music business (Tschmuck 2012).

New media opportunities for value creation market opportunities are no longer solely available to businesses. The new networked media were not developed for companies, but for ordinary people's use. More ordinary people use them today almost as if they are running a business without being in a business (compare Kaufmann & Winter 2012): they use them as their means of production in a transformed music culture. The second part of this article reconstructs the development of media as the development of the means to produce, allocate, perceive and use music while discussing in particular how ordinary people are increasingly afforded new opportunities to participate in music. Part three examines how consumers can become prosumers through the use of digital network media and how they increasingly challenge the traditional commercial market values especially as they use these new digital networked media as a means of production and distribution of music. The final section of the article addresses the dynamic of modern market-related value creation as a consequence of the use of the new media to socially innovate within a new on-demand music culture driving the music economy in a smarter, more inclusive and more sustainable direction. Against this background the question is posed whether we may be witnessing the beginning of a networked socially innovative post-capitalist form of value creation in the music economy.

2 Media development and the transformation of music culture

The music industry was impacted sooner than other industries by the challenges posed by the development and availability of new media opportunities brought about by the digital revolution. Ever since Shawn Fannig first developed his digital network medium Napster for music exchange in 1998, media such as Last.fm (2002), MySpace (2003), Face-
book (2004), YouTube (2005), Spotify (2006) or SoundCloud (2007) have become well established. Their importance as media for creating music value can only be properly understood when seen as the means of production. Currently it is not only firms and large public organizations that have music and media at their disposal but increasingly ordinary people who employ media as their means for creating value for friends and relatives and others. The many, diverse consequences of these developments have brought about unimaginable changes within the legal, technological, economic, social and cultural frameworks and conditions both for music culture and the music industry.

Today, it seems almost trite to say that music has become even easier to get hold of than water. However, the importance of this situation for the future value of music is still unresolved. Although the aforementioned media such as Napster et al. definitely changed the music business as well as its culture, concrete statements about the potential of and prospects for music-related value are difficult to find. Thirty eight interviews\(^3\) were conducted with a variety of selected stakeholders from the Berlin music business as part of a project on their potential and prospects for future creation of value and confirmed that: a strong drive to achieve purely economic value is no longer expected from these stakeholders in the market; instead there are more and more cooperative relationships with and among artists, but most importantly with music fans and those traditionally furthest removed from the music business, such as brand partnerships within the context of media-networked activities. These new relationships are producing new kinds of opportunities. But do they pay?

It is only possible to empirically validate the quality of research on trends retrospectively. The history of the music business shows that adopting strategic foresight in relation to development of media pays off. Those who first understood that publishing works could drastically change the culture of live performance stood to make a lot of money.

\(^3\) The interviews took place within a research project conducted by the IJK of the Hanover University of Music, Drama and Media for the Berlin Music Commission, in which a model of dynamics of the Berlin music economy was to be developed, in which concrete value creation potential and perspectives were to be identified and developed – compare Chapter 3.
Researching strategic foresight was not (at the time) purely about making money, but about understanding what an artist, a music teacher, music school or even a socialite might potentially do with these new publishing techniques. The transformation of music culture through sheet music was not at the time business-based; none of those involved had ever been a part of the live performance-based culture (Grosch 2010). Media and cultural change is initially a change in public and private, of the cultural and aesthetic, as well as of the social actions and relationships of ordinary people. Therefore, a comprehensive understanding especially of new media activities and relationships is a prerequisite to a better understanding of the transformation of music-related value creation that could help develop strategic foresight for the orientation of future value activities.

The development of media is not merely an addition but a social innovation (Mulgan 2007). New media allow new practices and relationships to evolve that would overburden existing social, cultural, legal, political or economic institutions. New media help to make new ideas work and institutionalise the overall context of music-related practices and relationships.

For the historical reconstruction of strategic foresight and the provision of value creation activity in the context of media development, it is necessary to design an empirical model capable of identifying, describing and differentiating every possible practice as well as their inter-relationship. In this way, it is possible to include thoughts from a variety of researchers from the fields of economic, communication or cultural change such as Karl Marx (1857), Stuart Hall (1981) or Siegfried J. Schmidt (1991). Based around their thoughts and ideas, music can be conceptualized as the overall process of the moments and contexts of its "production", "allocation", "perception" und "use", the sum total of which constitutes "music culture".\(^4\) Historically the constantly moving music culture changes when the conditions or processes or their relationship change. Equally when these conditions or processes are different or are

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\(^4\) I have examined the various concepts introduced here in the sub-processes of culture and communication and later value creations as well as the logic driving it in detail (Winter 2003b, 2008).
substituted, supplemented or completely invented, they can lead to new possibilities in the music culture. That, as will be shown, normally happens, when a new medium is institutionalized through new practices and uses.

Before the development and spread of print media, music culture, from the perspective of media and communication research, was made up of "role media" or "primary media". Those undertaking the Role as primary media provided or carried out, in accordance with the time and society, specific functions (e.g., spreading entertainment such as "rhapsody", "minstrels" etc.). People who carried out the roles served as media because expectations were placed on the role and not on the person performing that role. The roles were represented as part of the system of live performance culture in the places they were performed. Music could be experienced at the same place where it was produced, distributed, perceived and used. Music culture was completely bound by a representational culture, visualized in the model as the arrow. This model emphasises the bias and linearity of production, distribution, perception and use of music within the oral live performance culture\(^5\) (Fig. 1).

![Diagram of Live Performance music media culture (following Winter 2011: 163).](image)

The use of sheet music and later that of music books detached production, distribution, perception and use of music from its representational culture, roles and locations, creating new music opportunities in new spaces in new places. Those wishing to could write lyrics and later read notes and learn music performance and composition. Those who

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\(^5\) The differentiation between "oral live music culture", "performance music culture" and "recorded music culture" as three phases of the current transformation of music culture follows that of Faulstich (2000).
acknowledged before others the value of the participation and knowledge gained through the print media-based cultural changes had strategic foresight. Such people could better plan the commercial activities of production and distribution of print media, subject to the available reading and writing skills at the time. Dealing with print media constituted the (music) culture of the emerging bourgeoisie. This brought about the existence not only of amateurs but also a growing number of music teachers, artists or critics, who in turn opened new spaces through featured articles. In this new print media, commercial performance music culture could be influenced by amateur or professional musicians alike (but especially by consumers who influenced the production and distribution of music through their consumption) that were now organised into businesses with the means of production and distribution at their disposal.

The print media-basis of production and distribution and the new awareness of music as a market allowed for the intelligent, inclusive and sustainable establishment of a music culture and economy within society. Companies drastically reduced transaction costs, especially as music became easier to transport, buy, learn, read, play or compose. Because production followed whatever the market indicated was popular and could be sold, the music culture also became more democratized. Even so, few people were able to influence the processes or moments of music culture (as displayed below with the directional arrow) that at the time of feudal oral live music culture comprised the totality of music. The inherent rules of production, allocation and perspective of music culture became ever more subservient to the processes of supply and demand (Fig. 2).

Figure 2: Print media performance music culture (following Winter 2011: 163).
As might be expected, electronic media like radio, records and television expanded music culture with even more new opportunities for production, allocation, perception and the use of electronically recorded music. For the first time, it was possible to hear music without a musician being present and regardless of the location to experience a live performance. Usually this medium was in demand from young people who wanted open up their experience of music, in easier and more private ways, notably from using records. Electronic media enabled greater choice for choosing the time and location in which to perceive or, as one might more usually say, "listen" to music (Fig. 3).

![Figure 3: Recorded music media culture (following Winter 2011: 163).](image)

Corporate finance and re-financing activities helped make it possible to finance music culture and that, in radio and television was mostly free of charge at the point of access. Apart from live performance, recorded music culture was the most direct form of media that had ever existed. Its main figures, such as the Beatles or The Who, became superstars. They or key artists like Joan Baez or Bob Dylan had an appeal that was not only musical, but often had an aesthetic cultural and social dimension. The fight to free the new media at the time was also a fight for the right to music, which may be hard to understand today. Indeed, who now even remembers the influence of pirate broadcasters on the development of pop music (compare The Boat That Rocked 2009)?

This fight for free media brought musicians, businesses and consumers together. The participation of Joan Baez in the civil rights movement and her affiliation with Martin Luther King along with Bob Dylan's association with the anti-(Vietnam) war movement was as much part of the music culture as it was a part of the public persona of the
artists themselves. Both are parts of a vital and open music culture. Purchasing records by their favourite stars also made fans a part of the music culture along with the globally successful music publishers and promoters (see Fig. 4); even so, this era was dominated by record companies (Wikström 2009:49).

The continued commercialisation of the music economy increasingly led to conflict with the creative critics and many music consumers. In the late 1970's, when even punk began to drown under the weight and influence of commercial interests, a new anti-culture began in cities like New York and later in London with the Do it Yourself (DIY) Culture. "Don't hate the media. Be the media!" was the motto. In this everybody was encouraged to produce and distribute fanzines and records themselves to become a part of a mostly artistic anti-culture program.

As long as those in the music business owned the efficient means for the production and distribution of music, critics were not a problem for the music industry's main firms. Street trends soon became products to be sold on a global basis. However, music culture became more of a creative challenge for everyone. This was accompanied by the age of
MTV in which pop culture went global and MTV became the most valuable media brand in the world. Despite innovative formats such as "The Real World" running since 1992, however, MTV has since lost its importance for consumers and its global relevance for music, significantly losing out to digital video networks such as YouTube. How did that happen?

3 Music prosumers and new media-networked value creation

This section focuses on the transformation of the recorded music culture into a new digital network media on-demand music culture, in which people (using, for example, video network media such as YouTube) can make much more than music television could.

The development of other media was not anticipated, nor was that of Napster or YouTube as new digitally networking media. No one expected the socialisation of the means of production and this was met with a corresponding lack of comprehension (cf., Renner 2004). Has the use of new network media changed music culture and the music economy in a similar way to the advent of print and then electronic media? To date, little thought has been given to the new digital network media and the opportunities they present as a means of production for ordinary people. These new media allow new relationships, requirements and welfare opportunities. Until today, too little time and attention has been given to research and to understand the potential of digital networked media as the new means of production and the fact that for the first time in history such powerful means are owned and used by ordinary people to make their life and work smarter, more inclusive and more sustainable - even though we are beginning to comprehend, that they and their media activities are the new circumstances, conditions and possibilities for a more optimal form of welfare (Benkler 2006, Potts et al. 2008).

Technologically speaking, as explained in greater detail in the second footnote of this text, the new digital network media not only
require technology to produce and reproduce music, like electronic media, but also software and transmitting technology. This is what opens the scope of action. Raymond Williams has famously shown that the technological form as such does not in itself make a cultural difference (Williams 1974). But a new technological form allows people to create new cultural forms and differences which, if they become a medium of communication, establish new social relations as a basis for new commercial and of course non-commercial activities. One of the first to present the new scope of action in the recorded music culture was Shawn Fannig. He founded the revolutionary Peer2Peer media Napster in 1998 that disrupted the allocation from the market and enabled greater numbers of people than ever before to trade music. The success of Napster as a new network medium enabled people to publish and network music. It followed that our "push" culture, made available by the few who owned the media as the means of production is evolving into a "pull" or on-demand music culture, challenging anew every classical linear value creation of culture or music (cf., Winter 2011).

Strategic foresight on the future potential of and prospects for creating value needs a terminologically and conceptually clear differentiation from the electronic media-based recorded music value creation: The biggest media difference is the new "connectivity". The definition, usually referring to the connection between a computer and a network, now means a comparable network media relationship created between people (cf., Winter 2006; Hepp et al. 2008). The public and private institutionalisation of new network media connectivity (invariably in different ways with many different new network media such as YouTube, Spotify or SoundCloud) constitutes new post-capitalistic forms of music production, allocation and perception. These

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6 The unfolding of this cultural difference follows the development of a technology into a medium in relation to complex processes (Dürenberg & Winter 2011), that are not easy to comprehend. It is a process of mediation between the developments of a cultural form of a media within and between the processes of production, allocation, perception and use of, in this example, music. The process will become, as shown in historical reconstruction, more elaborate with the development of every new medium that makes these processes more independent.

7 The now common use of the terms "push culture" and "pull culture" or "on-demand culture" stem from James Lull (Lull 2002; 2007 discussed in Winter 2009; 2011)
new media "pull" culture forms of the new networked "on-demand" media music culture are understood by very few. Indeed the owners of new media as owners of the new means of production are transforming the music economy. This is why we are only seeing a very limited range of adequate new business models (see in detail Winter 2011a).

Myspace allowed ordinary people (as Facebook did later on) to network with one another as well as with musicians. YouTube, Spotify or SoundCloud are even better examples of those who have furthered this development. What is novel for those involved, are the new value creation opportunities of new media connectivity and networking, not just the use of music as perception, but increasingly its distribution and production, created and thereby constituted in the new non-linear media pull or media on-demand music culture - which is networked (cf., Fig. 5).

Because the same means are now available to everyone (as identified by the TIME magazine), YouTube and other digital networked media
have enabled individuals to become producers, publishers and creators and TIME declared "You" in the year 2006 as their Person of the Year.

Who are you? Definitely not a member of an archetypal "Audience" or "Target Group". Neither of these definitions was developed to describe the networked activities of people. A term more often used in this context is "prosumer". Alvin Toffler first used the term in his book Future Shock (1970) and later on it was more closely examined in the book The Third Wave (1980). Saturation of the market leads to a dissolution of barriers between producers and consumers. The future, according to Toffler, lies in new types of collaboration comparable to an architect working for a client trying to build a house. Toffler defined the prosumer as someone who creates value as independently as possible, as demanded by the DIY movement ideology that he refers to (dt. Toffler 1980: 276). He expected the spread of prosumers would require a revision of economic models, measures and categories with regard to new value creation efforts and possibilities that currently have become commonplace. For Toffler, prosumers are people who for example withdraw money or fill up their cars with no help from others.

One of the first to apply the idea, but not the term, of prosumers to their use of digital network media was Saul Berman in his widely circulated White Paper "Media and Entertainment 2010 - Open on the inside, open on the outside: The open media company of the future". The challenge for media companies, according to Berman (2004), would be in understanding and being capable of fulfilling the expectations of the varying media-skilled and active clients. He expected that they, in varying degrees, would be increasingly involved in the creative process (ibid. 12). Apart from "traditional passive consumers" he distinguished between "contributors", "producers" und "authors". The future lay in being able to get their attention and able to fulfill their expectations.

C.K. Prahalad and V. Ramaswamy (2004) reformulated this complex challenge productively through enabling the co-creation of companies with their clients as the company’s aim. Here they were first to see the change from a push to a pull strategy with an authoritative reference to Napster (ibid.: 35-37). However their strategic starting point is the con-
sumer, who are no longer what they used to be and they had not yet conceived the notion of consumers becoming value creation partners with the means of production at their disposal. They postulated that managers must think as "consumers" (ibid., 155-170) and meet consumers directly to define value efforts together. However, consumers remain consumers. As professors of management, their line of reasoning was very much from a corporate perspective. Even Gary Hamel's claim that management innovations were central to strategic reflection changed nothing, despite his claim using Web 2.0 management network media as its focus. The best way to understand the new roles of consumers as well as the associated value creation potential and perspectives is through Charlene Li's and Josh Bernoff's "Groundswell" (2008), because they reflect strategically on what ordinary people can do with the new media. Their orientation centred on the basic media science question: What do people do with media?

For Charlene Li & Josh Bernoff, the "groundswell", also the title of their book and, in the style of Tofler's "Third Wave", is almost a type of tsunami that one has to learn to live with because it is impossible to stop or to anticipate because it is caused by events at the bottom of the ocean. In today's world of disruptive transformations we have learned, that media or technologically-based groundswells mostly emanate from ordinary people's new media network activities. The future of reliable predictions will be shaped by multifarious groundswell activities, which in turn make those ordinary people that use network media, future co-creators. Crucial for the core issue of the identification of potential for value creation is that these co-creators are distinguished by reference to their value creation potential as shown in the "social technographics ladder" (see Fig. 6). This is a tool to enable a comprehensive empirical reconstruction of strategic foresight. Li's & Bernhoff's "social technographics ladder" supports the media science theory that technology is not the decisive factor but the manner of relationship in which it develops or unfolds (ibid., 41). However, the relationships they refer to as

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8 "The most basic change has been a shift in the role of the consumer - from isolated to connected, form unaware to informed, from passive to active." (Prahalad&Ramaswamy 2004:2)
"connection" are unfortunately not elaborated, defining "connection" without any reference to new digital network media somewhat imprecisely as "involvement": "Each step on the ladder represents consumer's greater involvement in the groundswell than the previous steps." (ibd.: 43).

Despite the different role signifiers on the tech ladder of Li & Bernoff, people remain "consumers", and this is unfortunately not completely thought through. This weakness can, however, be easily remedied. The tech ladder is a good way to better understand the way
in which prosumers socially innovate music culture and the music economy. However, there is a further problem: The term "social technology" is appropriate when applied to the potential to constitute social relationships. Nevertheless technology does not constitute relationships, but merely the use of them and it leads to the false premise that print media and electronic media differ from new media because they are not social. A more precise selective term "digital network media" should therefore also be used because the term "technology" does not convey a sense of the social, cultural and of course economic complexity, in contrast to terms like "medium" or "media". Thirdly, when "creators" are understood as "consumers", then it is in my opinion impossible to come to terms appropriately with the undisputed strategic challenge, introduced by Bermann and then in greater depth by Prahalad, of understanding the expectations of people who were once consumers. The term consumer ignores the specific innovations that the "tech ladder" tries to illustrate: Consumers become "productive". What two thirds of the book describes as something that companies should do ("listening", "talking", "energizing", "helping" and "embracing")!, prosumers do by using network media.

Acquisition of cultural skills by using digital network media is comparable to those needed for using print media, reading and writing. Nobody expected either at the time. There was no requirement to learn to read and write. Today, the skills required to use digital network media are cultural skills with which new relationships, new perspectives and even music culture is created. Inevitably, these approaches are leading to a new system. Their aim is to permanently (even if not yet possible) enable the freedom associated with these cultural skills, since Napster. Activities used in YouTube, Facebook, in combination with Spotify, from SoundCloud etc. already constitute this new system: Communal playlists, the public exchange of music, not as an illegal but as a socially desirable form of behaviour, that make connectivity charged with social and cultural or aesthetic values, making musically based social links visible to others as signs of esteem etc. These networked media
activities already constitute the new digitally media-networked on-demand music culture.

Music economics and media research have learnt to understand the rise of constantly new, different network media. On the one hand, we see them in the context of their continually creative social use by fans (Wikström 2009: 147-169) and on the other hand, as innovation in the music economy (Tschmuck 2012). Both research fields cross over in the discussion of fundamental legal creative use of media in the area of tension "Connectivity and Control" (Wikström 2012). Empirical studies create the basis for a sound debate relating to concrete situations such as that of authors (cf., Kretschmer & Hardwick 2007) or that of the record industry (Handke 2010). New occupational roles show how by following new ordinary people, usually as part of media development, that participate in the music economy as "music critics", as "DJs" or "club manager". Bastian Lange describes these developments using the example of Berlin as transformation of many everyday people into what he calls "Culturepreneurs" (Lange 2007). The boundaries between cultural value creation and economy have become less clear-cut but they still seem to exist. Indications such as that from Tschmuck, that "one should go one step further" (Tschmuck 2011: 25), or that "producers of music can be simultaneously consumers and vice versa" and as a result thereof "innovation perspectives" (ibd.) are rare. They do, however, exist in "making music", as Tschmuck asserts when arguing "transaction costs between individuals are saved" and that new "collaborative networks" occur (ibd.: 26) —however, not exclusively in making music as will be shown here later.

A project of mine designed to research the potential for new value strategies for the Berlin music economy showed the dynamics of active prosumers. Apart from the previously mentioned new network media, clubs also play a large role in Berlin. In conjunction with network media like Facebook, using smart phones as the main device, they create a new media immediacy that is becoming the new basis for connected value creation. It would seem that fans, as indicated in the interviews, drive and shape not only virtually but also the "real" commercial music
economy as active new forms of value creation. These occur, when not only their network activities but also their artists or musicians are skilled. They appeared to be the driving force not only of their music culture but also of the music economy and as a result of both the live and record industry prospers dynamically on both ends of the value creation scale. Apparently, going up the tech ladder is also relevant for artists and other people within the music economy. To profit from developing these skills, one has to learn that this is transforming existing relationships so that fans (formerly mere consumers) can and will become partners in value creation, establishing another meaningful relationship for both. But still some people in the music economy wish to see prosumers only as market consumers. The artists on the other hand may see this differently for economic, social, cultural or aesthetic reasons, if they can, in the end, profit more from relationships with their fans than with the music companies.

Using digital network media such as Facebook, MySpace, Youtube, Twitter or Soundcloud are par for the course for artists, irrespective of their skills. Many have turned their back on the old notion of value creation, not because of a lack of interest in signing good contracts, but due to their ability to open up new markets for themselves by connecting to others with network media. For artists, their network activities can contribute to more and more diverse aspects of value creation.

One interviewee, a Berlin DJ, who saw himself as a "musician" and not as an "artist", gained ever growing economic and also social and cultural value in networking with his fans. They contribute in various ways to his overall value creation. Their networking with him is a powerful empirical example for Castells' notion that the potential of the new media networks related to markets is that within them there is almost always something of value to exchange: which is much more than about money, the only medium which allows exchange on offline markets (Castells 1996, 2002, Benkler 2006, Winter 2006 & 2011a). In the new digital media constituted networks, everything which can be exchanged is of value. This discovery, which unfortunately cannot be
elaborated upon here, is of central importance for the further development of strategic foresight and the orientation of future value activities – of prosumers, but also artists and music business people. It was beneficial in our research project to be able to distinguish between publicity or distribution activities and that of co-operation. They were significant not merely analytically as different steps on the ladder, but as activities that brought about change in a future of the institutionalised system logic of the commercially constituted recorded music culture. When ordinary people can publicise something which they have never been able to do before, this leads to innovation in the music culture publicity system. When these same people, who are explicitly not part of the market, suddenly begin to distribute, then it changes not only the distribution, but also the allocation. And when these people also cooperate with those who have made this possible for them, then not only do these ordinary people become prosumers, but the entire value creation processes and production relationships change – a little more with every bit of cooperation.

To be in a position to understand the scope of these small activities, we need a model spanning future value creation to show this dynamic. Even though the activities of prosumers in the network of the electro-DJs do not change music culture or music market, they do inherently change the value creation of those interviewed in which they present an expanding and more lucrative part of the music economy that is not impacted by the traditional music market. All of those interviewed assumed that in the future a large section of their fans would definitely, in some way, increase their future value creation. In addition, because all musicians or artists wanting to increase their skills in dealing with network media expected further new network value creation potential and possibilities, it seems plausible to anticipate that this opportunity (as shown in Fig. 7) could be a part of the future reality. This graphic shows how electro-DJs, independently from the main music market, create publicity through promotional activities in their network and that fans, as prosumers, help the electro DJs achieve this goal by creating publicity for them or sharing tracks that are in turn shared by others:
What makes these activities novel is not that they are happening but that they are increasingly better planned and more commercially successful. This can be seen from the DJs profiting a lot from an increase in their reputation and profile. They are able to sell more tracks, get bookings for more gigs and their fans also play an important role as prosumers by, for example, taking over specific functions. This is shown clearly through the fact that the majority of bookings of the DJ interviewed is no longer done through his agent but by his fans as prosumers. Fans, from all over the world, can ask him if he would be interested in doing a gig in their city because they have seen how other fans have been able to make the organisation of such gigs possible – with facebook! The advantages of networked economies are obvious. Clearly, transaction costs can be reduced and gigs organised more cheaply without a market intermediary. But that is only one advantage of networked economies that we are only now beginning to understand. From the perspective of the prosumer, there could be other advantages...
from networked economies that are even more important to them than what has been mentioned so far. They have the means of production at their disposal that generally allow them to participate in value activities of musicians, not, however, in the manner of a traditional business figure but as fans of a musician, artist or even of a special club. The networked media-based on-demand music culture already shows a greater scope for potential than every other music culture before.

4 Summary: Prosumers creating more intelligent, inclusive and sustainable forms of value

New opportunities in networked on-demand music culture(s) must first be developed. We know too little about networked value creation, in which prosumers may possibly play a more important role. It still remains to be seen what forms of capital, other than money (aesthetic capital in the form of virtuosity, social capital in the form of reputation and relationships and naturally cultural capital in the form of knowledge, intuition for trends and cultural differences) will develop and whether and what sort of system is produced as a result and institutionalised and in what way this is relevant for the music economy. It is anticipated that music culture will be less frequently structured as a push culture. The more common open and non-linear organisation of production, allocation, perception and use of music will continue to change. Based on the history of the transformations of music culture, it can be assumed that ordinary people (especially since they have a means of production and distribution at their disposal and the ability to organise how they receive music) will increasingly produce, allocate and use their own music culture. The model shown of current dynamics in the music economy and the history of music economy certainly point in that direction. The music economy has always prospered from enhanced music cultural opportunities often linked to new value creation possibilities if there are established institutions such as new spaces for concerts, or talking about concerts in media, creating a new TV station...
exclusively for music clips or through supporting new networks in the music culture and music economy.

A new aspect of the development of music culture and music economy is that prosumers, who must first learn to manage digital network media, will almost certainly increasingly participate in its reconstruction and transformation. In doing so they would most definitely use new media to cut transaction costs. For the majority of them, digital music networked media is more than likely (as with all media before it) the constant means through which they choose to produce their social and cultural life in what is in their opinion a more intelligent, inclusive and sustainable lifestyle. That is especially the case when people begin to do something for themselves with new media. They will most certainly, as always, use various media, although it will often be a variety of network media. For example, in the social development of new connectivity, these media are increasingly a part of the lives of ordinary people, increasingly constantly online and always available. History shows, that it would seem to be important for them, as ever, to be able to establish new forms of social and cultural links as well as to differentiate themselves from others, to make themselves more available or more useful or more whatever. Digital network media have great potential, creating possibilities for people, to make media and music an especially valuable and meaningful part of their lives, as well as opportunities for companies to be able to sell meaningful related products and services. It is easy to foresee greater success for those providing these services in the future if they support their clients, as prosumers, with their social and culturally innovative endeavours using digital network media. They could encourage prosumers, as owners of their own means of production, to develop and establish their own innovations and thus contribute further towards a system of "on-demand music culture" in which production, allocation, perception and use of music is more optimally in creating prosperity than currently is the case. It might then be possible to realise new and diverse potential and possibilities for creating value through openly value media-connected networks on an equal footing and in cooperation with
prosumers and musicians or artists, from which they have been excluded, as long as they continue to direct their value creation efforts exclusively towards the market.

Many spokesmen from the music industry, as a leading cultural and creative economy sector, advocate making the music business more open and networked and less complex but have discovered how difficult it is to develop one's own network in the music business even when it, as was the case in Berlin, is quite advanced. Key people in the music industry started networks such as "ClubCommission", "BerlinMusicCommission", the (Berlin) VUT-network "LabelCommission" and "All2getherNow". They are the start of a new value creation framework, designed to allow coordination with other market players and making a smarter, more inclusive and sustainable arena that is unfortunately still not sufficiently open. Until now you only see, within these activities, the opening of these networks to other stakeholders as new network partners which means new partners in a broader more competitive and sustainable form of open networked value creation. But today's music business, arguably a less smart, inclusive and sustainable market economy, is still a barrier to the social innovation of prosumers, who are in conflict with them (see for media companies in general Buschow 2012). Nevertheless the music market is gradually opening up as well.

In the long term, this barrier is less of a problem for prosumers than it is for the key figures in the music business. It prevents them from monetising the number and quality of socially innovative prosumers, from which they could profit, if both the music culture and the music economy could seriously work together towards establishing a more optimal and healthier economy. As more consumers become prosumers, companies will have to involve themselves more with social innovations. Many of them will not be from the music industry such as those who start funding music through crowd funding or helping club owners to establish clubs in neighbourhoods in which they could, as some do, for example, develop ideas for noise and refuse management. As always in the history of music, new media offer, as a new means of production,
new potential and prospects for new creation of value for those who use them to innovate socially. This article has hopefully increased the potential for strategic foresight; at least it has placed the role of the development of media as the means of production and their use in historical perspective and has conceptually reconstructed them in the context of the evolving system of music culture and the music industry. The new dynamic of the latter, to the extent it is less about markets than a networked post-capitalist music business, can be explained through the models provided in this article.

5 References


How media prosumers contribute to social innovation


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