

International Journal of Music Business Research

Volume 5, Number 1, April 2016

Editors:

Peter Tschmuck

University of Music and Performing Arts Vienna, Austria

Dennis Collopy

University of Hertfordshire, UK

Daniel Nordgård (book review editor)

University of Agder, Norway

Carsten Winter

University of Music, Drama and Media Hanover, Germany

AIMS AND SCOPE

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

EDITORIAL BOARD

Dagmar Abfalter, University of Music and Performing Arts Vienna, Austria

David Bahanovich, Trinity Laban Conservatoire of Music and Dance London, UK

Marc Bourreau, Université Telecom ParisTech, France

Ryan Daniel, James Cook University Townsville, Australia

Beate Flath, University of Paderborn, Germany

Simon Frith, University of Edinburgh, Scotland, UK

Victor Ginsburgh, Université Libre de Bruxelles, Belgium

Philip Graham, Queensland University of Technology, Australia

Christian Handke, Erasmus University Rotterdam, The Netherlands

Susanne Janssen, Erasmus University Rotterdam, The Netherlands

Martin Kretschmer, University of Glasgow, UK

Frank Linde, Cologne University of Applied Sciences, Germany

Martin Lücke, Macromedia University for Media and Communication, Campus Berlin, Germany

Jordi McKenzie, Macquarie University Sydney, Australia

Juan D. Montoro Pons, University Valencia, Spain

François Moreau, Université Paris 13, France

Guy Morrow, Macquarie University Sydney, Australia

Daniel Nordgård, University of Agder, Norway

Felix Oberholzer-Gee, Harvard Business School, US

Lucie Šilerová, Janáček Academy of Music, Czech Republic

Alfred Smudits, University of Music and Performing Arts Vienna, Austria

Eva Stöckler, Danube-University Krems, Austria

Michael Theede, Macromedia University for Media and Communication, Campus Hamburg, Germany

Aleksandra Wagner, Jagiellonian University Krakow, Poland

Patrik Wikström, Queensland University of Technology, Australia

International Journal of Music Business Research

Volume 5, Number 1, April 2016

CONTENTS

Editorial 4

Articles

Rockonomics revisited: The rise of music streaming services and
the effect on the concert industry
Adam Fer & Barbara Baarsma 7

Innovation diffusion in B2B relations: New song diffusion in radio
broadcasting
Alexander Brem & Michael Reichert 36

The distinctiveness of Electronic Dance Music. Challenging main-
stream routines and structures in the music industries
Job van der Velden & Erik Hitters 59

Book review: Business innovation and disruptions in the music
industry (eds. Wikström, P. & DeFillippi, R.)
Daniel Nordgård 85

Notes for contributors 91

Editorial

*Dennis Collopy*¹

This new issue of the International Journal of Music Business Research (IJMBR) is the latest published by the International Music Business Research Association (IMBRA) based at the University of Music and Performing Arts Vienna. IMBRA's three current editors include Dennis Collopy, Peter Tschmuck and Carsten Winter along with Daniel Nordgård as our IJMBR book review editor.

The new issue features three excellent unique and diverse papers that shed fresh and novel insights on the modern music business and this is exemplified by "Rockonomics Revisited", as well as "Innovation Diffusion" and "The Distinctiveness of Electronic Dance Music".

"Rockonomics Revisited" is arguably one of our most ever important papers and one that signifies an important progression in the evolution of the modern music industry. Taking its reference point as Krueger's well-known 2005 "Rockonomics" paper that examined the complementary relationship between declining record sales and rising ticket prices, the paper's authors identify key changes over the subsequent decade including the impact of the 2008 economic crisis and the rise of streaming all of which they argue have influenced concert ticket pricing. The authors' findings are also very relevant to the "Long-tail" versus "Blockbuster theory" debate given the current prevalence of support for the latter.

The "Innovation Diffusion" paper investigates the importance of product and organisational Innovation particularly in a music industry with historical failure rates of 90 percent. Significantly the author's focus on innovation within the radio broadcasting industry, the one sector historically with the most symbiotic link with record labels and how new songs are 'added' or adopted by German radio stations whose segmentation serves as a useful proxy for this sector. The article looks at radio

¹ **Dennis Collopy** is Senior Research Fellow at the University of Hertfordshire, UK (d.p.collopy@herts.ac.uk).

as a promotional tool for record labels and identifies divergent strategies in how radio stations are run and operated that highlights the challenges of profitably meeting audience needs and expectations.

"The distinctiveness of Electronic Dance Music" begs the question whether the Dance (or EDM) genre is distinctive relative to existing music industries structures. The authors' combine a literature review with qualitative analysis, the latter based on interviews with prominent Dutch Dance label owners. These indicate the genre is not compatible with the existing models developed by Negus and Hesmondhalgh that are commonly used explain the structures and the power relations in the music industry. They argue the differences between the EDM labels and rest of the music industry can be traced to the embedded digital technologies, the rise of independent labels filling the post-Napster vacuum left by the major labels and the fact the new entrants focus on live as opposed to recorded music revenues.

The IJMBR is aimed at all academics around the world, from students to professors, from all disciplines and with an interest in music business research. Interdisciplinary papers will be especially welcome if they address economic and business-related topics in the field of music. We look forward to receiving as many interesting papers as possible and request that you send paper proposals to:

music.business.research@gmail.com

Rockonomics revisited: The rise of music streaming services and the effect on the concert industry

Adam Fer & Barbara Baarsma²

Abstract

According to Krueger (2005) the main reason for concert ticket prices for popular music to show a sharp increase between 1996 and 2003 is that artists felt less constrained from increasing prices due to the erosion of the complementary relationship with album sales. This paper continues his analysis in a more current context by focusing on how the rise of music streaming services has influenced concert ticket prices and revenues, while also providing a brief analysis on the effects of the economic crisis.

Keywords: Music industry, concerts, streaming services, digitalisation

1 Introduction

The music industry has experienced dramatic changes in the past two decades. The digitalization of music along with the increasing prevalence of Internet access has created new challenges and opportunities for record companies, concert promoters, and artists. It does not come as a surprise that these shifts have impacted the earnings model in the music industry in terms of album and concert ticket sales (Caves 2003; Gopal et al. 2006). According to data from the Recording Industry Association of America (RIAA) the turnover from recorded music sales fell by 43 percent between 2004 and 2013. Despite the enormous growth of almost 2,300 percent in the same period, digital shipments have not been able to make up for this decline.

² **Barbara Baarsma** is Professor of Applied Economics at the Faculty of Economics and Business at the University of Amsterdam. She also works at the Rabobank, and is a crown member of the Social and Economic Council of the Netherlands (SER) (B.E.Baarsma@uva.nl). **Adam Fer** completed his academic education at the University of Amsterdam. During his stay at this university he co-wrote this paper. He now works in the media industry (adamdfer@gmail.com).

1.1 Krueger (2005)

In his 2005 paper, 'The Economics of Real Superstars: The Market for Rock Concerts in the Material World', Alan Krueger analysed the trend in concert ticket prices for popular music, which showed a sharp increase beginning in the late nineties. Specifically, he found that ticket prices on average increased 4.9 percent per annum between 1981-1996, whereas the annual growth was 11.1 percent between 1996 and 2003. Furthermore, price and revenue dispersion between the highest and lowest earning artists increased remarkably. He explained the trend in ticket prices by the decreasing complementarity between concerts and album sales. He proposed four main hypotheses to explain this phenomenon: the 'superstar' effect, increasing production cost, the dominance of Clear Channel, and the Bowie theory.

Beginning with the superstar effect originally proposed by Rosen (1981), Krueger acknowledged the music industry is certainly characterized by Rosen's model in that the top 1 percent of artists earns the majority of concert revenues. In line with Rosen's theory, the presence of the Internet increased the market size for artists, which in turn should increase the returns for the top 1 percent or stars. In order to test this empirically, Krueger developed a novel measure of star quality: the amount of print (in millimetres) devoted to each artist in *the Rolling Stone Encyclopaedia of Rock & Roll*, which reflected the implicit value the editors attached to each artist. His results showed that star quality does explain the higher prices more popular artists garnered in the late 1980s and early 1990s, but it cannot explain the jump in prices in the late 1990s and early 2000s.

Another explanation for the trend in concert ticket prices is that the costs of production are increasing, thereby outpacing productivity growth. Certainly in some ways the costs of concerts may have gone up, but other recent developments in audio equipment arguably may have brought costs down. It is difficult to attribute such a stark increase in price to these supposed cost increases without hard data, which is difficult to obtain.

The monopolistic power of Clear Channel, a major multimedia conglomerate in the United States, is also put forward as an explanation. In 2000, Clear Channel acquired SFX Entertainment, bringing it fully into the concert promotion business. Coupled with its ownership of numerous TV and radio stations, it seemed well positioned to exercise its dominance in the market. Krueger admitted that he expected this to be the best explanation, but the evidence suggested otherwise. The refutation of the Clear Channel argument leads Krueger to his final hypothesis: the *Bowie theory*.

1.2 The Bowie theory

In the past, concert ticket sales often translated into greater album sales. Thus, there was a complementary relationship between the two goods. This gave artists an incentive to price their concerts well below the market clearing level. The introduction of free access to music via file sharing networks has eliminated, or at least severely degraded, the link between album sales and concerts, which has resulted in concerts becoming more like single price monopoly products. Furthermore, only the top artists tend to receive royalties from album sales anyway (Caves 2003), so this could also explain the increased dispersion of price. Krueger (2005) assessed this with a formal model of two complementary goods. He argued that the coefficient that characterizes the positive relationship between concert ticket sales and album sales has declined, so promoters and artists now feel less constrained when setting their concert prices.

Artist David Bowie anticipated the erosion of this complementary relationship, "*Music itself is going to become like running water or electricity. You'd [artists] better be prepared for doing a lot of touring because that's really the only unique situation that's going to be left.*" (quoted from Pareles 2002). Krueger thus refers to this as the Bowie theory.

Some empirical support exists for his hypothesis. For example, jazz music is much less likely to be illegally downloaded than pop and rock (Oberholzer-Gee & Strumpf 2007). Between 1996 and 2003, the price of

jazz concerts increased by only 20 percent, while the price for pop and rock concerts increased by 99 percent. Johansson & Larsson (2010) show that for the music industry in Sweden, total revenue has stayed around the same level, but revenue shares have shifted towards live performances and away from recorded music. This suggests further that the Bowie theory may be correct. Finally, a study by Montoro-Pons & Cuadrado-Garcia (2011) finds no significant correlation between higher concert attendance and subsequent purchase of pre-recorded music. The sample is limited to Spain, but it provides support for the Bowie theory.

This theory is, however, sensitive to whether file sharing does indeed decrease album sales to a significant extent. While common sense seems to dictate that this would surely be the case, there is in fact mixed evidence on the subject. Gopal et al. (2006) emphasize the 'sampling effect' of file sharing. Consumers are able to sample music for free using P2P networks and later choose to purchase the albums they really like because of the extra benefits of purchasing (higher quality, album art, support the artist). Gayer & Shy (2006) and Peitz & Waelbroeck (2006) find similar results. Andersen et al. (2007) and Van Eijk et al. (2010) find survey evidence that further supports the theory that both consumers and producers profit from digitalization, while Blackburn (2004) and Bounie et al. (2005) find empirical evidence that may also support the theory, though not unilaterally. Liebowitz (2006) counters this logic, stating that while there are some 'explorers' who use P2P networks to find music that they later purchase, the majority of P2P users is satisfied by the music downloaded from P2P networks. He further goes on to show this empirically, finding a negative relationship between album sales and file sharing. Zentner (2006) finds similar empirical results using students in French graduate schools as a sample.

Although the relation between file sharing and album sales has been studied, the relationship between file sharing and concert tickets has been studied to a much lesser extent. Based on a theoretical model Gayer & Shy (2006) predict that massive anti-piracy campaigns that decrease free downloading will also make the artist *"significantly less popular thereby reducing the demand for the artist's live performances"*.

Dewenter et al. (2012) find a sampling effect whereby file sharing can increase demand for concerts. They differentiate between music listeners who receive utility from listening to recorded music and music lovers who receive utility from concerts as well. The sampling effect is larger when more music listeners turn into lovers due to file sharing.

1.3 From file sharing to music streaming services

Krueger (2005) concludes that the Bowie theory, the erosion of the complementary relationship between album sales and concerts due to digital piracy, is the most plausible explanation for the trend in concert ticket prices between 1996 and 2003. This paper continues this analysis in a more current context by focusing on how the rise of music streaming services has influenced concert ticket prices and revenues, while also providing a brief analysis on the effects of the economic crisis. Music streaming services provide access to music instead of ownership of it and are a substitute for pirated as well as legal music. It has won more ground the last few years. According to US market research company NPD Group, illegal music file sharing peaked in 2005 and has declined afterwards. In 2005, 20 percent of Internet users aged 13 and older used P2P services to download music; however, in 2011 that number fell to 11 percent. According to NPD, 4 in 10 Internet users who had illegally downloaded music via P2P services in 2011 reported that they had stopped or downloaded less music from P2P networks. The primary reason for this reduced file sharing activity was – according to NPD – an increased use of free, legal music streaming services.

1.4 A précis of the plot: main questions and hypotheses

The growing prominence of these services, beginning mainly after the period of focus in Krueger (2005), sparks a renewed interest in the music industry and the subsequent effects on the concert industry. This paper starts with the observation that the trend in ticket prices and revenues for popular concerts in the US after 2004 breaks from the pattern seen in Krueger (2005). After describing the data in section 2, in section 3, we show that the growth rate of both ticket prices and revenues has signifi-

cantly slowed down after 2005. In the remainder of the paper we try to explain the causes of this trend break in prices and revenues through an analysis of the artist and promoters' response to the economic crisis. In section 4 we hypothesize that the crisis had a substantial downward effect on ticket prices and revenues. We find that the crisis has indeed softened annual increase in prices. Additionally, we focus on changes in music listening, most notably through music streaming services. We describe the business model and how these services have increased the variety of services and ease with which consumers can listen to music (section 5). In section 6 we show that the revenues from concerts have become more evenly distributed among popular and less popular artists. We explain the downward trend in equality by the long tail distribution theory.

Moreover, we hypothesize that the more even distribution of revenues indicates that music streaming services have made it easier for less popular and new artists to gain popularity and to acquire a larger group of people who willing to buy a concert ticket. In the terminology used by Dewenter et al. (2012), music-streaming services enable less popular and new artists to turn a larger group of music listeners into music lovers. In section 7 we test how the use of music streaming services – in terms of number of weekly listens – affect prices, revenues and number of concerts. The result is that the large-scale rise of music streaming services positively affects both concert ticket prices, annual gross revenues as well as the number of shows. So, artists who have a lot of listeners are able to ask higher prices for their concerts and give more shows. Although the average revenue per show decreases as the number of shows increases, annual revenues still increase with the number of weekly listeners. We find that these relationships are stronger for less popular artists. This suggests that music streaming does indeed slow the growth of 'superstars' and distribute revenues more evenly. Because it is mainly the most popular artists who are responsible for the fast growth in concert prices, this might also explain how music-streaming services contribute to tempering this growth.

Krueger placed his study in the subfield of the economics of rock & roll, and termed this field 'rockonomics'. Although our paper has a more limited scope, we revise part of his analysis by looking into the effects of the increasing use of music streaming services. Krueger (2005: 27) concluded that: "*Even if Bowie theory is premature, it is likely that downloading of music will put upward pressure on concert prices and revenue in the near future.*" First, we show that his prediction has not come true because the growth of both prices and revenues has slowed down. Moreover, we show that the growth of concert prices and revenues has become more even whereas Krueger finds that concert revenues became markedly more skewed in 1980s and 1990s. Thirdly, whereas Krueger emphasizes the declining complementary between record sales and concert tickets, we look into the complementary between the use of music streaming services and concert tickets. As far as we are aware, this paper is the first to combine data on the concert industry, recorded music listening behaviour, and macroeconomic variables.

2 Data

Our data on concert ticket prices and revenues comes from *Pollstar*, a trade magazine for the concert touring industry. The magazine has collected data on venue size, concert revenue, ticket sales and prices since it was founded in 1981. Unlike Krueger (2005), we do not have unrestricted access to the Pollstar Box-office Report database. We do, however, have data for the top 200 tours each year in North America from 2004 to 2013 (taken from the Pollstar Year End Business Analysis for 2004 to 2013). Other entertainment acts, such as comedians, traveling Broadway shows, and benefit concerts, are removed from the dataset. Of the top 200 tours, there remain on average 173 music acts, with the total across all ten years coming to 1,772.

For all top 200 tours, Pollstar provides data on total gross revenue, average ticket price, average tickets sold per show, and average gross revenue per show. Added information is provided for the top 100 tours, such as total tickets sold and number of shows. In addition to the top

200 tours, we employ data on the top 200 individual concert grosses in North America per annum. These reports include total gross revenue, tickets sold, and minimum and maximum ticket prices. The Pollstar Yearly Business Analysis provides the total concert revenue for North America.

In order to collect an unbiased, representative sample of listening behaviour using music streaming services we also use data from music data analytics company, *MusicMetric*, which collects data on number of plays per artist per week on *SoundCloud*, *YouTube*, *Last.fm*, and *Vevo*. This type of data collection is relatively recent, so the sample had to be restricted to 2011 to 2013 in order for the data reporting to be consistent. We selected artists who appear in our concert sample in the years 2011, 2012 and 2013. The resulting data set contains the number of plays per week for 242 artists for a total of 21,780 individual observations. The aggregation from multiple music streaming sites leads to lower potential for demographic bias. In section 7 we combine the data from Pollstar and MusicMetric in one dataset for 2011 to 2013. This combined dataset contains 32 artists for a total of 96 individual observations.

Though the MusicMetric dataset is quite large, it did not cover the same period as the concert data. Still, the amount of artists covered on a weekly basis provides an enormous amount of listening data. Moreover, had the dataset extended back a few more years, one would encounter numerous issues. Firstly the catalogue of songs and artists available on these sites increased over time, so any conclusion regarding diversity of popularity could be biased by the limitations imposed on the early users. Secondly, the results could be biased in earlier years by the number of early-adopters using the services as opposed to regular users. It could be argued that early-adopters are also more willing to try new types of music, so the results could be skewed. Thus, the relative short time period of our MusicMetric dataset is in a way stronger because it was collected from sites that have been popular among all demographics for at least a few years before the sample period. Furthermore, all the artists in the sample were sufficiently established and available on these sites before

the sample period, so there is little risk of 'rising star' bias or late inclusion into the catalogue.

3 Level of concert ticket prices and concert revenues

3.1. Prices

After 2004, there was a tempering of the stark trend exhibited between 1996 and 2003. The average nominal ticket price continued to rise, climbing from \$45.02 in 2004 to \$62.96 in 2013. While still outpacing a yearly CPI-U inflation rate of 2.4 percent, the 3.8 percent annual increase artists is significantly weaker compared to the 11.11 percent increase per annum between 1996 and 2003 that Krueger found. We conducted a standard t-test to prove that the trend in our sample is statistically different from the trend between 1996 and 2003. We found the difference to be significant at the 5 percent significance level for nominal prices, significant at 10 percent level for real prices. Figure 1 presents the average ticket price for the top 100 acts (including non-musical acts) for both Krueger and our period, i.e., 1996-2013. Especially after 2006 the growth of the prices for the top 100 acts decreases.

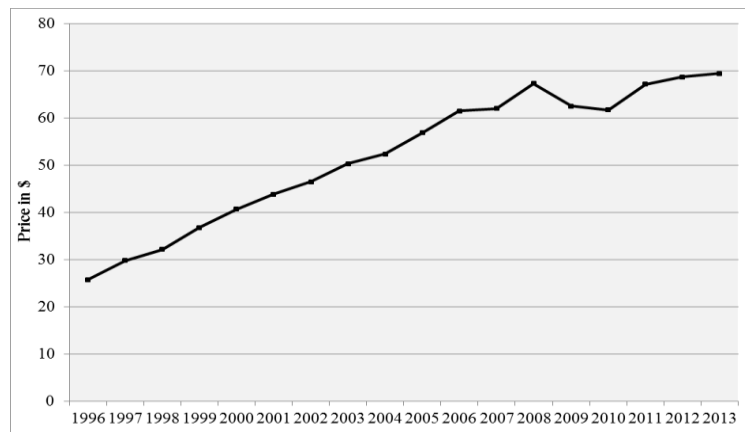


Figure 1: Nominal average price per ticket for top 100 acts, 1996-2013 (Source: Pollstar)

In order to provide a more robust measure of ticket price change in our concert sample, we expressed prices using the Laspeyres price index. We created a consistent basket by using rank. For each year, we ranked artists based on their annual gross revenue, then used rank as an 'item' in our basket. For example, to calculate the 2005 Laspeyres price index, we computed $(\text{Rank}_1\text{Q}_{2004} \times \text{Rank}_1\text{P}_{2005} + \text{Rank}_2\text{Q}_{2004} + \text{Rank}_2\text{P}_{2005...}) / (\text{Rank}_1\text{Q}_{2004} \times \text{Rank}_1\text{P}_{2004} + \text{Rank}_2\text{Q}_{2004} + \text{Rank}_2\text{P}_{2004...})$. Table 1 gives the resulting adjusted Laspeyres index numbers and indicates that growth, although varying strongly per year has slowed down. A significance test for the overall trend in ticket price is significant at the 95 percent level.

Year	Index	Change in percent
2004	100.00	
2005	99.66	-0.34%
2006	110.71	11.09%
2007	113.40	2.43%
2008	131.79	16.22%
2009	120.27	-8.74%
2010	117.81	-2.05%
2011	125.67	6.67%
2012	129.73	3.23%
2013	129.72	-0.01%

Table 1: Adjusted Laspeyres index number, 2004-2013. (Source: Pollstar).

We also assess the differences in ticket price trends between the top 5 percent of earners (of the top 200) and the bottom 95 percent (figure 2). Because of the removal of non-music acts, the top 5 percent on average are the top 8 earners in each year. The nominal average tick-

et price for the top 5 percent was \$85.64 in 2004 and rose to \$113.56 by 2013, a gain of 32.6 percent. The average ticket price for the bottom 95 percent went from \$43.07 to \$60.57, which is a 40.5 percent increase. The average ticket price for the bottom 95 percent continued to be around half of the average of the top 5 percent.

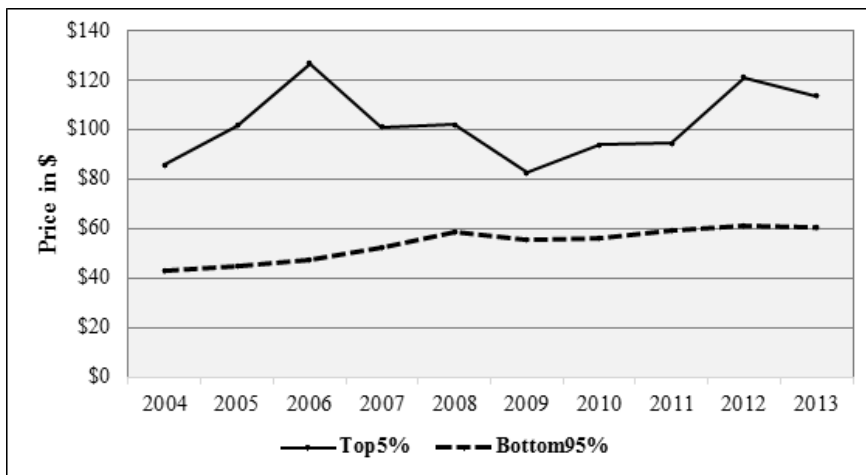


Figure 2: Average price per ticket: Superstars versus the rest (2004-13; N=1,726) (Source: Pollstar).

3.2 Number of shows and revenues

Despite the increasing ticket prices, fans continued to spend more to attend live concerts. The average amount of tickets sold per show went from 6,832 to 9,540, an increase of 39.6 percent. With higher ticket prices and higher average tickets sold, average revenue per show grew remarkably. In 2004, it was \$368,054, but by 2013, it had nearly doubled to \$662,894. There was a 7.5 percent annual increase in average revenue per show, but the growth of average gross revenue per year was only 4.4 percent. In general, the trends in prices, ticket sales, and average revenues follows the trend between 1996 and 2003 but are mostly less dramatic. Artists gave fewer shows with more attendees per show.

The ticket price also increased, which led to greater revenue per show. On a yearly basis, average gross revenue rose, but with fewer tickets sold.

Taking the top 5 versus the rest of the top 200, we checked whether these developments differ between these groups. We merely found two differences that are significant. We found a significant increasing trend in average tickets sold per show for the 'rest'. Also, there is a strong, significant downward trend in number of shows for the top 5 artists.

The decrease in the total number of tickets sold, along with the increase in total concert revenue, demonstrates a more inelastic demand for concerts overall. Accompanying such a trend is of course a rise in the average ticket price. Linking the trend in concert ticket prices and revenues to the prominence of music streaming services essentially requires explaining how the concert trends could be caused by a wider distribution of popularity for artists. This is done in section 7. First, section 4 looks into the effect of the crisis.

4 The effect of the economic crisis

The negative shock to consumer income presumably should decrease expenditures on entertainment goods, such as concerts. The global financial crisis appears to have impacted the concert industry. Figure 3 presents the average nominal prices from 2004 to 2013. It clearly shows the effects of the crisis, i.e., the setback after 2008.

According to the 2009 Business Analysis Report by Pollstar, artists and promoters accurately anticipated the climate they would be touring in as they set their prices and schedules for 2009. With high unemployment and a generally negative economic outlook, artists chose to decrease ticket prices and increase the number of shows on their tours to account for lower revenue per show. Effectively, they increased supply and lowered prices in response to a lower, more elastic demand. This proved to be an effective strategy. Despite the tumbling economy, the concert industry had record-setting revenue of \$4.8 billion. The average ticket price for the top 5 percent (of the top 200) was \$88.81, the lowest

it had been since 2005. These results show a rational response by the concert industry to their expectations of consumer demand in a depressed economic climate. Consumers still want to be entertained during times of crisis, but clearly supply must increase and prices must decrease to respond to a lower, more elastic demand.

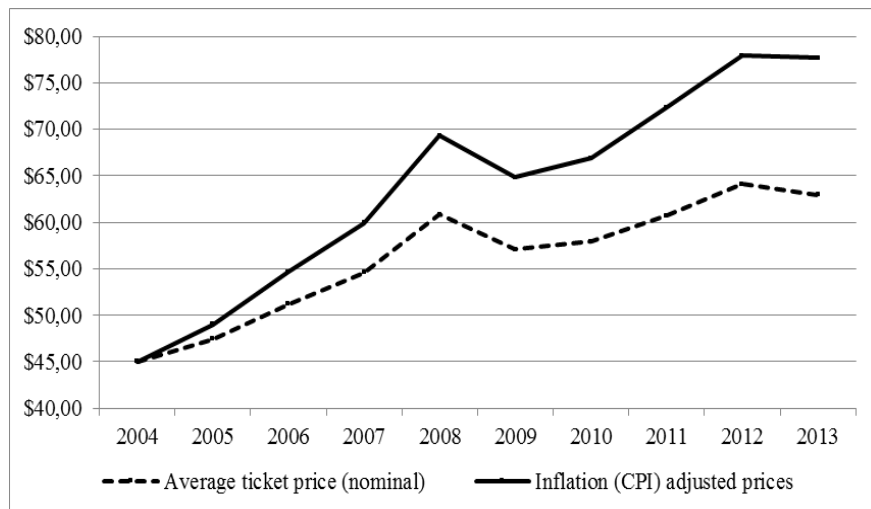


Figure 3: Average nominal price per ticket for top 200 (2004-2013; N=1,734) (Source: Pollstar; BEA).

Interestingly, the lessons learned from 2009 did not carry over into 2010. Total revenue fell for the first time since 1995 to \$4.25 billion. Artists expected the economy to improve in 2010 (Pollstar 2011), so they chose to raise ticket prices (though on average the increase was relatively small). Demand remained relatively elastic, so this strategy did not appear to work. The results from 2010 show that although disposable income increased, artists and promoters overestimated increasing consumer optimism and consequently inaccurately predicted the elasticity of demand for the 2010-touring season. In general, the analysis shows that the concert industry responded rationally to the economic crisis, but their rational response is based on expectations of consumer demand in the near future, which turned out to be miscalculated in 2010.

It is also helpful to isolate the crisis from the rest of the period in question. Between 2004 and 2008, the average price of a concert ticket increased by 7.85 percent a year, which is not as high as the trend for the top 200 between 1996 and 2003 but is still significantly higher than the per annum trend between 2004 and 2013. These higher prices were accompanied by a decreased amount of total shows for the year. The total number of shows decreased by 3.2 percent annually from 2004 to 2008 compared to an annual rate of -0.4 percent between 2004 and 2013. Both of these trends between 2004 and 2008 are statistically different from the general trend from 2004 to 2013 at the 5 percent significance level. Ticket price trend is significant at the 1 percent level. There are other examples like these, but the main point is that without acknowledging the effect of the crisis, the overall trend between 2004 and 2013 can be misinterpreted.

Excluding the crisis years, average ticket prices have not risen at the same pace as they did between 1996 and 2003. Moreover, the growth of both prices and revenues for top artists has slowed down after 2011 while total concert revenue overall is on the rise. At that time the crisis was over the hump. The question is what may have caused the slower growth rate? To answer this question, we turn to the rise of music streaming services in the next section.

5 Music streaming services

The origins of music streaming services lie within what Doerr et al. (2010) formally refer to as Content as a Service (CaaS) distribution models. With these models, content is provided over the Internet as a service without transferring ownership. Many music-streaming services have embraced a scheme that blends revenue generation from ads and subscriptions: freemium. Thomes (2013) refers to the business model as 'two-tier freemium model'. The challenge for freemium start-ups in general is to maintain a healthy balance between free and paid users. Anderson (2009) estimates paid users to be around 5 percent of total users on average, but the variance is quite high.

Today, music-streaming services have gained a significant foothold in the total recorded music market. In 2004, digital revenue accounted for a mere 1.5 percent of total revenue for record sales in the US, whereas in 2013, they accounted for 62 percent.³ This growth is partially attributed to the rise of music streaming services, which worldwide rose from 9 percent of digital revenue in 2008 to 27 percent in 2013 with a total of 28 million paying subscribers.⁴ The dramatic manner in which music streaming has altered the way music is distributed has certainly affected the way people listen to music.

Streaming services and information problems

As Maillard (2013) describes, music choice is characterized by an overabundance of options, and the number of options only continues to grow. This can effectively be described as an information problem, for the consumer has no way of ever being completely informed about his options. While the Internet provides the tools to help consumers find their optimal consumption package, it also facilitates the availability of an unparalleled number of choices in terms of artists and songs for consumers.

The age of the Internet has brought new mechanisms that consumers can utilize to reduce their search costs. One such example that is relevant to music is recommendation systems that provide enhanced 'clerking' services by sorting music by genre, connecting related artists based on music characteristics and user listening behaviour, and providing easy to use interfaces. Furthermore, music streaming services 'advise' and 'tutor' by constructing personalized playlists, recommending new artists based on previous listening behaviour, and integrating expert music opinions into the recommendations. The culmination of these recommendation systems significantly lowers search costs and

³ Based on information taken from the Recording Industry Association of America (RIAA) between 2004 and 2013.

⁴ Based on information taken from the IFPI Digital Music Reports.

alleviates the information problem associated with finding the optimal music consumption package.

We surmise this means music-streaming services have made it easier for less popular and new artists to gain popularity and to acquire a larger group of people willing to buy a concert ticket. If this is true, the revenues from concerts would have become more evenly distributed among popular and less popular artists in the last few years. In the next section we test whether the distribution of revenues has indeed become more even in 2011-2013 compared to 2004-2010.

6 Distribution of prices and revenues

A comparison of total North American concert revenue with the total yearly revenues of the top 200 tours demonstrates a remarkable trend in the industry. In 2004, the total revenue for the concert touring industry in North America was \$2.8 billion, while the total yearly revenue for the top 200 tours was \$2.097 billion, thus accounting for 74.91 percent of total concert revenue. Between 2004 and 2013, the total yearly revenue for the top 200 tours grew by 4.5 percent per annum while the total revenue for concert touring grew by 7.1 percent, nearly one and a half times the growth rate. The differing growth rates resulted in the revenue share of the top 200 tours decreasing from 74.91 percent to 59.0 percent by 2013. This pattern reflects a strong shift towards a more even distribution of concert revenues.

Whereas the distribution of revenues became more skewed in 1996-2003 (cf. Krueger 2005), after 2004 the opposite occurred (see Figure 4). The same result occurs based on the Theil measure of inequality. The Theil measure has the advantage of satisfying the subgroup monotonicity axiom, which is necessary in order to make a claim about the overall distribution of revenue. The Theil measure for revenue within the top 200 tours in 2004 is 0.568 and decreases to 0.439 in 2013, a decrease of 22.8 percent. It is clear that the distribution of revenue among the top 200 did become more even.

To further explore this claim, we employ two variations of the Atkinson Index (A_ϵ). In addition to being subgroup decomposable, the Atkinson Index allows for greater weight to be placed on different ends of the income spectrum depending on the value of parameter ϵ . When ϵ approaches one, the Atkinson index becomes more sensitive to changes at the lower end of the income spectrum. We first calculate $A_{0.5}$ in order to show the results when relatively equal weight is given to changes across the income spectrum. The Atkinson index decreased from 0.254 to 0.194 between 2004 and 2013. We then calculate $A_{0.9}$ to test whether placing greater emphasis on changes at the lower end of the income spectrum alters the results. The Atkinson index then decreases from 0.405 in 2004 to 0.312 in 2013. The measure of inequality is lower when greater emphasis is placed on changes in the upper end of the income spectrum. The result is unsurprising given the existence of superstars in the sample.

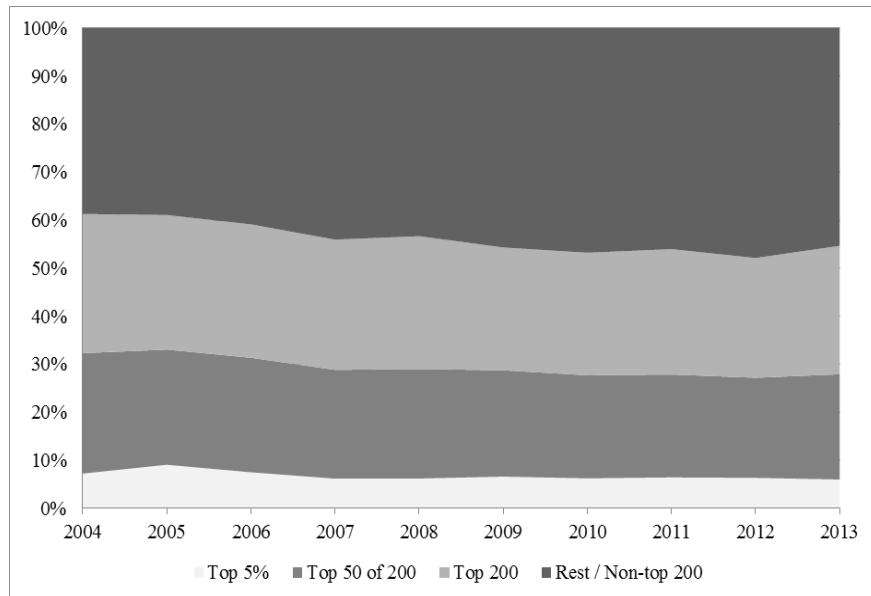


Figure 4: The gross annual revenue of concerts has become more evenly distributed, 2004-13. (Source: Pollstar).

The downward trend in inequality of annual gross revenue among artists is significant at the 95 percent level for both the Theil and Atkinson index. Because the Atkinson index and the Theil measure satisfy the subgroup monotonicity axiom, the decrease in revenue inequality within the top 200 tours also implies a decrease in revenue inequality for all music tours, assuming distribution of revenues among tours not in the top 200 remained the same or did not become more unequal.

The results for the distribution of ticket price show a slight decreasing trend in inequality, but this trend is – probably due to the small sample size – not significant for either the Theil or the Atkinson index. The evidence, shown by the price differential between the top 5 percent and bottom 95 percent of artists, suggests that the distribution remained stable, but the contrary evidence provided by the Theil measure complicates that claim. It is also more difficult than analysing the distribution of revenues because we have no price data for any artists outside the top 200. Considering that we surmise that much of the recent growth has come from those artists, it is hard to ignore the absence of that data. The measure is also sensitive to the removal of a few outliers, so the findings are not particularly robust. Nevertheless, it does not appear that the distribution of prices has become remarkably more uneven since Krueger's analysis.

6.1 Explaining the downward trend in equality by the LTD theory

Now that we know music-streaming services have influenced the distribution of popularity for artists, we look how this may be explained by using the *long tail distribution (LTD)* theory. Anderson (2008) argues that the future of entertainment lies not in a few big hits but rather in millions of niche markets. He attributes this change to the rise in Internet use and the proliferation of increasingly advanced recommendation systems, which allow consumers to better find their optimal choice of product, book, movie, or music. These recommendation systems can provide guide consumers down the 'long tail' thereby weakening the winner-take-all markets of superstars.

Empirical studies of movie and book markets have shown support for and against the trend towards the long tail distribution (Benghozi & Benhamou 2010; Peltier & Moreau 2012 respectively Elberse & Oberholzer-Gee 2006; Fleder & Hosanagar 2009), yet the three studies that focused on music supported the trend towards the LTD (Bourreau et al. 2013; Hendricks & Sorensen 2009; Maillard 2013). The high input costs to create a movie or book and the relative investment of people's time that it takes to consume them probably creates an inherent distribution of quality that is skewed towards a few superstars. This means the trend towards the LTD may not exist in these markets to a great extent. The market for music, however, is not inherently bogged down by the same high input and consumption costs, so the quality of options is more diverse. Thus, the superstar effect in this market, while certainly justified to some extent, is more so a victim of an information problem.

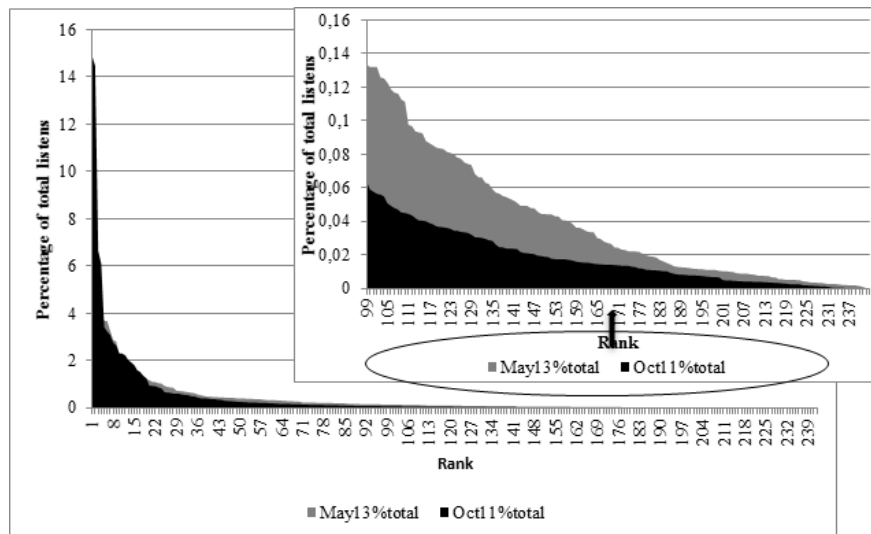


Figure 5: Growth from the long tail (percentage of total plays and the rank of each artist for October 2011 and May 2013) (N=21,780). (Source: MusicMetric).

To test this empirically we use data from Music Metric (see section 2). Figure 5 charts the percentage of total plays and the rank of each

artist for October 2011 and May 2013 in order to see if there is growth from the long tail. Each artist ranked 16th and below accounted for a higher percentage of total plays in May of 2013 than in October 2011. After rank 100, it is difficult to see the trend, so we include an enlargement in order to further demonstrate the growth from the long tail. The existence of superstars in the dataset does not necessarily exclude the possibility of a trend towards the LTD. The question we wish to answer is not whether the distribution of plays is even, but rather if it has become *more* even over time, as growth from the long tail implies greater equality.

In order to formally test this observation, we again calculate the Theil measure and Atkinson Index. We propose that the number of plays provides an approximation of the level of popularity of that artist, so a more even distribution of plays implies a more even distribution of popularity.

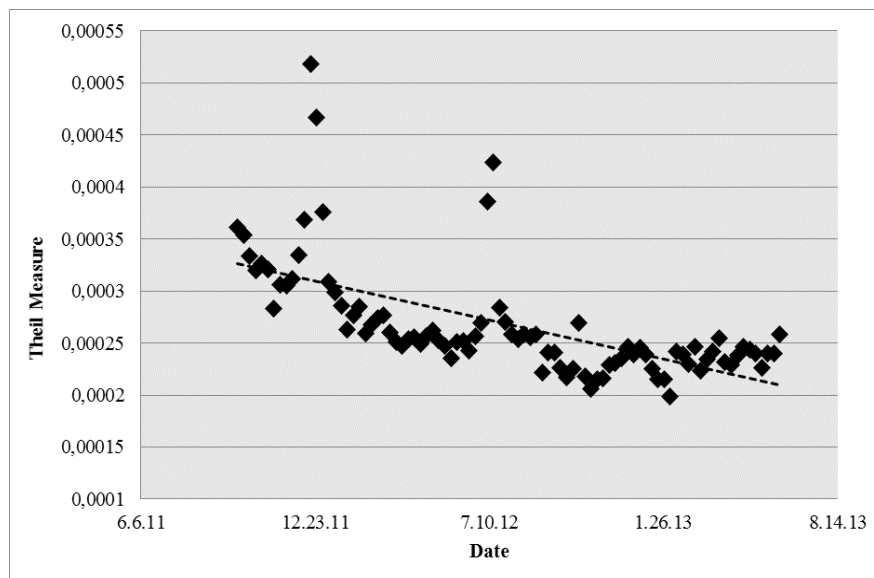


Figure 6: Theil measure points to the long tail (distribution of listens over time) (N= 21,780). (Source: MusicMetric).

Figure 6 shows the results for the Theil measure. Indeed, there is a significant decreasing trend in the Theil measure over time (significant at 1 percent level). There are a few outliers due to exceptionally high plays for single artists in a given week, but the general trend is clear. To bolster the robustness of this result, we also calculated the Atkinson Index ($\epsilon = 0.5$) over time, which is shown in Figure 7. Again, there is a significant decrease in the inequality of plays but without the outliers of the Theil measure (again, significant at 1 percent level). Both analyses provide support for our hypothesis that the differences between less popular and popular artists have diminished the last few years, and that music streaming services may very well have something to do with that. In the next section we further demonstrate the equalizing effect of music streaming services.

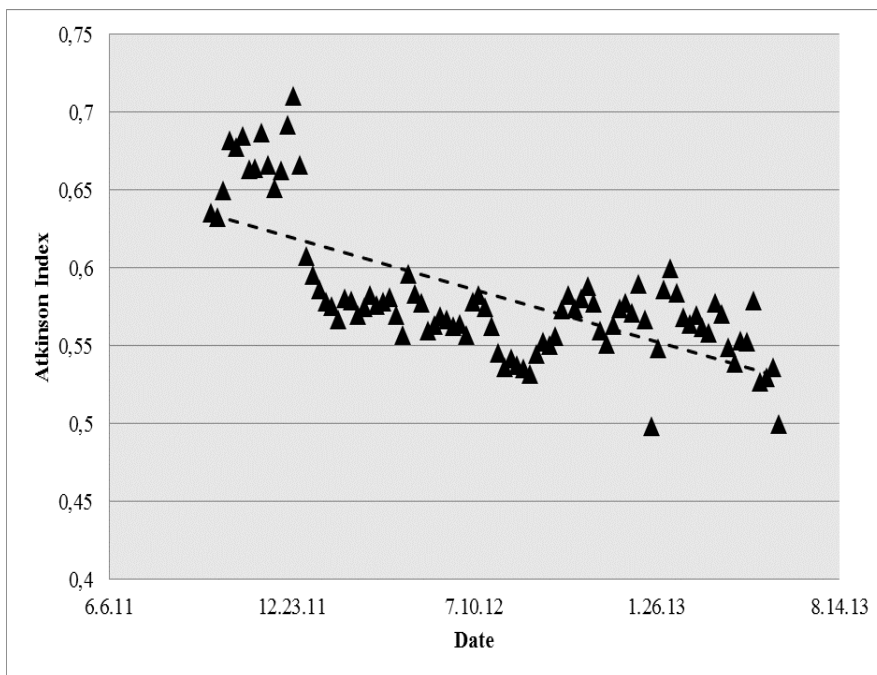


Figure 7: Atkinson provides further proof of the long tail (distribution of listens over time) (N= 21,780). (Source: MusicMetric).

7 Effect of streaming services on revenues and prices

If demand for concerts is influenced by the recorded music people listen to, then the changing music listening habits brought on by music streaming services have presumably affected concert ticket prices and revenues. First, we take a brief look at the literature. Then, we combine the datasets based on Pollstar and MusicMetric and empirically test the effect of steaming services on revenues and price.

Earl (2001) describes that the psychological and sociological aspects of concert attendance emphasize an 'experience' that cannot be reproduced. This implies that live concerts should not be considered substitutes for recorded music. A survey conducted by EMI shows that music streaming leads people to consume more music (Global Insights Survey 2011). Moreover, people who listen to more music attend more concerts (Montoro-Pons & Cuadrado-García 2011). Those who pirated or streamed more music also attended more live concerts. At the same time, they did not find evidence of a direct causal link from live attendance to recorded music demand, which supports Krueger's Bowie theory. Fusing the Bowie theory with Earl (2001), the ubiquity of recorded music encourages people to seek out complementary experiences, such as live concerts.

We now turn to our dataset covering the artists in the top 200 that performed in 2011, 2012 and 2013. We set up a simple model to assess how ticket prices may be explained by the number of listens by consumers who use music streaming services. Using a fixed effects panel regression model with robust standard errors, we found a positive and significant relationship between average weekly listens and average ticket price (table 2).⁵ Using the same model, we found a positive and significant relationship between annual gross revenue and average weekly listens. Conversely, for average revenue per show, we found a negative and significant relationship with average weekly listens. To some extent, this can be explained by a regression of average weekly listens on the number of shows. When listens increase, the number of shows increase.

⁵ Average weekly listens were divided by 1,000,000 to make the coefficients easier to interpret.

This is in line with the theoretical expectation described above, but in turn this tends to bring down the average revenue per show. However, annual gross revenue increases. Along similar lines, the relationship between average ticket sales and average weekly listens is negative and significant.

Concert Variable	Top 5	Not Top 5	All Artists
Average Ticket Price	-0.478 (0.742)	3.998** (1.765)	0.629* (0.309)
Annual Gross Revenue	2.391*** (0.330)	4.683*** (1.266)	1.850** (0.815)
Average Revenue Per Show	53,678 (64,061)	-95,358 (88,475)	-115,518*** (15,992)
Average Ticket Sales	351.6 (383.3)	-1,308 (1,697)	-1,746*** (220.5)
Shows	1.792*** (0.243)	4.060*** (1.440)	1.910*** (0.544)
Rank	-0.0338 (0.0647)	3.550*** (0.921)	0.849*** (0.203)
Robust standard errors in parentheses			
*** p<0.01, ** p<0.05, * p<0.1			N=96

Table 2: Effect of streaming services on revenues and prices (2011-2013)

Additional to these general results, we looked whether these relations differ for the most popular and less popular artists. We ranked each artist in ascending order by annual gross revenue and ran a regression of average weekly listens on rank. The result is a positive and significant relationship between rank and average listens. This suggests that as listens increase, rank increases. This result understandably follows the result of annual gross.

Finally, the data set was split into top ranked artists (the five artists with the highest annual gross revenue) and the rest to test whether the relationships in the subgroups are different. For the 'rest', we observed

similar relationships between average weekly listens and the concert variables but with higher coefficients. For example, the effect of average weekly listens on annual gross was significantly stronger for the 'rest' compared to the group as a whole (4.683 versus 2.391). In the case of average revenue per show/average ticket sales, the relationship turned out to be insignificant. For the top 5 artists, the results are significant for annual gross and shows. The coefficients for annual gross and shows are positive but lower in magnitude compared to 'the rest'. The difference between the slope of the top 5 and the 'rest' is significant at the 90 percent confidence level. For annual gross, the difference between the coefficients of the top 5 and the 'rest' is significant at the 90 percent confidence level. The difference between the slope of the top 5 and the total is not significant. Overall, these results suggest that listening behaviour affects the concert market, and this effect is more pronounced for lower ranked artists.

The results indicate artists with more weekly listens, are able to ask higher prices for their concerts and give more shows. Giving more shows decreases the average revenue per show. Still, the annual revenues increase with the number of weekly listeners. These relationships are stronger for less popular artists (that is, artists with lower annual revenues than the top 5 percent). This suggests that music streaming does indeed slow the growth of 'superstars' and distribute revenues more evenly. Because it is mainly the most popular artists who are responsible for the fast growth in concert prices, this might also explain how music-streaming services contribute to tempering this growth.

Our results fit the prediction of Gopal et al. (2006) that file sharing erodes the superstar phenomenon. According to Connolly & Krueger (2006) this implies that top artists actually lose from file sharing, but that less popular artists may gain from the extra exposure and lower distribution costs that the Internet has to offer. However, it is a mistake to say that the rise of music streaming has led to the end of superstars in the recorded music market. Rather, music-streaming services allow consumers to listen to the superstars and discover new, lesser-known artists. This has constrained the previously unbridled pricing power and brought

the growth in ticket prices between the top 5 and bottom 95 percent more or less in alignment.

8 Conclusion and discussion

Our analysis suggests that the concert industry continued to change after 2003, the end of Krueger's period of focus. Price growth between 2004 and 2013 was lower than between 1996 and 2003. Both the economic crisis and the rise of a new music distribution paradigm probably had a substantial effect on the concert industry.

The crisis put downward pressure on the trend of concert ticket prices and revenues, but it is a more nuanced view than one may expect. Ticket prices decreased in 2009 because of artist and promoter rational reaction to a depressed consumer climate. Ticket prices increased in 2010 because of miscalculated expectations of consumer demand, and this led to a decrease in revenues.

We demonstrated how music-streaming services are creating a more even distribution of demand for individual artist's concerts. The power of advanced recommendation systems provided by music streaming services helps consumers sort through the vast array of choices. This alleviation of the information problem suggests that the distribution of plays for artists should become more even. If plays are considered to be a proxy for popularity, then this also suggests the distribution of popularity for artists has become more even. The more even distribution of popularity of artists did indeed occur and influenced a more even distribution of concert revenues and a tempering of price increases. This reflects a trend towards Anderson's Long Tail Distribution. In sum, we find that the changes in consumption of recorded music have affected demand for concerts by influencing a more evenly distributed demand for individual artists while increasing demand for concerts in general.

Recommendations for further research

There are several approaches to further evaluate the concert industry. First, if it were possible to gain the same access as Krueger to the Pollstar Box-office Report database, a more in-depth analysis of the trends in ticket prices and revenues would be possible as that dataset would also include the venue size, capacity utilization, and price discrimination for each individual concert. Also, Krueger's dataset was not limited to the top 200 tours, which would allow for greater study of the 'long tail' of the concert industry. Second, re-evaluating the trends in a few years would allow for a better separation of the crisis years from the overall trend, as it would be beneficial to see where prices go in the next few years. Third, our MusicMetric dataset does not cover all music streaming services. For instance Spotify is not included in the dataset. It would be interesting to see how the results would change when using a broader dataset. Finally, more could be done on the changing role of price discrimination within a concert, which is a trend we were unable to evaluate adequately given the data. This could be linked with data on the secondary market, a relatively possibility given the rise of Internet resellers like EBay and StubHub, to see how close artists are to the market-clearing prices.

References

- Andersen, B. & Frenz, M. (2007) "The Impact of Music Downloads and P2P File-sharing on the Purchase of Music: A Study for Industry in Canada". Available at: [https://www.ic.gc.ca/eic/site/ippd-dppi.nsf/vwapj/IndustryCanadaPaperMay4_2007_en.pdf/\\$FILE/IndustryCanadaPaperMay4_2007_en.pdf](https://www.ic.gc.ca/eic/site/ippd-dppi.nsf/vwapj/IndustryCanadaPaperMay4_2007_en.pdf/$FILE/IndustryCanadaPaperMay4_2007_en.pdf).
- Anderson, C. (2008) *The Long Tail: Why the Future of Business is Selling Less of More*, Hyperion Books, New York.
- Anderson, C. (2009) *Free: The Future of a Radical Price*, Random House, Australia.
- Benghozi, P.J. & Benhamou, F. (2010) "The long tail: Myth or reality?" *International Journal of Art Management*, vol. 12, pp. 43-53.

- Blackburn, D. (2004) On-line piracy and recorded music sales. Job Market Paper Harvard PhD Programme, Unpublished manuscript:
<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.117.2922&rep=rep1&dtype=pdf>
- Bounie, D., Bourreau, M. & Waelbroeck, P. (2005) "Pirates or explorers? Analysis of music consumption in French graduate schools", Telecom Paris Economics Working Paper No. EC-05-01.
- Bourreau, M., Gensollen, M., Moreau, F. & Waelbroeck, P. (2013) "Selling less of more? The impact of digitization on record companies", *Journal of Cultural Economics*, vol. 37, no. 3, pp. 327-346.
- Caves, R. E. (2003) "Contracts between art and commerce", *The Journal of Economic Perspectives*, vol. 17, no. 2, pp. 73-84.
- Connolly, M. & Krueger, A. B. (2006) "Rockonomics: The Economics of Popular Music", in *Handbook of the Economics of Art and Culture*, vol. 1, eds V. A. Ginsburgh & D. Throsby, Amsterdam: North Holland, pp. 667-719.
- Curien, N. & Moreau, F. (2009) "The music industry in the digital era: Toward new contracts", *Journal of Media Economics*, vol. 22, no. 2, pp. 102-113.
- Dewenter, R., Haucap, J. and Wenzel, T. (2012) "On File Sharing with Indirect Network Effects between Concert Ticket Sales and Music Recordings", *Journal of Media Economics*, vol. 25, no. 3, pp. 168-178.
- Doerr, J., Benlian, A., Vetter, J. & Hess, T. (2010), "Pricing of content services – An empirical investigation of music as a service", in: *AMCIS 2010 Proceedings*. Paper 36. Available at <http://aisel.aisnet.org/amcis2010/36>
- Earl, P. E. (2001) "Simon's travel theorem and the demand for live music", *Journal of Economic Psychology*, vol. 22, no. 3, pp. 335-358.
- Elbersee, A. & Oberholzer-Gee, F. (2006) Superstars and underdogs: An examination of the long tail phenomenon in video sales. Harvard Business School Working Paper Series, No. 07-015.
- Fleder, D. & Hosanagar, K. (2009) "Blockbuster culture's next rise or fall: The impact of recommender systems on sales diversity", *Management Science*, vol. 55, no. 5, pp. 697-712.
- Gayer, A. & Shy, O. (2006) "Publishers, artists, and copyright enforcement", *Information Economics and Policy*, vol. 18, no. 4, pp. 374-384.
- Gopal, R. D., Bhattacharjee, S. & Sanders, G. L. (2006) "Do Artists Benefit from Online Music Sharing?" *The Journal of Business*, vol. 79, no. 3, pp. 1503-1533.

- Hendricks, K. & Sorensen, A. (2009) "Information and the skewness of music sales", *Journal of Political Economy*, vol. 117, no. 2, pp. 324-369.
- Johansson, D. & Larsson, M. (2009) *The Swedish Music Industry in Graphs. Economic Development Report 2000-2008*. Royal Institute of Technology, available at: http://ec.europa.eu/avpolicy/docs/other_actions/col_2009/pub/kth_annex.pdf
- Krueger, A. B. (2005) "The Economics of Real Superstars: The Market for Rock Concerts in the Material World", *Journal of Labor Economics*, vol. 23, no. 1, pp. 1-30.
- Liebowitz, S. J. (2006) "File sharing: Creative destruction or Just Plain Destruction", *Journal of Law and Economics*, vol. XLIX, pp. 1-27.
- Maillard, S. (2013) *Consumer Information in the Digital Age: Empirical Evidence from Spill overs in the Music Industry*. Paper presented at the AFSE Meeting June 24-26, Association Française de Science Economique. Available at: <http://www.touteconomie.org/afse/index.php/congres/2013/paper/viewFile/217/342>
- Montoro-Pons, J. D. & Cuadrado-García, M. (2011) "Live and pre-recorded popular music consumption", *Journal of Cultural Economics*, vol. 35, no. 1, pp. 19-48.
- NDP (2012), *Annual Music Study 2012*, February, Washington.
- Oberholzer-Gee, F. & Strumpf, K. (2007) "The effect of file sharing on record sales: An empirical analysis", *Journal of Political Economy*, vol. 115, no. 1, pp. 1-42.
- Pareles, J. (2002) "David Bowie, twenty-first-century entrepreneur", *New York Times*, June 9, p. 30.
- Peltier, S. & Moreau, F. (2012) "Internet and the 'Long Tail versus Superstar Effect' debate: Evidence from the French book market", *Applied Economics Letters*, vol. 19, no. 8, pp. 711-715.
- Peitz, M. & Waelbroeck, P. (2006) "Why the music industry may gain from free downloading - The role of sampling", *International Journal of Industrial Organization*, vol. 24, no. 5, pp. 907-913.
- Pollstar (2011) *2010-Year End Business Analysis*, 18 Feb. 2011, web publication.
- Rosen, S. (1981) "The economics of superstars", *The American Economic Review*, vol. 71, no. 5, pp. 845-858.
- Thomes, T. P. (2013) "An economic analysis of online streaming music services", *Information Economics and Policy*, vol. 25, no. 2, pp. 81-91.
- Van Eijk, N., Poort, J. & Rutten, P. (2010) "Legal, Economic and Cultural Aspects of File Sharing", *Communications and Strategies*, vol. 77, no. 1, pp. 35-54.

Zentner, A. (2006) "Measuring the Effect of File Sharing on Music Purchases", *Journal of Law and Economics*, vol. 49, no. 1, pp. 63-90.

Innovation diffusion in B2B relations: New song diffusion in radio broadcasting

Alexander Brem & Michael Reichert⁶

Abstract

Through a multiple case study based on interviews with radio editorial staff, this article provides insights in the selection process for the use of new songs in German radio broadcasting. Radio editors learn about new songs through different channels, the intensity of the information search depends on the station's size and resources. Several criteria for new song adoption have been identified, including: congruence with format, usage by competitive stations, evaluations by radio consultancy.

Keywords: Music, innovation, radio, broadcasting, adoption, qualitative research

1 Introduction

Innovation diffusion research is of major importance for almost every industry, as it is crucial to understand how and why an innovation, a new product or a new organizational structure spreads amongst the individuals of a social system. With new product failure rates of up to 90 percent (Crawford 1977), a company's future may depend on this knowledge. For the radio broadcasting industry we understand each individual new song as an innovation. Against this background we (1) discuss the relevance of innovativeness within this industry, (2) investigate the adoption of new songs by German radio stations, (3) take a look upon the influence of radio as a tool to promote record sales and (4) give managerial implications for music business executives. Building up a multiple case study, we take a microscopic perspective on the diffusion

⁶ **Alexander Brem** is Professor of Technology and Innovation Management at the University of Southern Denmark (Sønderborg, DK). His research interest is on Technology and Innovation Management, with a special focus on boundaries to Psychology, Marketing and Entrepreneurship. (brem@mci.sdu.dk). **Michael Reichert** is currently enrolled as a PhD Student at Helmut-Schmidt University, Hamburg (Germany). Besides his research endeavors in marketing and innovation management he is working as a marketing specialist at a major German car manufacturing company (michael-reichert@gmx.net).

process and investigate the individual adoption processes of six radio stations in Southern Germany.

1.1 Research on innovation diffusion

Modern research on innovation is mainly based upon Joseph A. Schumpeter's work. His contribution is primarily the redefinition of the concept of innovation, isolating it from pure invention. He casually declares innovation as "*doing things differently' in the realm of economic life*" (Schumpeter 1939: 84). In other words, invention could or could not lead to an innovation and innovation does not necessarily presuppose an invention (Schumpeter 1939: 84-85; Robertson 1967: 14). Research on the diffusion process follows two main movements. Firstly, the macroscopic view of the diffusion process, which leads to several influential models established in the 1960s and extended over time until today. Key representatives of this direction are Fourt & Woodlock (1960), Mansfield (1961) and Bass (1969), who all developed models which are of substantial influence for further research (Mahajan, Muller & Bass 1990: 2).

The Bass (1969) diffusion model is the approach with the most influence on today's macroscopic diffusion research. Li & Sui (2011: 160) found this fundamental model led to over 850 articles, either applying the model to various types of industries and goods, or developing modified versions of the original approach. However, Chatterjee & Eliashberg (1990: 1058) criticise the assumption of homogeneity amongst the group of potential adopters of the Bass (1969) model. As a consequence of this assumption all individuals have the same probability of adopting the innovation over time. Accordingly, differences concerning the individual adoption times are solely defined by stochastic reasoning. This point of critique is not limited to the Bass (1969) model, but can be brought up against a variety of aggregate diffusion models and lead to the second major trend in diffusion modelling, the microscopic view on adoption decisions. Several authors apply established approaches like the agent-based modelling (Perez et al. 2008; van Eck et al. 2011; Zhanget al. 2011; Pegoretti et al. 2012) or the network theory (Abrahamson & Rosenkopf 1997; Perez et al., 2008; Ceci & Iubatti, 2012)

as research directions within the microscopic view on innovation diffusion.

With respect to diffusion research within radio broadcasting, the work of Rossman (2012) is noteworthy. He conducts a macroscopic investigation of the U.S. radio market, developing several theses that will be contrasted with our results in the latter part of this study.

1.2 Organizations' capabilities to innovate

Simon (1985) shows that in a creative mind innovation results from the interaction of different knowledge structures. For the innovative capability of organizations, this manifests itself in distinct individuals with different knowledge and capabilities interacting with each other. The difference in their backgrounds enables them to make new connections and associations beyond conventional thinking and thus strengthens the organizational ability to innovate. For Nelson & Winter (2009: 112), organizations operate in a continuum between "full routine" and "major innovation". Organizations' control units strive to keep existing routines and try to avoid mutations of the organizational structure, which could change the core of its existence. Nelson & Winter (2009) point out that on the one hand these control mechanisms help organizations to survive, but on the other hand also tend to limit the innovative capacity because any change, regardless of its nature, is considered with suspicion.

Dosi (1982: 148) argues the classical distinction between the (1) "demand-pull" and the (2) "technology-push" perspective as triggers of innovation only insufficiently explains the emergence of radical innovation, while with the first the market signals the need for new solutions through increases in demand and prices, the second considers technology as an autonomous factor pushed by organizations into the markets. Instead, Dosi (1982) describes the innovative process as rather resembling science: in his view, both scientific and technological advances result from progress along an existing trajectory (scientific/technological paradigms), while radical innovations may result only out of the emergence of completely new paradigms. He describes the establishment of

a radical innovation as affected by the social and technological environment in two ways. Firstly, these environments set the direction of mutation and secondly they define the selection among the different mutations, in a way he describes as Darwinian as certain new companies take high risks in a trial-and-error manner due to the existence of highly-rewarding (profitable) markets. Freeman & Soete (1997) share this perspective and identified further similarities between technology and science. They see the increasing scientific character of technology as one of the main changes leading to professionalization of industrial R&D activities. While innovation was mostly characterised by amateur inventive work up to the 19th century, modern technological advances usually require extensive theoretical studies alongside practical experience. Besides this scientific characteristic Freeman & Soete (1997) see the increasing complexity and division (and thus specialization) of work as the two other main changes resulting in more professionalized R&D.

1.3 Innovativeness and size of organizations

The influence of firm size on innovativeness is a matter of debate, especially given the ideas of Schumpeter (1942), as to whether a larger firm size supports a firm's innovativeness. However, modern day research on the influence of firm size on innovativeness gives a different picture. Freeman & Soete (1997) note smaller firms achieve better ratios of R&D input per major inventions and are thus more efficient in innovation terms than large firms. Hall & Rosenberg (2010) suggest large firms strive more for incremental and process type innovations than smaller firms. While the authors see no empirical evidence for radical innovations being more likely with smaller firms, Nooteboom (2000) speaks about the correlation between firm size and the type of innovation and finds smaller firms generate more radical innovations. Courvisanos (2012) identifies three reasons for the tendency of larger firms towards transformative innovations: bureaucracy, uncertainty and monopoly power.

2 Empirical results

2.1 Methodology

As conducted by Ahlqvist & Faulkner (2002), we built up a multiple case study using information collected through the use of qualitative interviews with six radio stations. Following a positivist research philosophy (Lacity & Janson, 1994) we aim to generalize as far as possible based on the information gathered from the individual interviewees. We chose a qualitative research method in order to understand innovation in radio broadcasting from an insider's perspective by exploring the vision of those who define it. To draw a comprehensive picture of innovation diffusion in radio broadcasting, we aimed for a preferably heterogeneous group of interviewees. Ritchie & Lewis (2003: 79) propose heterogeneous samples as appropriate when *"the aim is to identify central themes"*. Patton (2002: 283) continues *"any common patterns that emerge from great variation are of particular interest and value in capturing [...] shared dimensions of a setting"*. This perspective also fits in with the call for further research from Ahlqvist & Faulkner (2002). In that regard, we focus on drawing a comprehensive picture of new song selection based on different selection practices at different radio stations. Overall, six Radio broadcasting stations from the Southern German region were examined. They represent a full range of radio stations in Germany, covering private and public stations, small and large as well as conservative and innovative stations. The stations differ significantly in audience size with the smallest reaching around 1,000 listeners per day (station D) and the largest station reaching around 800,000 people per hour (station E). The only similarity the stations interviewed share is a general focus on pop music.

2.2 Data collection and measurement

The interviews were conducted in German using a semi-structured interview methodology, were held face-to-face at the respective radio stations and lasted between 40 and 80 minutes. The interviewees' iden-

tity was concealed, as was the identity of the radio stations. The interviews were recorded, manually transcribed and evaluated using the content analysis method (Mayring 2000). The analysis conducted follows the six step scheme of Krippendorff (2013), deducting the core contents from each transcribed passage. The information was thematically clustered into categories in order to enable comparison across the interviews. These categories were built upon the use of the structure of the questionnaire, as well as a preliminary screening of the interviews. After clustering the phrases, the categories were revised and further reduced to main categories. Krippendorff (2013) argues that this process of reducing the text to its relevant contents is one of the crucial steps in both qualitative and quantitative content analysis, as it allows the analysers to work with manageable representations of the collected data. Out of the six interviewed stations, four have a commercial background. Each station focuses on pop music apart from station B, which shifted its focus from pop to classic rock music. With its new format this station aimed to distinguish itself completely from other local radio stations. Currently, station B features only 40 songs in its playlist, which have been published after the year 2000. Table 1 provides an overview of the radio stations and the interview partners.

2.3 Innovativeness in Radio Broadcasting

During the interview, interviewee F asked how innovativeness could be understood within radio broadcasting. He spoke about stations that are known for being innovative and for playing something different. With their 'underdog' status they are perceived as *cool*. In his opinion they have a good image, but lack an audience. Interviewee F describes his station as very innovative and is always looking out for the newest songs, for fresh releases and for what is provided by the record label industry. For him, innovativeness does not necessarily mean working with unknown newcomers but also with the latest releases from world-famous artists.

	Station A	Station B	Station C	Station D	Station E	Station F
Title of interviewee	Music editor	Music editor	Head of music editing	Music editor	Managing editor music planning	On-air director
Classification according to (ARD-Werbung Sales & Services GmbH, 2010)	Commercial	Commercial	Commercial	Other (Non-Commercial, municipally supported)	State-run	Commercial
Music emphasis	<ul style="list-style-type: none"> Rhythmic pop Rhythmic black R'n'B Established pop music 	<ul style="list-style-type: none"> Classic Rock 70s 80s Main focus: 1986 	<ul style="list-style-type: none"> Genre mix, explicitly no pop/rock periods Offside the musical mainstream 	<ul style="list-style-type: none"> Pop music Virtually everything besides classical and jazz music 	<ul style="list-style-type: none"> Pop Rock music Chart hits 	<ul style="list-style-type: none"> Contemporary pop music No songs older than two years
Target group	<ul style="list-style-type: none"> Aged between 20 and 39 years 60 % women 	<ul style="list-style-type: none"> Aged between 35 and 45 years More male than female listeners Lower middle class to middle class "The aged motorbike rebel" 	<ul style="list-style-type: none"> Aged between 14 and 30 More male than female listeners 	<ul style="list-style-type: none"> Aged from infancy to 30 years old No clear target group 	<ul style="list-style-type: none"> Aged between 30 and 49 years Young families with both feet on the ground Open minded, yet partly conservative Good middle-class 	<ul style="list-style-type: none"> Aged between 15 and 26 years People interested in new music
Broadcasting area	<ul style="list-style-type: none"> Terrestrially receivable in one major south German city DAB and Cable Webstream 	<ul style="list-style-type: none"> Terrestrially receivable in one major south German city DAB and Cable Webstream 	<ul style="list-style-type: none"> Terrestrially receivable in five major south German cities DAB and Cable and satellite DVBT in east German state Webstream Mobile app 	<ul style="list-style-type: none"> Terrestrially receivable in one major south German city Webstream 	<ul style="list-style-type: none"> Terrestrially receivable in one south German state DAB and Cable Webstream 	<ul style="list-style-type: none"> Terrestrially receivable in 13 south German cities DAB and Cable Webstream
No. of receivers	Approx. 20,000-25,000/ hour	Approx. 18,000-19,000/ hour	Approx. 28,000/ hour	Approx. 1,000 per transmission day	Approx. 800,000/ hour	Approx. 66,000/ hour
No. of employees	Approx. 15	Approx. 20	Approx. 24-28, 21 permanently employed	4 permanently employed editors, 2 trainees and honorary moderators	Between 250 and 300	Approx. 47
Interviewee's estimated size of the radio station	5-6	5	4-5	3	10	7
Interviewee's estimated innovativeness of the radio station	Earlier very innovative, now 5-6	3	10	8	6-7	10

Table 1: Overview of interviewed radio broadcasting stations

For A innovative does not necessarily mean successful. Interviewee B agreed with this adding that non-commercial, government-run stations can be more innovative with their programming as they do not depend on advertising; they can accept their audience switching channels when a less popular song is played. B also sees other countries' radio programs as more innovative; an opinion shared by interviewee C. Interviewee E sees innovativeness as relative where the point of reference defines its manifestation. Therefore his station does not and cannot orientate or compare itself to the more youth-oriented, progressive stations known for being innovative; their tastes are not reflected in his target group. Interviewee D sees innovativeness in music programming as a function of the size of the station. He believed smaller stations select more independently and therefore play newer songs earlier.

Adoption Process and Decision Making Process for New Songs

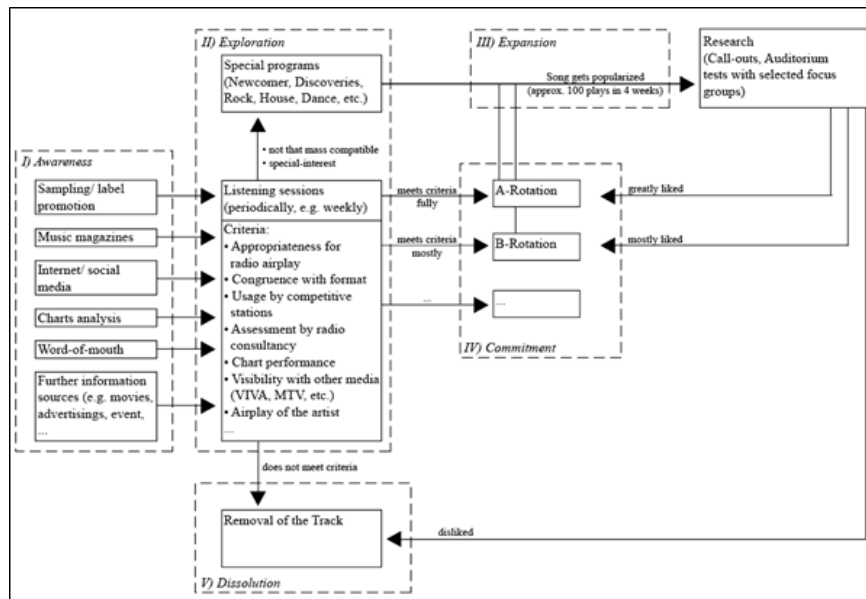


Figure 1: New song adoption process with the use of research. (The use of research applies for Stations E and F only).

The adoption process of new songs with radio stations differs distinctly between the stations interviewed. The most structured adoption process was identified with stations E and F. These two stations use periodic research to constantly check and optimize their music rotations⁷. The different stages of the process essentially resemble the five stages of the relationship development discussed by Dwyer et al. (1987), a framework originally set-up to describe buyer-seller relationships. Figure 1 outlines the application of this framework to the new song adoption process of radio stations. The sequential steps of the scheme and the model's fitting to the adoption of new songs will be shown below.

1) Awareness

The information behaviour differs amongst the interviewed stations. Some stations actively peruse music publications, Internet sources or take feedback from their audience into consideration while others solely rely on the information provided by labels. Interviewees E and F stated it is crucial for any music editor to keep his eyes and ears open to absorb new influences from across society. F therefore adds that he does not specifically review advertising clips, new movies etc. as he expects to get inspiration about new songs as does any given consumer from those types of media. Relevant sources of information are shown in Table 2.

Major and indie labels⁸ conduct their promotion differently. A, B and F stress that major labels mostly just inform them about new releases or tease a station for lagging behind its local competition. Yet, indie labels cannot operate like this. B says that they try to create enthusiasm amongst the radio producers.

⁷ The rotation a song belongs to defines its intensity of use by the automatic music-scheduling program. Different radio stations apply different segmentation criteria and use different categories to cluster their songs. (Stewart 2010).

⁸ The term "major label" refers to the *big four*, the publicly traded music industry corporations EMI Group (split and partly taken over by Universal Music Group in 2012), Sony BMG, Universal Music Group and the Warner Music Group. These music groups function as umbrellas for numerous labels. "Indie labels" do not belong to one of the big four. These independent record label companies mostly do not dispose of an extensive distribution network or financial resources as the majors do (Haley 2011).

	<i>a) Music Magazines</i>	<i>b) Internet and Social Media</i>	<i>c) Chart Analysis</i>	<i>d) Sampling and Label Promotion</i>	<i>e) Word-of-Mouth</i>
A	Not relevant	Minor importance	Relevant medium	Relevant medium	Not relevant
		Not significantly important for music programming, rather for editorial program	Airplay charts of particular interest ⁹ . Weekly review of Charts to learn about new songs		Contact to other radio editors is limited to private relations. Agreement with other stations in the same areal complex to avoid program overlaps
B	Relevant medium	Minor importance	Relevant medium	Relevant medium	Relevant medium
	Relevant for special interest segments (in this case: rock music)	Looks up CD reviews online. Social media is irrelevant, due to the station's focus on established artists rather than newcomers			Informal contact with other editors about new songs; agreement with other stations in the same areal complex to avoid program overlaps
C	Relevant medium	Relevant medium	Not relevant	Relevant medium	Not relevant
	Relevant medium	Relevant medium, no delay in receiving information. Good to discover non-famous artists (free-downloads, etc.)			
D	Relevant medium	Minor importance	Not relevant	Not relevant	Not relevant
		Small station has not enough means for extensive online research		Annoying disturbance	
E	Relevant medium	Relevant medium	Relevant medium	Relevant medium	Not relevant
	International magazines relevant to discover international trends	However, some internet hits do not work in the radio as they rely on visuals, e.g. Psy – Gangnam Style		Contact to the label industry mostly collaborative, however sometimes target conflicts: labels want to push specific songs which do not necessarily fit perfectly to the station's orientation	Contact to other radio editors is dangerous due to market competitiveness
F	Minor importance	Relevant medium	Relevant medium,	Minor importance	Not relevant
	Not significantly important, medium cannot keep pace with the speed of radio	Online reviews of international charts, news about new artists, new songs from Facebook/YouTube	Especially foreign charts serve as trend radar	Perceives the promotional efforts of music labels as annoying; disturbs his work routine	

Table 2: Sources of information

F adds that the quality and level of professionalism, when in contact with the label, are mostly defined by the personality of the promoters and less by the label's size or orientation. By contrast C sees the differences in promotion activities are mostly due to different financial re-

⁹ These charts rank the songs according to the airplay they get from all German radio stations.

sources. Major labels have the advantage that, due to their funds, they can easily promote their titles via the MPN¹⁰, a promotional tool that smaller labels cannot afford to use. The integration of a song in MPN costs approx. 350 EUR per month. E confirms this point when arguing the major labels have a higher degree of staying power in the promotion of particular songs. He also sees differences when it comes to communication between the labels and radio stations. Indie labels cannot afford as many promoters and this forces them to rely on long-distance media such as telephone or e-mail. E admits that his station does not attach great importance to indie labels, as their focus does not match the station's mainstream orientation. D cannot assess the difference between major and indie label promotion as his station is mostly sampled and promoted by indie labels or promotion agencies.

A, B and F see releases by renowned artists as sure-fire successes anyway and therefore argue that as such they do not need to be promoted by the labels. However, for newcomers, labels try to push releases more actively. F brings up that in such cases promotion may also include prizes for a competition within the radio program. Such prizes may include give-aways and merchandising articles of certain bands and even the offering to send listeners to a private concert abroad. However, no prize would be big enough to persuade F to play a song that does not fit the stations' format; the song has to fit. E shares this view, such prizes may reinforce decisions that would have been taken anyway but cannot substitute for the suitability of a song to the station's format. He underlines this by explaining that commercial stations in particular depend on their ability to select exactly those songs that best fit their audience's taste. A commercial radio station needs to avoid losing listeners to the competition in order to retain advertising. Fear of losing listeners means it is therefore unlikely such stations would adopt a song just for a prize if it does not fit the stations format. B has a similar perspective on this and his station does not accept any dilution of its format at all. Such a dilu-

¹⁰ MPN = Music Promotion Network (also known as Phononet) is a collective project initiated by the German record label industry. This database provides promotional information as well as the song itself to editors of radio and other media. For detailed information see Phononet GmbH (2008).

tion could happen if prizes were accepted in exchange for the airplay of songs that otherwise would have not been aired. A and E fully agree with this. D says that his station is too small to attract the labels' attention or their competitions.

II) Exploration

At this stage of the process, potential new songs are evaluated by decision-makers at the radio station. For each of the stations, apart from station D, this stage involves regular meetings. Participants at these meetings are usually the different music producers and their director. At stations A and B an outsider, a radio consultant, takes an active role in these meetings as well. The songs identified in the earlier stage are then discussed and evaluated as to whether they meet the station's criteria. Apparently the most important criterion is whether a song fits the station's format. All six interviewees mentioned this as a major point with the new song adoption process. A possible song's positive contribution to the station's image is an omnipresent criterion for the selection at C's station. Furthermore he evaluates the song in relation to its length and suitability according to different times of the day. After discussing the different criteria, the decision is taken collectively after voting. F considers competition and other media like music TV visibility and mentions that the station can only play songs with airplay-appropriate lyrics. He takes the final decision on which songs to adopt and how. F and E both follow particularly the programming of other local stations as audience responses to music differ according to their location. A and C peruse the use of a song by competitors using MusicTrace, a software tool that allows one to review which station plays a song with what frequency and when. B sees a limited autonomy in making personal choices as his station is clearly formatted and relies mostly on the radio consultant's opinion when adding a new song. D decides himself which song to feature, mainly relying on his own taste, a process opposed by all the other interviewees who stated that there is no space to take one's personal taste into consideration. Solely E admits that experience and imagination are important when it comes to designing a radio program. As an

outcome of this evaluation meeting the song may be directly integrated into one of the station's rotations.

III) Expansion

Once a song has been played for a certain time period (interview E: three/four weeks) or has had a certain number of plays (A says that it takes approximately 100 plays to bring a new song to the attention of his audience), the stations have to evaluate its future within the program. The most reliable and structured way to determine the status of a song within a station's programming is to continuously test the songs (or parts of the songs) with focus groups via telephone call-outs or auditorium tests.

The level of popularity of a song defines the rotation in which it will be used in the future. If it is no longer popular, it gets completely removed from the station's program. Stations E and F both use continuous call-outs as their testing instrument of choice to evaluate song performance. Station E conducts three tests per month to re-evaluate the role of the featured songs. Both E and F underline the importance of only testing a song when it has already been popular for a certain time with the audience. *"Don't know it, don't like it"* is the reaction that comes up if one tested a song with newcomers right away, says E. For F the research gives indications, which could not be obtained or thought of otherwise.

The remaining four interviewed stations do not use continuous research. A says that his station conducted one big research wave a year ago to determine the station's image and to compile a list of older songs which constitute the basis for the station's program. B's station proceeded alike: 1,200 songs were evaluated with the use of call-outs. As B's repertoire is very much limited to classic rock from the 1970s and 1980s, these results significantly shape the station's everyday program until, through a new research wave, new songs can make their way into the rotation. Although both stations do not use continuous research, both acknowledge the importance of this instrument. A says that he would very much like to conduct weekly or two-weekly song tests, yet

this is impossible due to the lack of financial means. In B's opinion the use of continuous research would make sense for his station as well, especially in order to expand the rotation. He adds that in Germany almost every commercially oriented radio station does use research to some extent. For C research is not an option for his station, as their program is not mainstream-oriented and therefore cannot be shaped with the use of research. For a niche station like his, he sees little value in using research, as it does not provide any benefits or new insights. Nevertheless he credits radio research with being a highly important tool for mainstream radio stations. For him the success of mainstream radio is based on the use of research. Solely D says that research is not of importance to his station and that he cannot assess the relevance of this instrument in general.

IV) Commitment

Once a song is in rotation, it is intensively exposed to its audience. For interviewed stations E and F detailed playlist statistics from Reinhart (2013) are discussed to illustrate how individual stations commit to particular songs. Both stations played approximately 80,000 songs during the year 2012, which means about 220 per day. At station F, of the total of 80,000 songs played, the first 10 most frequently played songs account for a total of over 10,000 (~ 13 percent) plays. Accordingly, several of those ten most frequently played songs were played well over 1,000 times per year. And still, the 99th most frequently played song accounts for over 250 plays in 2012. Over 60 percent of the total plays account for songs, which have been played at least once a day (on average in 2012).

With station E the rotation is structured differently, with the first ten most frequently played songs accounting for a total of approximately 4,000 (~ 5 percent) plays. The 99th most played song accounts for just above 100 plays. Just 8 percent of the total plays account for songs, which have been played at least once a day (on average in 2012). It can be noticed that the rotation of station F is much more homogeneously structured than the rotation of station E that offers a greater variety of songs to its audience.

V) Dissolution

Once a song is no longer of interest to a radio station, it is removed from the station's playlists. Interviewee E says that there is some room for manoeuvre with songs that do not test well with the target audience. He speaks of familiarising the audience with a song. Yet, if there is no sign of success with this familiarisation process, the song is inevitably removed. For C removing a song is mostly triggered by his gut feeling or negative feedback from the audience. A bases this decision on the song's overall market performance.

3 Discussion and implications

This research investigation focuses on illustrating a general adoption process for new songs based on the examination of individual radio broadcasting stations. Having spoken with radio professionals from a very diversified set of stations we can confirm the existence of different repertoires as illustrated by Ahlkvist & Faulkner (2002). However, our key findings are condensed into a general illustration of the adoption process in Figure 1. The implications of this will be contrasted to similar work in the field of innovation diffusion.

Several studies show that innovativeness positively influences a firm's potential. Rubera & Kirca (2012) found that innovativeness positively influences a firm's market position, financial position and value. Hurley & Hult (1998) say that innovativeness combined with resources leads to a higher capacity to innovate which then leads to a competitive advantage and an increase in performance. In meeting our first research objective, this does not seem to be entirely true for the radio broadcasting industry. In fact, Lokshin & Knippen (2013) see a positive impact of innovativeness in programming content on stations' audience size, referring to moderation, competitions and promotions. Nevertheless, our study indicates a really innovative music program tends to be a niche for a small target group with strong music affinities. It is especially crucial for commercial radio stations not to deter their audience, so they avoid experimenting with new songs and tend to rely on what works with fo-

cus groups or their competitors. Analogous to Rossman (2012), E sees that radio music producers work as gatekeepers between the audience and the record industry. It seems that a very innovative program is not particularly useful for the general public. This also corresponds with A's realignment of the music program in a more conservative direction. His station consulted a research company and the main result was that their program contained too much new, and therefore unknown, music, which was negatively perceived by their audience.

With regard to our second research objective, the explanation of new song adoption in German radio broadcasting, we found word-of-mouth was rather unimportant for new song diffusion in radio. All the interviewees stated their contact with staff at other radio stations is limited, particularly due to the competitive environment of radio. However, this does not mean that there is no bandwagon effect within radio; the copycats just do not rely on word-of-mouth to find out which songs are promising and which are not. Bundgaard-Nielsen (1976) found late adopters are in a more advantageous position to assess the potential of innovations than early adopters. This seems to be especially true for the radio industry where late adopters can investigate the potential of a new song with the use of the airplay charts. This tool shows which songs are played and how frequently by other stations, ranking the songs according to their accumulated airtime. Consequently, lagging stations add only songs that climb the airplay charts and as such are already identified as promising by their competitors. In contrast to the findings of Rothenbuhler & McCourt (1992), local factors (e.g. the playlists of other local stations) also matter for our interviewees.

It should be noted that among the above mentioned, many further different potential sources of information were identified, such as magazines, label promotion, websites, blogs or audience feedback just to name a few. The interviewees mostly use a mix of these channels to gather their information. The most convenient channels seem to be label promotion and sampling as all stations interviewed as sources of information mentioned them. Especially for major label releases, the informing nature of their communication is readily apparent. For small-

er, independent labels the communication with radio stations is more of a back-and-forth informal exchange focused on convincing rather than informing. At mainstream radio stations, independent labels and their promotion efforts play a minor role. Clearly the adoption of new songs is driven by external influences like label promotion or appearance in other media as well as by internal influences. Yet, these internal influences do not manifest themselves through direct communication between the individual stations as described by Mansfield (1961). In fact it is the airplay charts that represent the internal influence. As a consequence, record label executives have to place their songs at a major station. Due to the airplay charts' structure of weighting a song's plays according to the coverage of the station it is played on, the adoption by one or several major stations will make the song climb up the airplay charts which will in return generate a bandwagon effect and result in small- and medium-sized stations adopting the song as well.

Media exposure of a particular song or artist is an important characteristic. Five of the six interviewees said songs that are used in other media were of interest due to the greater potential for mainstream success. Interviewee F further underlines that the context a song is used in, whether in a product commercial or a famous sports event, may transfer to the song and increase its appeal to the general public. A primary aim of record label executives is getting their songs into mainstream attention; so particularly for unknown artists, the use of a song within a commercial or an event etc. can provide a real publicity boost, which will increase its airtime. A recognizes that exposure through other types of media is not a guarantee of success. For him this can increase the uses of a song but only to a certain extent. Above all, he sees a song's quality as the main driver of its success.

Our findings confirm the argument of Courvisanos (2012) that with larger radio stations the decision making process becomes increasingly structured and formalized. The smallest of the interviewed stations (station D) emphasizes the decision to add a song is based mainly upon personal taste and is made by the producer himself. Large stations like F or especially E rely on the qualified input of their producer's staff, deciding

in regular formal meetings and use research methods to constantly check and revise their programming. Such self-generated control mechanisms that help to ensure the survival of the larger organizations (Nelson & Winter 2009) also tend to hinder innovativeness and thus result in a more conservative radio programming as described by the radio producers: The constant fear of losing listeners makes innovativeness difficult for commercial radio stations.

Medium-sized stations cannot install and use such controls profitably so the stations examined try to optimize their programming and format with the use of annual or bi-annual research analysis, which allows them to generate a pool of timeless songs they can build their programming on. However, success is not just about planning as 'gut' feelings, experience and imagination have a certain relevance to new song selection and program design. Referring to our second research objective the framework of Dwyer et al. (1987) was successfully applied to the context of our research and illustrates the different barriers a song has to pass through before it is added to a station's playlists. The five steps identified can be generalised to describe the adoption process for new pop songs.

Our results support the initially introduced theoretical relation between firm size and innovativeness stressed by Nooteboom (2000): Smaller radio stations seem to put more emphasis on radical innovations and an innovative radio program than larger stations who rely on "professionalized R&D" through consulting and research firms or follow an imitative innovation strategy (Freeman & Soete 1997).

Discussing our third research objective, the importance of radio as a promotional tool for record labels, we found that the radio-staff interviewed had a relatively clear view of the importance of radio airplay on record sales. This is mostly in accordance to Rossman (2012: 23) who sees radio airplay as "*a major determinant of sales*". He concludes that radio is an important driver for record sales meaning the record labels will do anything to generate airplay for their artists. In his analysis of the radio landscape over the past few decades he discusses several payola scandals with the U.S. record label industry bribing radio executives for

airplay in various ways. He sees payola as "*a permanent feature of the music industry*" (Rossman 2012: 43).

Yet, this may not be true for the German radio. Comments from interviewee A particularly imply the existence of imitation and bandwagon effects in German radio. Furthermore, the interviewees did mention the existence of promotional prizes, but they all emphasize the importance of a song fitting the station's format and the effect of a song's suitability on the loyalty of their audience. As 5/6ths of commercial-run radio stations' revenue comes from advertising sales, they are very reliant on this loyalty. State-run stations are financed mostly through radio fees and may seem less-dependant on their audience. However, they still have to take their audience's taste into consideration as pointed out by interviewee E. Finally it is open to question whether promotional prizes and competitions really influence the new song diffusion.

4 Research limitations and further research

Through the qualitative character of this study, the results represent perceptions of the interviewees. Several limitations exist and encourage further research.

Our finding that innovativeness in radio broadcasting is not really lucrative should be verified with a quantitative study. Falkenreck & Wagner (2011) conducted a quantitative analysis to investigate in what way perceived innovativeness influences perceived value, corporate reputation and customer satisfaction in the healthcare industry. A similar approach can be used for the radio industry in order to determine the impact of perceived innovativeness on radio stations' key performance indicators. In addition to such a study, another interesting angle is to investigate the extent to which more innovative stations are attractive for the record label industry as a promotional tool.

The qualitative basis of our investigation also makes it impossible to clearly distinguish the use of different channels over a length of time and to categorize the stations according to their attitude towards innovation following the ideas of Rogers (1962). With our research approach we

aim to pave the way for further investigations with a macroscopic view on the diffusion process.

The first of these two mentioned shortcomings can be addressed with a quantitative study, broad in scope, following the methods of Coleman et al. (1966) by separating the information sources in first sources, intermediate sources and final sources. Hereby, it can be investigated at which stage of the adoption process an information source matters most. Such knowledge would have significant implications for the music industry in regard to their strategic communication concepts for new songs.

In order to address the second shortcoming of our study, the identification of pioneers and followers in the German radio market, a view on the aggregated adoptive behaviour is appropriate. In this way, researchers could also investigate if Rossman's (2012) findings in regard to imitation behaviour apply to the German radio market as well. Semadeni and Anderson (2010) consent with Abrahamson (1996) that followers are more likely to adopt an incremental innovation than a radical innovation. Similar findings for new song adoption likelihood can have significant implications for record label executives on how to understand and manage bandwagon effects in the radio landscape.

5 References

- Abrahamson, E. (1996) "Management Fashion", *Academy of Management Review*, vol. 21, no. 1, pp. 254-285.
- Abrahamson, E. & Rosenkopf, L. (1997) "Social Network Effects on the Extent of Innovation Diffusion: A Computer Simulation", *Organization Science*, vol. 8, no. 3, pp. 289-309.
- Ahlkvist, J. & Faulkner, R. (2002) "Will This Record Work for Us?": Managing Music Formats in Commercial Radio", *Qualitative Sociology*, vol. 25, no. 2, pp. 189-215.
- ARD-Werbung Sales & Services GmbH (2010) MA 2010 Radio I: Daten zum Radiomarkt und zur Radionutzung, Frankfurt.
- Bass, F. M. (1969) "A New Product Growth for Model Consumer Durables", *Management Science*, vol. 15, no. 5, pp. 215-227.

- Bundgaard-Nielsen, M. (1976) "The International Diffusion of New Technology", *Technological Forecasting and Social Change*, vol. 8, no. 4, pp. 365-370.
- Ceci, F. & Iubatti, D. (2012) "Personal Relationships and Innovation Diffusion in SME Networks: A Content Analysis Approach", *Research Policy*, vol. 41, no. 3, pp. 565-579.
- Chatterjee, R. & Eliashberg, J. (1990) "The Innovation Diffusion Process in a Heterogeneous Population: A Micro-Modelling Approach", *Management Science*, vol. 36, no. 9, pp. 1057-1079.
- Coleman, J. S., Katz, E. & Menzel, H. (1966) *Medical Innovation: A Diffusion Study*, Bobbs-Merrill Co., Indianapolis, New York, Kansas City.
- Courvisanos, J. (2012) *Cycles, Crises, Innovation: Path to Sustainable Development A Kaleckian-Schumpeterian Synthesis*, Edward Elgar, Cheltenham.
- Crawford, C. M. (1977) "Marketing Research and the New Product Failure Rate", *Journal of Marketing*, vol. 41, no. 2, pp. 51-61.
- Dosi, G. (1982) "Technological Paradigms and Technological Trajectories: A Suggested Interpretation of the Determinants and Directions of Technical Change", *Research Policy*, vol. 11, no. 3, pp. 147-162.
- Dwyer, F. R., Schurr, P. H. & Oh, S. (1987) "Developing Buyer-Seller Relationships", *Journal of Marketing*, vol. 51, no. 2, pp. 11-27.
- Falkenreck, C. & Wagner, R. (2011) "The Impact of Perceived Innovativeness on Maintaining a Buyer-Seller Relationship in Health Care Markets: A Cross-Cultural Study", *Journal of Marketing Management*, vol. 27, no. 3/4, pp. 225-242.
- Fourt, L. A. & Woodlock, J. W. (1960) "Early Prediction of Market Success for New Grocery Products", *Journal of Marketing*, vol. 25, no. 2, pp. 31-38.
- Freeman, C. & Soete, L. (1997) *The Economics of Industrial Innovation*. Psychology Press, Hove.
- Haley, A. (2011) *2012 Songwriter's Market*, F+W Media, Cincinnati.
- Hall, B. H. & Rosenberg, N. (2010) *Handbook of the Economics of Innovation*, Elsevier Science, Amsterdam.
- Hurley, R. F. & Hult, G. T. M. (1998) "Innovation, Market Orientation, and Organizational Learning: An Integration and Empirical Examination", *Journal of Marketing*, vol. 62, no. 3, pp. 42-54.
- Krippendorff, K. (2013) *Content Analysis: An Introduction to Its Methodology*, 3rd edition, SAGE Publications, Los Angeles, London, New Delhi, Singapore.

- Lacity, M. C. & Janson, M. A. (1994) "Understanding Qualitative Data: A Framework of Text Analysis Methods", *Journal of Management Information Systems*, vol. 11, no. 2, pp. 137-155.
- Li, Y. & Sui, M. (2011) "Literature Analysis of Innovation Diffusion", *Technology & Investment*, vol. 2, no. 3, pp. 156-162.
- Lokshin, B. & Knippen, C. (2013) "Innovativeness and Broadcaster Listenership: Evidence from the German Radio Industry", *Journal of Media Business Studies*, vol. 10, no. 2, pp. 1-16.
- Mahajan, V., Muller, E. & Bass, F. M. (1990) "New Product Diffusion Models in Marketing: A Review and Directions for Research", *Journal of Marketing*, vol. 54, no. 1, pp. 1-26.
- Mansfield, E. (1961) "Technical Change and the Rate of Imitation", *Econometrica*, vol. 29, no. 4, pp. 741-766.
- Mayring, P. (2000) "Qualitative Content Analysis", *Forum: Qualitative Social Research*, vol. 1, no. 2.
- Nelson, R. R. & Winter, S. G. (2009). *An Evolutionary Theory of Economic Change*, Harvard University Press, Harvard.
- Nooteboom, B. (2000) *Learning and Innovation in Organizations and Economies*, OUP, Oxford.
- Patton, M. Q. (2002) *Qualitative Research & Evaluation Methods*, SAGE Publications, London and New Delhi.
- Pegoretti, G., Rentocchini, F. & Marzetti, G. V. (2012) "An Agent-Based Model of Innovation Diffusion: Network Structure and Coexistence Under Different Information Regimes", *Journal of Economic Interaction and Coordination*, vol. 7, no. 2, pp. 145-165.
- Perez, P., Ratna, N., Dray, A., Grafton, Q., Newth, D. & Kompas, T. (2008) "Diffusion and Social Networks: Revisiting medical Innovation with Agents", in *Complex Decision Making: Theory and Practice*, eds. H. Qudrat-Ullah, J. Spector & P. I. Davidsen, Springer, Berlin, pp. 247-268.
- Phononet GmbH (2008) Music Promotion Network. Available at: http://www.phononet.de/downloads/mpn/MPN_Info_EN.zip
- Reinhart, M. (2013) Radio Statistik [data file]. Available at: Request at <http://www.sponkosoft.de/radio/index.html>.
- Ritchie, J. & Lewis, J. (2003) *Qualitative Research Practice: A Guide for Social Science Students and Researchers*, SAGE Publications, London.

- Robertson, T. S. (1967) "The Process of Innovation and the Diffusion of Innovation", *Journal of Marketing*, vol. 31, no. 1, pp. 14-19.
- Rogers, E. M. (1962) *Diffusion of Innovations*. Free Press, New York.
- Rossmann, G. (2012) *Climbing the Charts: What Radio Airplay Tells Us about the Diffusion of Innovation*, Princeton University Press, Princeton.
- Rothenbuhler, E. W. & McCourt, T. (1992) "Commercial Radio and Popular Music: Processes of Selection and Factors of Influence", in *Popular Music and Communication*, 2nd edition, ed. J. Lull, SAGE Publications, Thousand Oaks, pp. 101-115.
- Rubera, G. & Kirca, A. H. (2012) "Firm Innovativeness and Its Performance Outcomes: A Meta-Analytic Review and Theoretical Integration", *Journal of Marketing*, vol. 76, no. 3, pp. 130-147.
- Schumpeter, J. A. (1939) *Business Cycles*, Mc Graw-Hill, New York and London.
- Schumpeter, J. A. (1942) *Capitalism, Socialism and Democracy*, Harper and Brothers, New York.
- Semadeni, M. & Anderson, B. S. (2010) "The Followers Dilemma: Innovation and Imitation in the professional Services Industry", *Academy of Management Journal*, vol. 53, no. 5, 1175-1193.
- Simon, H. A. (1985) "What We Know About the Creative Process", *Frontiers in Creative and Innovative Management*, vol. 4, pp. 3-22.
- Stewart, P. (2010) *Essential Radio Skills: How to Present a Radio Show*, A&C Black, London.
- van Eck, P. S., Jager, W. & Leeflang, P. S. H. (2011) "Opinion Leaders' Role in Innovation Diffusion: A Simulation Study", *Journal of Product Innovation Management*, vol. 28, no. 2, pp. 187-203.
- Zhang, T., Gensler, S. & Garcia, R. (2011) "A Study of the Diffusion of Alternative Fuel Vehicles: An Agent-Based Modelling Approach", *Journal of Product Innovation Management*, vol. 28, no. (2), pp. 152-168.

The distinctiveness of Electronic Dance Music. Challenging mainstream routines and structures in the music industries

*Job van der Velden & Erik Hitters*¹¹

Abstract

To what extent is the Dance (or EDM) genre distinctive, when compared to the structures currently present in the dynamic music industries? We have combined a literature review with a qualitative analysis through interviews with prominent Dutch Dance label owners, in order to answer this question. The analysis shows that the Dance genre is not compatible with the existing models developed by Negus and Hesmondhalgh, used to explain the structures and the (power-) division within the music industry. The article looks at the unique characteristics (e.g. the 'digitally born' nature, the absence of majors and the live revenue focus) of this genre and what this has meant, and means, amidst all digital advances, for its development.

Keywords: Electronic Dance Music, Dance music genre, independent music production, Dutch Dance, music sociology, music economy.

1 Introduction

In the current digital age the music industries are experiencing turbulent times in which standards set decades ago are put to the test. According to some a paradigmatic change comparable to the one in the 1950s

¹¹ **Job van der Velden** holds a BA from Northumbria University in International Business and management and an MA in Media Studies from Erasmus University Rotterdam. His research interests are in music industries, music identities and independent cultural production. He currently works as an interim project assistant for various organizations and is preparing a PhD project on music identities (<https://nl.linkedin.com/in/jobvandervelden>). **Erik Hitters** is Associate Professor at the Erasmus School of History, Culture and Communication of Erasmus University Rotterdam. He has founded and is director of ERMeCC, the Erasmus Research Centre for Media, Communication and Culture. He holds a PhD in Social Sciences from Utrecht University. Erik's research interests lie in the broad field of transformations in the media and cultural industries. His research and publications focus on the changing logics of institutional and field dynamics in the media and cultural industries, as well as on creative industries and innovation (hitters@eshcc.eur.nl).

(with the arrival of Rock 'n' Roll) could be at hand (Leyshon et al. 2005). Two developments lie at the basis of this presumed paradigmatic change.

Firstly, there has been a shift in the way consumers experience music. A steadily growing number of consumers use digital channels for music consumption. Subscription services like Spotify are especially attractive when considering the 44 per cent growth of members in 2012 worldwide (IFPI 2013). Simultaneously, in revenue terms the live-industry is on the verge of outgrowing the recording industry (Page & Carrey 2009; VNPF 2009, 2010). This is indicative of the way the industry is moving; audiences currently prefer music access and experience to ownership of physical carriers (De Meyer 2010; Wikström 2010).

Another major change is the growing influence of independent record labels in the recording industry, fostered by digitisation. For them, it has become possible to create and distribute music without the "intermediation" of previously crucial 3rd parties (Frith 2001; Leyshon 2001: 50; Jones 2002: 222; De Meyer & Trappeniers 2007). Barriers to entry have diminished due to lower capital requirements and reduced control of distribution channels (Porter 1979; Rothenbuhler & McCourt 2004). Also, the digital music carrier has significantly reduced the previous economies of scale that most benefited the majors, as there is no longer an increased margin on record sold (Rothenbuhler & McCourt 2004). Simultaneously, the consumer has the option of consuming music through a more diverse set of channels (i.e. not just mass media) (Connell & Gibson 2003; Tschmuck 2006). This leads to less controllable (i.e. more varied) listening behaviour of the public (Anderson 2006; Peitz & Waelbroeck 2006). Negus (1999), Connell & Gibson (2003) and Leyshon et al. (2005) argue these technological, economic and socio-cultural developments have given rise to a more 'democratic' industry when compared to the existing oligopoly. Indeed, in the Netherlands major corporations have lost market share to independents in both record sales as well as returns on live shows (NVPI 2006, 2007, 2008, 2009, 2010; Page & Carrey 2009; VNPF 2009, 2010)

With this, the industry currently appears to focus on diversity rather than quantity; more diverse music from a larger group of artists is being consumed while models benefiting the mass distributors (i.e. majors) have diminished in importance. One might conclude that the autonomous small-scale production (cf. Bourdieu 1993) by 'prestigious' independents has prevailed over the 'commercial' mass market-driven production by majors (Hesmondhalgh 2006). However, it has been argued that streaming services like Spotify could herald a return to a system based on mass consumption (i.e. a system beneficial to majors) as mass listening crowds would once again be necessary to make a profit (Rothenbuhler & McCourt 2004; Wikström 2010). These changes pose an unclear image of the future in an industry already based on uncertainty where "failure is the norm" (Frith 2001: 33; Negus 1999).

Against the backdrop of such changes, this paper focuses on the Dance genre (or EDM or Electronic Dance Music as termed in the US). We look at how this genre has developed since 1999 and how it has functioned and still functions within the music industries. We argue that the EDM genre has been able to develop autonomously as a distinctive genre due to its digital nature as well as a specific infrastructure. The latter was particularly strong in The Netherlands, which may partly explain the hegemony of Dutch EDM. This article commences with a review of theories, which may explain the position of Dance music. Subsequently, we present the findings from our interviews with independent Dance label owners. We have chosen the year 1999 as a starting point, as Napster was introduced in that year and it may thus be considered as the start of the era of digitalisation (Handke 2010).

Dance music as a genre is worthy of dedicated research for a number of reasons. Firstly, the digital state of this genre, along with its assumed "placelessness" (i.e. not culturally bound) (Connell & Gibson 2006: 260) is seen as suitable for present and future (Tschmuck 2006; Van der Graaf 2010). A continually digitalising and globalising world where geographical barriers are presumably no longer binding and markets can exist in an abstract digital space based upon interests, seems likely to fit this universal genre (Levitt 1983; Tschmuck 2006). This makes

it interesting to see how Dance labels cope with the developments at hand.

Secondly, this genre seems to have developed outside the prevalent indie-major structure we know from labels in mainstream genres such as Pop and Rock (De Meyer & Trappeniers 2007). In the past, majors have not prominently placed Dance in their portfolio (Hitters & Van de Kamp 2010). Although several Dance acts are signed to majors, grassroots independent labels are still mainly in control of this successful part of the industry (Hitters & Van de Kamp 2010). Examples are Armin van Buuren with Armada, Laidback Luke with Mixmash Records and the Prophet with Scantraxx Records. Also new, globally successful artists choose to be signed to Dutch independent labels (e.g. Martin Garrix to Spinnin' Records). This is remarkable when looking at the vast, still growing, international (live-) success, as it has proven to be a dominant force in music (Rutten & Hoogendoorn 2006; Kroeske & Fictoor 2013). In the 1990's, majors showed a notable reluctance in embracing this genre (Hesmondhalgh 1998; Negus 1999; Hitters & Van de Kamp 2010). A question to ask then is, how this genre has managed to develop autonomously, without support of powerful majors?

Thirdly, Dutch EDM labels and artists are of particular interest, given the relative success of Dutch DJs in the world market. Dutch DJs feature prominently in the highest positions of the yearly DJ Mag's list of best DJs for a number of years consecutively, which is quite surprising given the size of the country. Dance is The Netherlands' most exported music genre, accounting for some 75 percent of all exports, amounting to €120 million in 2013. Dutch DJs have played almost 10.000 shows abroad in 2013 (Kroeske & Fictoor 2015). Thus, looking closer at the Dutch market and its characteristics may prove useful in order to further our understanding of the backgrounds of a successful new genre.

We researched the distinctiveness of the genre by making use of two models; Bourdieu's adapted model of cultural production by Hesmondhalgh (2006) and Negus' (1999) claims about the structures of music labels and the division that exists between major and independent labels. These frameworks inform our understanding of this industry

and give us the tools to analyse this genre's specific structure and relevance.

2 Theoretical Framework

2.1 A changing industry

The recording industry continuously needs to adapt to technological innovations. Due to decentralisation and disintermediation, labels are forced to adopt new structures and strategies suitable to the current era and its technologies (Negus 1999; Connell & Gibson 2003; Leyshon et al. 2005). Labels that are progressive in adapting to these changing circumstances usually gain most from them (initially) (Dowd 2006; Tschmuck 2006). As independent labels have, through history, proven to be more progressive in their strategies and ways of working, it is not surprising that they gained market share (Frith 2001).

As in the 1950s, the independents exploited their possibilities while the majors lost (a part of) their dominant position because of their reluctant and risk-averse attitude towards adopting new technologies (Negus 1999; Dowd 2006). As Tschmuck puts it: *"The representatives of the old paradigm [majors] will ignore the new regime, and then they will try to prevent the new regime from taking over. In the end they fail at this task, because the old regime is no longer able to control all of the simultaneously altering factors that cause this change"* (Tschmuck 2006: 210). This conservative stance in order to preserve control over a changing environment is described as one of the major pitfalls in doing business. This aversion to risk *"means a reluctance to consider truly creative ideas and truly quantum changes"* (Mintzberg 2000: 203). Their attitude however is not surprising; the Internet is regarded as having destroyed the hugely profitable way of working the majors had in the 1990s (Leyshon et al. 2005).

The reluctance can also be explained through mimetic isomorphic processes that are present in this industry. Engaged in an environment led by uncertainty in which roads to success are unclear, these organisa-

tions appear to have adopted each other's structures in order to achieve success. However, through this a field is created in which innovation is hard to convey and in which less institutionalised (i.e. rigid) organisations can thus benefit (DiMaggio & Powell 1983).

The processes above have given way to independent labels profiting by re-capturing market share ever since the decentralisation of production, distribution and promotion channels; i.e. the breakdown of barriers to entry, has taken place (Porter 1979; Longhurst 1995; Negus 1999; Leyshon 2001; Connell & Gibson 2003; Tschmuck 2006). Apart from the growing possibilities of setting up a record label and distributing/promoting music independently, a stimulus also comes from the consumers who seem to be more engaged to try more, diverse music. Because it is more convenient and there are fewer consequences to sampling music, consumers are less risk-averse when considering what music to listen to (Peitz & Waelbroeck 2006; Wikström 2010). This has led to a longer 'tail' in music listening (a wider standard deviation of diversity) and has benefited more obscure musicians and their representative labels (Anderson 2006).

These developments not only caused independents to regain a significant part of the market share in the industry; a niche- 'major-less'-market, has been able to evolve. Frith (2001: 50) argues that a niche market emerged next to the existing, 'traditional mainstream' Pop-Rock market, which the majors currently dominate. Because of the breakdown of barriers in intermediation ever since digitalisation, music can be produced, distributed and consumed through niche channels that function autonomously from the formerly exclusive mass-channels (Connell & Gibson 2003; Tschmuck 2006). Artists can present themselves on these channels without the filters we know from the pre-digital music industry (Leyshon 2001; Connell & Gibson 2003; De Meyer & Trapeniers 2007). This offers possibilities for a truly independent market for obscure music.

Although such a market has developed, it should be noted that for a large part this is a market with small audiences and low profits (Connell & Gibson 2003; Keen 2009; Goldmann 2011; De Meyer 2010). Keen

(2009) and De Meyer (2010) are dismissive towards these niches full of 'amateurs', and claim the breakdown of barriers has not benefited the overall quality of the industry, and in fact have made labels (in the literal sense) even more important for recognition. Yet they overlook the fact that the niche-market shows that democratisation of channels indeed has taken place and, most importantly, that complete independence from the majors is once again possible. While majors are still dominantly represented and work next to independents in most commercially viable genres (sub-divisions in their portfolio) (Negus 1999; Van de Kamp 2009), it is important to bear in mind that separate successful markets can exist next to each other.

Dance, then, is hard to place in either the mainstream or the niche markets. One cannot say that all Dance labels are obscure and aimed at small-scale production or not attractive to a mainstream audience and thus commercially viable. Dance appears to be commercially viable 'enough' to be in the mainstream market yet it does not have the major labels that would normally be so dominantly present. With the breakdown of entry barriers Dance has had the chance to establish independently. Through record labels initiated by producers and DJs it has autonomously achieved a substantial market share in the Netherlands and elsewhere and continues to do so (Van de Kamp 2009; Kroeske & Fictoor 2013).

2.2 Dance and cultural production

To understand the position a genre has within an industry it is crucial to know how this industry of cultural production works. Hesmondhalgh (2006) has adapted Bourdieu's acclaimed work on cultural production to the popular culture of the music industry, in order to understand the divisions of power therein. He distinguishes highly autonomous small-scale production on the one hand, and highly adaptive large-scale mass production, on the other.

Mass production is oriented towards making commercial goods that would fit to the outside market (*pull*). The parties involved have high levels of economic power and are in the most powerful positions within

the 'social space', yet they are not highly regarded for their cultural production. Small-scale production is focused on 'production for producers' (Hesmondhalgh 2006: 214) and is seemingly oblivious to the market and its demands (*push*) (Negus 1999). These latter producers are highly regarded in terms of cultural capital yet have low levels of economic capital and far less powerful positions in the social space.

As Hesmondhalgh (2006) notes, the small-scale and mass production opposition is very familiar to the division of majors and independents in the mainstream popular music market Frith (2001) describes. In this view, majors are solely market-driven and inclined to follow existing demand. In fact, market research is used to achieve this. With this, there is a constant struggle between artists and marketing; the artist wants as much creative freedom as possible while the marketing department is in search of as many (illusory) securities in order to keep maximum control in this uncertain industry (Negus 1999; Hesmondhalgh 2006: 225); "The recording industry's structure, therefore, is characterised by attempts to isolate and control sources of uncertainty" (Rothenbuhler & McCourt 2004: 246). Concurrently, the intrinsically motivated small-scale independent labels are not focused on the market wishes at all; they make "art for art's sake" (Hesmondhalgh 2006: 213).

Hesmondhalgh (2006) contests this distinction between profit-driven mass production and small-scale artistic cultural production and claims the situation is more nuanced. He argues that the most canonised acts in rock history (Beatles, the Beach Boys) were immensely popular and profitable (and thus mass production). Likewise, Hibbett (2005) claims that independent artists (and their audience) hide behind the notion of 'artistic' music and authenticity in order to explain their lack of success. The indie market is described a market where 'the loser wins' as they dismiss the pursuit of success (because they are not successful). This is a difficult struggle for musicians since not all of them live the romantic notion of 'artistic' independence Hesmondhalgh (i.e. Bourdieu) and Hibbett (2006) describe. Many musicians are just not considered good enough (i.e. economically viable) to be signed by majors. Moreover, majors also sign deals with 'independents' regarding distribution,

licensing or financing and such deals have been indispensable in the pre-digital age. The two markets are thus not, or no longer, clearly separated (Hesmondhalgh 2006). Negus (1999) even claims that the distinction can be removed completely; although independents operate differently, they are all integrated in the major's portfolio once proven successful.

Although times have changed and a greater independence from majors is possible, the blurred division between intrinsic small-scale production on the one hand and mass production aimed at the market on the other is still present. However, in the rather 'major-less' Dance genre this division manifests itself in a different way. Judging from the discredited binary division, Dance labels and artists are supposed to be small-scale and not aimed at the market. However, this genre as a whole cannot be considered a movement purely based on artistic production and free of market-driven motives. Distinctions can be made between for instance, the alternative Warp label with its 'indie-like' structures and XL recordings which is a more market-oriented label).

This means that certain parts of the industry are, like majors, market driven and keen to see the development of Star artists while others reflect the oppositional 'indie' culture that exists among independents. Because not all Dance labels are dismissive of commercial success (as are other independent labels and artists) (Hibbett 2005), some have filled the space of the absent majors in the independent market (Hesmondhalgh 2006). The Dance genre has developed independently with a unique structure. Characteristic of this structure is the establishment of labels by the artists/producers themselves; e.g. Armin van Buuren (Trance DJ), the Prophet (Hardstyle DJ), Laidback Luke (House DJ) have all established their own labels (respectively Armada, Scantraxx, and Mixmash Records). Dance is thus a genre full of independents; but how do these labels correspond to the independents in the mainstream market? To what extent can we consider Dance labels as distinctive and how do they embody this distinctiveness? And is there a difference between the Dance labels themselves due to the absence of 'major' counterparts?

2.3 The Dance genre: field and case description

Dance has been a very successful genre for the past few decades (Hesmondhalgh 1998). Growing from an underground scene it has proliferated and is unlikely to stop when considering the continuing success of EDM in the US (3voor12 2012; Guardian 2012, Langdon & Lai 2013). In particular earnings from (international) bookings are growing as exemplified by the export value of Dutch Dance, which has grown by 26 percent in 2013 to € 110 million, mostly thanks to live shows by Dutch DJs in the (US) Dance (Kroeske & Fictoor 2015; EVAR 2015). With this growing market, it is not surprising that the Netherland's largest party organiser ID&T was acquired by a US promoter (3voor12 2013). According to Langdon & Lai (2013) the attendance for the top 50 EDM festivals was double the number of those who attended concerts for all the other music genres combined. Between 2009 and 2013, attendance at concerts and festivals for other music genres declined by 8.3 percent, while attendance at the top 20 EDM festivals grew from 1.9 to 3.5 million. Apart from live, it is also interesting to see that EDM is suffering less from declining record sales than other genres. EVAR (2015) claims this is due to the relatively young consumers of EDM switching more quickly to digital sales. Curiously enough, the potential for this genre was already predicted. In fact, seventeen years ago, Hesmondhalgh (1998: 247, 248) was certain that majors would integrate Dance into their portfolio and thus into the mainstream. Dance had started to generate 'big' acts, like the Prodigy, similar to marketable, lasting mainstream Rock stars (or "entertainment packages" as Negus (1992: 7) calls them) With this emergent "rock-style star system" in Dance, it just seemed a matter of time before Dance would be incorporated into the mainstream sector (Hesmondhalgh 1998: 247).

Hitherto, majors have not significantly entered the Dance genre. Hitters & Van de Kamp (2010) have researched the Dutch Dance market and explain the continuing absence of majors from the distinct structures and strategies Dance labels would still have. With the focus mainly on the live club-experience rather than on the artist and record/album sales, Dance would be too distinct for the majors' way of working

(Hesmondhalgh 1998). As there is a fast turnover of styles and fashions, this is a genre that builds on the release of separate singles or EPs in order to boost frequent live performances. This offers little foundation to build lasting stars with album releases (Hesmondhalgh 1998). The potential 'Cash Cows' or 'Stars' from the BCG-Matrix (with little risk but high market potential) that the majors search for, are hard to find within this genre. Dance has remained a 'Question mark'; difficult to predict while hard to integrate within the existing structures and strategies (Day 1977; Negus 1999; Wikström 2010). Contrary to Hesmondhalgh's (1998) expectations, majors still regard this genre as too distinctive to fit into the existing norms through which they work. In fact, with the continued absence of majors, 'Star DJs' like Armin van Buuren or Laidback Luke have been able to set up their own firms in which they could create a platform for their own music style for other DJs to join (when considered fitting for the label, figuratively and literally speaking). Due to their expert knowledge, these genre specific labels have proven to be very successful domestically as well as internationally.

Negus (1999) provides another explanation. He talks about this industry as a US and UK oriented one. All music is mirrored against the deeply embedded characteristics of these markets. This makes 'continental' music risky when compared to music from their domestic markets and that subsequently reinforces the dominance of the UK and US in the music market. Music styles that are appreciated in one of these markets are picked up. This could also explain why (Dutch) Dance is overlooked so far and an independent market could develop, despite its claimed "placelessness" (Connell & Gibson 2006: 260).

Dance and EDM are still a mainly independent genre. It could be that Hesmondhalgh has misjudged the unconventionality and incompatibility of the genre to the structures and strategies majors employed (i.e. risk of this genre) (Hitters & Van de Kamp 2010). It could also be that digitalisation itself has led to the withdrawal from the genre that seemed so ready for its integration. From 1999 onwards majors shrank their portfolio of artists and repertoire to avoid further risks (Leyshon et al. 2005). The unconventionality and the downturn following the initial

phase of digitalisation thus probably made the majors (more) anxious to continue integrating this new genre in their portfolio (Negus 1999; Hitters & Van de Kamp 2010). The possible reasons behind the absence of majors are further discussed in the interviews.

3 Method

In order to understand the characteristics of this distinctive genre and the place Dance has within the current industry, this study combines a literature review with a qualitative study. The literature review focuses on the industry as a whole and is used as a reference to understand the Dance genre in its (non-) distinctiveness from the MOR and Pop/Rock genres.

For the Dance genre, we adopted an explorative research method as little empirical research has been done recently (Hesmondhalgh's 1998 pre-digitalisation research has been the most fundamental study on Dance). With little foundations, a qualitative research was the only appropriate method for this study (Punch 2005; Sarantakos 2005; Hijmans & Wester 2006). Interviews with experts from within the industry were considered the best opportunity to retrieve specific, detailed, unexpected information (Punch 2005; Sarantakos 2005). As rich descriptions, rather than pre-defined answers to questions, have been the goal of this study the interview is a fitting research method (Roulston 2010: 136). In this study the owners of seven Dutch Dance labels, of different disciplines and sizes were interviewed. It includes four of the five largest EDM labels in the Netherlands and covers 5 DJs that have been in the DJ Mag top 10 over the last years (Kroeske & Fictoor 2015).

The method of *purposive sampling* was used in order to provide a more varied group of respondents (Hijmans & Wester 2006: 512). See appendix 1 for detailed information on the interviews with labels. The input for the interviews has been gathered from the literature review. This has been distilled to a topic list used in the interviews, giving the qualitative semi-structured interview a solid foundation in theory (Braun & Clarke 2006). We thus use a more theoretical approach to thematic

analysis, in which a renewed insight from the literature can drive a change in the qualitative research method. However, we have also allowed for themes to be inductively gathered from the data during our analysis. With this, the research is also embedded in data (Charmaz 2006: 2). The complete interviews are transcribed in separate files and arranged by themes. These themes were developed from the interview data through a process of systematic thematic coding (Braun & Clarke 2006).

The interviews themselves have been based around three models. Frith's (2001) model gives an understanding of the division of the current 'digitalised' environment, whereas Hesmondhalgh's (2006) model looks at how majors and independents act, relative to and distinguished from each other. Finally, Negus' study discusses the majors' way of working in the industry. The first study is useful as it gives insight into how Dance fits in the current model. The second is relevant as this model captures the structure of the 'traditional' division of roles and is thus comparable to the unusual 'major-less' structure of Dance labels. The last one can help understand the majors and might illuminate the future division within the Dance genre, with or without the majors?

4 Results: Dance's distinctiveness

4.1 Theme 1: Different state: digitally born

Dance is an electronic genre. This makes it very suitable for the digital era as it is digitally created (Tschmuck 2006). It is a genre where few facilities are necessary to create and distribute music. The bedroom studio is a frequently used example, and autonomous production has been a 'normal' practice for longer than in other genres. Labels interviewed argue that this has created an apt way of working in the current digital era. Digital production and distribution has broken down the necessity of using the channels tightly controlled by majors (Leyshon et al. 2005).

The Internet made it far easier for us to distribute our own music. Besides, a record is never out of stock. A record is always available and can travel around the globe without anyone able to stop it. (Label manager Maykel Piron, Armada, 5 May 2011 (AMP))

Due to the digital state of the music itself, electronic Dance music has been one of the fore-runners in using the new available digital channels. Simultaneously, with the departure of majors from the Dance genre ever since digitalisation started, the need arose to set up autonomous independent labels (Hitters & Van de Kamp 2010).

An example of this, is the decision of Maykel Piron to leave Warner (who in line with Hesmondhalgh's (1998) belief that majors would enter the Dance genre, initially had the idea of setting up a Dance subdivision) in order to establish a Trance label based around Armin van Buuren (Armada Music). What is more, all the other labels interviewed were also established after 1999. This is no coincidence. All the labels affirmed that the majors have taken steps to incorporate the genre, yet left it due to the turbulent times that existed. *"They did not want to have anything to do with Dance anymore."* (Bas Kaspers, label manager Cloud Nine Music, 3 May 2011 (CN)).

Due to the breakdown of barriers and departure of majors, Dance literally became independent, contrary to the more blurred relationship in 'mainstream' genres where a major-independent connection had been established and preserved (Frith 2001; Hesmondhalgh 1998, 2006; Negus 1999). However, now that Dance seems to be a stable, viable factor in the current industry, the majors would be willing to integrate Dance once again, especially if the growing streaming services could indeed bring recovery to the mass industry model (Wikström 2010). This development verifies the major's risk-averseness (Mintzberg 2000) described by Wikström (2010): *"Majors first want to see which way the wind blows. And now, as everything seems to be in place, react."* (Georges Kool, label manager Mixmash Records, 15 June 2011).

4.2 Theme 2: Different focus and way of working

This distinctiveness is what most interviewees claim to be the primary reason for their 'independence'. They state that their independence (i.e. the absence of majors) is driven by their own focus and way of working, digital state and attitude towards digitalisation; filling the gap left by the more traditional major labels. It is argued that a different focus is the prime reason for the splitting of paths; labels in Dance primarily focus on generating live revenue and club hits (rather than hits in the charts) that could possibly evolve into radio hits. *"We mostly do club hits and occasionally have a hit on the radio next to this"* (Justin Tatipata, label manager Be Yourself Music, 19 May 2011 (BY))

Some records are signed because you know they are club hits. But a major label is not interested in a turnover of 500 or 1000 euros in a certain country. If you release Madonna and sell 400 000 albums, the focus should not be on releases that are purely for the club. That should be left to an independent. (AMP)

The club would be the 'niche' phase Frith (2001) described prior to a possible mainstream success. As described by Hesmondhalgh (1998) before, Dance primarily moves from the club and outside the mass media (initially); *"it is a kind of approach before the commercial trajectory. The promo starts with the real DJs, the club DJs"* (MR). Labels primarily use niche channels to distribute music: *"we don't need to be on TV. They [consumers] need to come to our [YouTube] channel. Somewhere where you can only come if you know it"* (Rudy Peters, label manager Scantraxx Records, 26 May 2011, SR).

It is difficult to skip this phase as interviewees claim that the live experience and hits are interrelated to each other in this genre: *"Everything that happens at parties, is reflected in the download store"* (BY). Majors are unwilling to go through this unpredictable phase (Hitters & Van de Kamp 2010):

A lot of records are produced without being obvious hits. Yet they grow in the club. That's something majors don't want to invest in, as they want to skip this phase (AMP)

Apart from the focus on clubs, tracks are primarily released as loose singles or EPs. With the focus on releases of such format, this also diverges from the traditional mainstream focus on album releases. Due to the club orientation and volatility of the genre, album releases are not the norm. Most Dance acts are not solid enough to build a heavily marketed album around them as in the "rock-style star system" (Hesmondhalgh 1998: 247): *"Artists need to show their face a couple of times a year with releases to remain noticed. [...] There are a lot of one-off things. After three tracks, it can be over with your number 1 artist. It happens"* (SR).

Thirdly, what comes into play is that Dance acts are not clearly recognisable or apprehensible (and thus marketable) in comparison to bands; acts like this are harder to fit into the traditional format the majors use. A label presents Cascada as an example:

If you have a Dance act, you can't do much with it. Cascada used to be a project name. Ever since the singer joined the group they had a clearer image. It became apprehensible. I have the idea that it should be tangible for a major to work" (Cees van der Zwam, label manager Spin-nin' Records, 14 June 2011 (SPR))

Finally, it is argued that majors are too slow for this dynamic genre: "a bigger company also means a company with more difficulty to react to developments. That's the inflexibility of such a company. This can work against you, especially in a heavily dynamic sector" (Christiaan Macdonald, label manager Rush Hour, 26 April 2011 (RH))

4.3 Theme 3: Genre identification

While Dance is still a genre dominated by independent labels, commercially viable stars have also emerged in the mainstream market. Such mainstream success is generally frowned upon by the labels interviewed. Illustrative is this comment about David Guetta: *"David Guetta is on EMI, but that's not Dance music any more in my opinion. It has become ordinary pop music"* (AMP)

While some movement has come from majors to incorporate several well-known DJs (e.g. David Guetta, Calvin Harris), the interviewed labels claim that such artists no longer create 'real' EDM anymore as they have adapted to the major's ideas of music crafting. In doing so, they suggest that when artists leave Indies for majors, they are no longer EDM, thus keeping the distinctiveness of EDM as a genre intact.

The argument is supported by the fact that the majority of star DJs remain loyal to their independent label (a label that they often have set up themselves). As these labels have been able to keep their own distinctive style and, with that, grow to greater heights internationally than independents in other genres, there is less urgency to transfer to a major label in order to reach international success. Moreover, their own label ensures their creative freedom. While majors do not necessarily impinge on this freedom, the interviews suggest that artists become more mainstream when signed by a major.

Even though Armin van Buuren and Laidback Luke are successful globally as well, they are regarded (or regard themselves) differently. They are 'true' Dance artists with their own sound, not aimed at what the market wants. In this sense, they are the small-scale artists Bourdieu talks about. They consider themselves as distinct from mainstream/commercial artists (Hesmondhalgh 2006). Most interesting is however, that a label like Armada uses similar mass media as majors, yet the label manager classifies this label as different.

It is interesting to see that identification of these labels takes place similar to independents in other genres; they hide behind the notion of 'artistic' music and authenticity in order to distinguish themselves and to, in some cases, justify their lack of success (Hibbett 2005). Moreover, the creation of sub-genres (e.g. Trance and Techno) is also a common practice in this genre in order to create recognisable labels in order to keep an overview in an era where the choice of music is immense.

4.4 Theme 4: The creation of an autonomous genre

The absence of majors has contributed to the appearance of grassroots independents that have independently grown to the internationally successful labels that can compete with the newly established Dance divisions of majors (De Meyer 2010). In this respect, Dance differs from mainstream pop/rock, where independents invest in artists and majors reap the profits. In Dance, artists are not only grown but can also be retained by the labels. Although a possible growing focus of majors on this genre exists, nonetheless label representatives doubt whether they will succeed. This marks a distinctive new path for these labels, as it is commonly assumed that independent artists will be integrated in major's portfolios when proven successful (Negus 1999).

While democratisation has enabled autonomous production, distribution and promotion, the labels agree that digitalisation has made their task as a label even more important. They argue that, with the breakdown of barriers, the influx of artists is so large that labels, as filters are once again necessary for consumers in order to keep a clear overview. Labels now function as gatekeepers in order to provide a sign of recognition (e.g. Armada Music signifies that signed artists are Trance artists) and of quality in order to be found by the public: *"Scantraxx is an institution. As an institute, you try to push the talents with quality forward. With that, you can promote new music"* (SR)

In the absence of the majors, the independents have taken the chance to grow internationally. The labels interviewed however, doubt whether the majors will be a dominant force in this genre in the future.

We have the same range, also across borders, compared to a major. I think that, if you have a clear vision and recognisable face it will be more attractive for artists to go to such a label, rather than a more faceless major with tons of projects. Moreover, it's naturally very attractive to be signed to the label of, for instance, Armin, as a beacon of the genre. (CN)

4.5 Theme 5: Dance, the third market

Dance appears to have created a market on its own that the majors will have difficulty to enter (and progressively dominate). The autonomous niche market that has evolved, in contradiction to Frith's (2001) theory, is economically viable. Consequently, a 'third market' has emerged; next to the amateur or non-viable niche market and the economically viable mainstream market. It is a market in between niche and mainstream (Frith 2001) and in between small scale and large scale (i.e. not just "art for art's sake") (Hesmondhalgh 2006: 213).

Interestingly, the new market also differs from the traditional major-independent power division (Negus 1999). It appears to have its own internal major-independent division. With the arrival of Spotify, the focus once again seems to be on a more mass-market industry. As the market has grown over the years and independents within this industry have developed in their own way there could be a split within this genre itself. Independents with big-selling artists (Armada), a large back-catalogue (Be Yourself) or a lot of marketing power (Spinnin) can work with mass-market audiences through streaming models like Spotify. There seems to be a separation within this further mostly autonomous independent market. Large labels on the one hand strengthen their current position while smaller labels on the other hand lose their market share. This theory is supported by the labels involved: *"you really need to have a 100 million views or plays if you want to earn 10 000 euros. Since that's only possible for 10 artists I'm not sure what to think of it."* ('small label' RH). *"At first instance I wasn't too positive about Spotify, but now that it brings up serious money, also for us, I am"* ('larger label' AMP). *"That's where the profit is: the mass. So if you have a lot of subscriptions, you can earn more. There are a lot of bread crumbs of which you need to have a lot of good ones."* ('larger label' SR)

It can thus be concluded that the Dutch Dance industry has established an autonomous global market. With the growing viability of the market and the continuing absence of majors, a market next to the ones identified by Frith (2001) has emerged. With the growth of new streaming music consumption, a similar differentiation between large and small

labels can be observed, among the independents in this genre. In other words, several Dutch Dance independents have grown to a position similar to majors in the mainstream market, due to their big selling artists, marketing power and large back-catalogue.

5 Discussion & conclusion

In this article, we researched the distinctiveness of the Dance genre. We have clustered the group of Dutch Dance labels researched by the very classification these labels use; they view, and thereby classify, themselves as distinct from others. This article takes this classification as its starting point, as the record labels themselves use the genres as a classification tool (Hitters & Van de Kamp 2010; Negus 1999). While we have found significant support for the group of labels investigated indeed being distinct, it is important to note that the classification has evolved from this perspective.

When considering its distinctiveness, it can be concluded firstly that these Dance labels operate in a 'third', separate, independent market. As the genre is almost solely supported by independent labels and functions without interference from majors, it has developed an unusual market structure and power division compared to the mainstream genres we know. Moreover, considering that it is globally one of the most commercially viable genres, it is distinct from both the amateur, niche-market(s) portrayed by Frith (2001) and Keen (2009) as well as the mainstream markets. With this, Dance has a market which functions independently from the majors (and their mass channels) yet is profitable enough to be considered more than a niche. Digitalisation has contributed to the development of this 'third' market. The progressive attitude of the majority of smaller labels towards digitalisation, contrasts with the conservative attitude and isomorphic processes of majors. The result is a democratisation of distribution channels, a wider range of music consumption (very important for a universal genre such as Dance) and a longer tail of listening.

Consequently, key to understanding the current absence of majors in the Dance industry is the conservative attitude towards digitalisation they (have) had (Leyshon et al. 2005). The anxiety about the impact of the Internet has fuelled risk averse strategies and has led to a slimming-down of their portfolio. This appears to be a key moment in the establishment of the separate market Dance currently is. Otherwise Dance, with a growing profitability and rise of Star-artists, could well have been integrated by majors. While Dance has always had a different way of working, the fact that majors were too risk-averse in turbulent times might be the most crucial factor to explain the independent structure of this genre.

Secondly, while Dance now has a distinct place in the music market, this does not mean the market and its labels have uniform structures and practices. Although Dance in the current form is set up *independently*, strategies of some of the grassroots labels seem to be converging towards strategies considered typical of the majors. While smaller labels and 'new' artists still predominantly focus on frequent single-or EP-releases and live performances due to the fast turn-over of styles, most established artists no longer follow this path. As they have proven to be sustainable amidst all developments, they can be promoted as the star-artists (album-driven artists) familiar within the mass-scale, mainstream genres (Hesmondhalgh 1998). The potential of this genre seems to have enhanced strategies focused on growth and profitability similar to the ones majors use. Due to this, labels with more successful artists progressively use the same practices and channels as mainstream, mass-market focused firms (cf. Hesmondhalgh 2006) (without in fact being such a major label). Furthermore, the convergence can also be observed in their attitudes towards repertoire building and streaming services like Spotify. Consequently, despite the fact that Dance labels view themselves as genuinely different from, and more authentic than major corporations, their distinctiveness from 'traditional' labels is diminishing.

Subsequently, although the risk-averse attitudes of majors might have been the crucial factor in explaining the independent structure of this genre, their practices have found a way into this genre, as

Hesmondhalgh (1998) predicted. We clearly observe a division between labels with well-known (cross-over) artists and smaller, more obscure labels. With this, the binary division of small-scale versus mainstream, described by Bourdieu (1993) also seems to have slowly evolved once more in this new genre. Like in other genres (e.g. Hip-hop) or initial independent cultural sectors, the small-scale "art for art's sake" attitude cannot remain forever (Hesmondhalgh 2006: 213). Incrementally, cultural production fields like this always seem to end up in the binary division described. Hesmondhalgh (1998) is correct in pointing to this distinction; no (longer) can corporations be called solely profit driven; and no (longer) can all independents be seen as solely art driven. While a binary division exists among Dance record labels, the line between the two sides is sometimes hard to pinpoint. Dance, while appearing independent on the surface, is a good example.

Third and finally, what the future will bring is hard to tell. It is not likely that majors will enter this market. The Dance labels in our research claim that their brand building, professional and loyal, pro-active audience, along with the level playing field due to digitalisation, has given them a strong position against the possible intrusion of majors. The distinctive characteristics of the EDM genre are a barrier for majors. Nevertheless, the growth of the genre in the US has made this, predominantly European, genre progressively harder to ignore. So, along with the rise of subscription services that are most beneficial for parties serving mass listening crowds, majors could have found a way to cope with digitalisation and could quite possibly start diversifying their portfolio once again, starting with Dance.

Our study has focused on Dutch Dance labels, while our findings suggest that their characteristics may also be found among Dance labels in general see e.g. the presence of international Dance indie labels in Germany. Indeed, Dutch labels are very prominent internationally, which may be due to a particularly strong infrastructure of EDM parties, festivals, labels, and clubs, as well as high technological advancement and a permissive youth culture. However, our findings support the conclusion that the worldwide success of the genre has emerged as a 'third'

market next to the existing major-dominated market for mainstream popular music. The extent to which this is a specific path-dependent trajectory for the dance genre, or whether this may also be observed for other genres proposes a challenge for future research. This study gives a solid foundation and a good insight in the current distinctiveness of the Dance genre, yet the (near) future might be of vital importance in the further development and distinctiveness of this genre. Now that majors appear to have found successful ways to start coping with digitalisation, it will be interesting to investigate what strategies they will use for this genre. Further explorative studies might give insight in what the future will bring for this fast-growing genre.

6 References

- Anderson C. (2006) *The Long Tail: Why the future of business is selling less or more*, Nieuw Amsterdam Uitgevers, Amsterdam.
- Bourdieu P. (1993) *The Field of Cultural Production*, Polity Press, Cambridge.
- Braun, V. & Clarke, V. (2006) "Using thematic analysis in psychology", *Qualitative Research in Psychology*, vol. 3, no. 2, pp. 77-101.
<http://dx.doi.org/10.1191/1478088706qp063oa>
- Charmaz K. (2006) *Constructing grounded theory. A practical guide through qualitative analyses*, Thousand Oaks, London.
- Connell J. & Gibson C. (2003) "Terra Digitalia? Music, copyright and territory in the information age", in *Sound Tracks: Popular Music, Identity and Place*, eds J. Connell & C. Gibson, London, Routledge, pp. 251-269.
- Day G. (1977) "Diagnosing the Product Portfolio", *Journal of Marketing* vol. 41 (April), pp. 29-38.
- De Meyer G. & Trappeniers A. (2007) *Lexicon van de muziekindustrie. Werking en vaktermen*, Uitgeverij Acco, Leuven.
- De Meyer G. (2010) *Rock is Dood*, Academia Press, Gent.
- DiMaggio P. J. & Powell W. W. (1983) "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields", *American Sociological Review* vol. 48, no. 2, pp. 147-160.

- Dowd T. J. (2006) "From 78s to MP3s: The Embedded Impact of Technology in the Market for Pre-recorded Music", in *The business of culture: strategic perspectives on entertainment and media*, eds J. Lampel, J. Shamsie & T. K. Lant, Lawrence Erlbaum Associates, New Jersey, pp. 205-226.
- EMI (2013) Artists. Available at: <http://www.emimusic.com/artists/#letterG>
- EVAR Advisory Services (2015) *Dance-onomics: The economic significance of EDN for the Netherlands*, EVAR, Hoofddorp.
- Frith S. (2001) "The popular music industry", in *The Cambridge Companion to Pop and Rock*, eds S. Frith, W. Straw & J. Street, Cambridge University Press, Cambridge, pp. 26-52.
- Goldmann S. (2011) *Everything popular is wrong: Making it in electronic music, despite democratization*. Available at: <http://www.littlewhiteearbuds.com/feature/everything-popular-is-wrong-making-it-in-electronic-music-despite-democratization/>
- Handke C. (2010) *The Creative Destruction of Copyright: Innovation in the Record Industry and Digital Copying*, PhD thesis, Erasmus Universiteit Rotterdam.
- Hesmondhalgh D. (1998) "The British Dance Industry: A Case Study of Independent Cultural Production", *The British Journal of Sociology* vol. 49, no. 2, pp. 234-251.
- Hesmondhalgh D. (2006) "Bourdieu, the media and cultural production", *Media, Culture & Society* vol. 28, no. 2, pp. 211-231.
- Hibbett R. (2005) "What is Indie Rock?", *Popular Music and Society*, vol. 28, no. 1, pp. 55-77.
- Hijmans E. & Wester F. (2006) "De kwalitatieve interviewstudie", in *Onderzoekstypen in de communicatiewetenschap*, eds F. Wester, K. Renckstorf & P. Scheepers, Kluwer, Alphen aan de Rijn, pp. 507-531.
- Hitters E. & Kamp M. van de (2010) "Tune in, fade out: Music companies and the (re)valuation of domestic music products in the Netherlands", *Poetics. Journal of Empirical Research on Culture, Media and the Arts*, vol. 38, no. 2, pp. 461-480.
- IFPI (2013) *IFPI Digital Music Report 2013: Engine of a digital world*. Available at: <http://www.ifpi.org/content/library/DMR2013.pdf>.
- Jones S. (2002) "Music that moves: Popular music, distribution and Network Technologies", *Cultural Studies*, vol. 16, no. 2, pp. 213-232.
- Keen A. (2007) *The Cult of the Amateur: How Today's Internet is Killing our Culture*, Doubleday, New York.

- Kroeske S. & Fictoor J. (2015) Exportwaarde van de Nederlandse Populaire muziek 2013 (Commissioned by BUMA Cultuur), perfect & More BV, Hilversum. Available at: <http://www.bumacultuur.nl/wp-content/uploads/2015/01/Exportwaarde-NL-populaire-muziek-2013.pdf>
- Langdon J. C. & Lai, J. D. (2013) Electronic Dance Music (EDM): The Digital Panagea. An econometric market study of the global EDM Industry, Massive Advisors, Los Angeles. Available at: http://www.edmendedigitalewereld.nl/wp-content/uploads/2015/03/13-09-11_Massive_Advisors_EDM_Whitepaper_Chairmans_Letter.pdf
- Laanen J. (2012) #ADE12: 'EDM in the US still lacks a cultural foundation'. Available at: <http://3voor12.vpro.nl/english-ADE/EDMADE.html>
- Levitt T. (1983) "The Globalization of Markets", The McKinsey Quarterly vol. 2, pp. 2-20.
- Leyshon A. (2001) "Time, space (and digital) compression: software formats, musical networks, and the reorganisation of the music industry", Environment and Planning A vol. 33, no. 1, pp. 49-77.
- Leyshon A. Webb P., French S. & Crewe L. (2005) "On the reproduction of the musical economy after the Internet2, Media, Culture & Society, vol. 27, no.2, pp. 177-209.
- Longhurst B. (1995) Popular Music and Society, Polity Press, Cambridge.
- Mintzberg H. (2000) The Rise and Fall of Strategic Planning, Pearson Education Limited, Harlow.
- Negus K. (1992) Producing Pop: Culture and Conflict in the Popular Music Industry, Goldsmiths, London.
- Negus K. (1999) Music Genres and Corporate Cultures, Routledge, London.
- NVPI (2006) NVPI Marktinformatie Audio 2005. Available at: http://www.mbocreativeindustrie.nl/files/pdf/bronnen_per_wereld/08%20film%20NVPI%20Marktinfo%20Audio%202005.pdf
- NVPI (2007) NVPI Marktinformatie Audio 2006. Available at: <http://www.nvpi.nl/assets/nvpi/NVPI%20MARKTINFORMATIE%20AUDIO%202006.pdf>
- NVPI (2008) NVPI Marktinformatie Audio 2007. Available at: <http://www.nvpi.nl/assets/nvpi/NVPI%20MARKTINFORMATIE%20AUDIO%202007.pdf>
- NVPI (2009) NVPI Marktinformatie Audio 2008.
- NVPI (2010) NVPI Marktinformatie Audio 2009.
- NVPI (2011) Halfjaarcijfers entertainmentmarkt 2010. Available at: <http://www.nvpi.nl/assets/nvpi/tabel%20halfjaarcijfers%202010.pdf>.

- Page W. & Carey C. (2009) "Economic Insight: Adding up the music industry for 2008", PRS for Music vol. 15, pp. 1-7.
- Peitz M. & Waelbroeck P. (2006) "Why the music industry may gain from free downloading — The role of sampling", International Journal of Industrial Organization, vol. 24, no. 5, pp. 907–913.
- Porter M. E. (1979) "How Competitive Forces Shape Strategy", Harvard Business Review March-April, pp. 137-145.
- Punch K. F. (2005) Introduction to Social Research: Quantitative and Qualitative Approaches, SAGE Publications, London.
- Reynolds S. (2012) How rave music conquered America. Available at: <http://www.guardian.co.uk/music/2012/aug/02/how-rave-music-conquered-america>
- Rothenbuhler E. W. & McCourt T. (2004) "The economics of the recording industry", in Media Economics: Theory and Practice, eds A. Alexander, J. Owers, R. Carveth, C. A. Hollifield & A. N. Greco, Lawrence Erlbaum Association, London, pp. 221-248.
- Roulston K. (2010) Reflective Interviewing: A Guide to Theory and Practice, SAGE, London.
- Rutten P. & Hoogendoorn J. (2006) Exportwaarde van Nederlandse Populaire muziek, TNO/InHolland, pp. 1-48.
- Sarantakos S. (2005) Social Research, Palgrave, Basingstoke.
- Tschmuck P. (2006) Creativity and Innovation in the Music Industry, Springer, Dordrecht.
- Van de Kamp M. (2009) Where Corporate Culture and Local Markets Meet: Music and Film Majors in the Netherlands, 1990-2005, Ipskamp Drukkers, Enschede.
- Van der Graaf M. (2010) Born-digital erfgoedmaterialen bij een selectie van Nederlandse erfgoedinstellingen: een verkennend onderzoek, Stichting DEN, Den Haag.
- VNPF (2009) Het grote poppodium onderzoek: Analyse in de ontwikkelingen van de bedrijfsvoering van de Nederlandse poppodia. Available at: http://www.vnpf.nl/files/File/belangen/sectoronderzoek/vnpf_rapport_final_2.pdf
- VNPF, 2010. VNPF in-sight poppodia 2009. Available at: http://www.vnpf.nl/files/File/diensten/insight/VNPF_INSIGHT_POPPODIA_2009.pdf
- Vrieze A. De (2013) 12:21 ID&T onder de hamer voor honderd miljoen dollar. Available at: <http://3voor12.vpro.nl/lokaal/amsterdam/feed/2013/03/211221-id-t.html?currentPage=3>
- Wikström P. (2010) The Music Industry: Music in the Cloud, Polity Press, Cambridge.

Business Innovation and disruptions in the music industry (eds. Wikström, P. & DeFillippi, R.)

Book review by Daniel Nordgård¹²

The music industries have been particularly hit by the current digital disruptions affecting a broader set of creative industries, as well as more general services in society, such as banking, travel and accommodation, or taxi-applications. Following these transformations a growing body of academic and non-academic accounts has offered assessments and models for how to best understand these changes. Since the music industries, and in particular the recorded music industry was very early exposed to these changes, this sector has become a reference point in a debate that is still trying to establish a common understanding of digital innovation and disruption. Wikström and DeFillippi's book *Business Innovation and Disruption in the Music Industry* offers a set of approaches to a phenomenon that has a high degree of complexity and a varied set of stakeholders. Wikström and DeFillippi have put together a well-curated assembly of texts that approaches the phenomenon from different angles and with different objectives. Some of the texts provide opposing views and conclusions, albeit referring to the same phenomenon and even the same sources and references. It thus represents much of the complex and conflicting accounts that can be found in academic debates on the innovation and disruptions in the music industry.

The book is structured into three parts; Music industry transformation in context, Changing business models and Streaming music services and the future of music.

The first part opens with Peter Tschmuck's chapter *From record selling to cultural entrepreneurship: The music economy in the digital paradigm shift*. Tschmuck offers an important framework for the following texts by providing a structured account of central economic transitions

¹² Daniel Nordgård is also one of the contributors of the book.

in the music industries – recorded as well as live, merchandize and management. While past models have centred around the record label, they are now based on the artist and the artist's different revenue streams. His point is that the digital music economy, understood as a value-added network, has made the artist the centrepiece while also providing an expanding range of different revenue streams and partnerships. Tschmuck makes a compelling argument for the need for artepreneurship, backed with detailed data and examples ranging from the somewhat overused cases of Amanda Palmer and Radiohead to more exciting ones. The chapter provides a number of examples on different partnerships with different outcomes – some which must be regarded as successes and some that must be seen as failures. In many ways I'd love to see more of a critical discussion on what the DIY-model and the role of an artepreneur implies for the artist. However, many of the following chapters approach this from different angles and, thus, does the chapter work as a great opening argument for the book.

Holly Tessler follows up by discussing the economic changes in the recorded music industry. She critically assesses the claimed death of the record label and elaborates on how the record labels rethink and reorganize themselves. Her chapter *Back in Black: rethinking core competencies in the recorded music industry* very much re-establishes the record label as the centrepiece in the recorded music economy, albeit in a new role and partnering with external businesses and artists to develop brands that can be exploited in numerous ways. Today's business is no longer about selling products, but selling ideas, narratives and brands. In some ways the chapter extend some of the issues touched upon in Tschmuck's initial chapter, elaborating on the expanding opportunities for various partnerships and revenue streams. However, it very much discuss the artists' new position in relations with professional business partners, and not least, with a record label that is re-establishing itself through new models and partnerships.

Jim Rogers and Paschal Preston adds to these lines of thoughts, elaborating on the record labels' new position, the 360 degree contracts and the building up of and exploitation of brands. It, thus, very much

feeds on threads already introduced in this first part of the book. However, Rogers and Preston's chapter *Crisis and creative destruction: New modes of appropriation in the twenty-first century music industry* aims at critically assessing how we have interpreted the digital changes in the music industry, and most of all that much of these changes must be seen in a historical context and as a continuity rather than a radical change. While such awareness towards a plethora of analytical offers seems wise, I find it difficult to follow exactly why and how the digital changes stemming from the turn of the millennium should not be seen as radical. Rogers and Preston rightfully point out that the negative economic effects following digital innovations foremost affects the record companies and the recorded music economy and that the overall music economy is experiencing growth – quite opposite to the apocalyptic scenarios described by others. However, while giving much emphasis on the fact that the music industry, or rather music industries, comprise much more than simply the recorded industry, they do not provide any thorough foundation to the internal dynamics of the music industries, or what role and function that the different stakeholders perform in the value-chain. To simply conclude that the music industry is in good health, based on the intact position of the major corporate players seems to miss some very important issues.

While Rogers and Preston fail to discuss the internal effects, and in particular the economic distribution among artists and business stakeholders, Robert G. Hammond follows up with an interesting, and well positioned text on the fallacy of composition. In his chapter *The fallacy of composition and disruption in the music industry* Hammond's primary argument is that "one cannot take results from a disaggregated level and assume that it holds at the aggregated level (or vice versa)" (p. 74). In particular Hammond addresses the contradictory conclusions from various scholars on whether file-sharing has had a negative or positive effect on bigger (established or major) artists versus smaller ones. As the last chapter in the first part addressing music industry transformations, Hammond argues that the fallacy of composition tells us that knowing something about the effects of a disruption at one level of the industry

tells us nothing about the effects at another level. It, thus, completes a first part of the book which provides different accounts much the same phenomenon.

In part two, the book elaborates on changing business models, and the first contribution is delivered by Allan Watson and his chapter *Digital disruption and recording studio diversification: Changing business models for the digital age*. As the title of the chapter suggests, focus is given the recording studio and the effects of falling recording budgets, home recording technologies and audio quality. Watson's initial point is that the economic impacts following the introduction of the MP3 format and illegal file sharing resulted in a crisis of funding across the wider music economy and in particular a significant decrease in recording budgets. Watson argues that following these developments a range of studios have closed down. While he does not really enter a deeper discussion on what qualities are lost in the transition or why artists and the music industry as a whole need a professional recording sector (which would be interesting), Watson nonetheless suggests that salvation may lie in business diversification. As such, the described solutions resembles that of the artists (see Tschmuck's contribution) or the labels (see Tessler's contribution) in a multitude of revenue streams and brand building (in few select cases such as Abbey Road Studios). An obvious solution may also lie in a possible counter development where sound quality becomes important again to consumers and fans. Herewith he touches upon an interesting topic, central in theories of disruptive technologies where new products provide new attributes (such as availability and low price), but at the expense of other features (such as audio quality). No doubt providing an interesting approach to the topic of the book, it would have been great to see more elaborations around Watson's analyses against theories of disruptive technologies and disruptive innovations.

David Schreiber's chapter *The influence of disruptive technologies on radio promotion strategies in the music industry: A case study of one micro-firm's decision-making practice* focuses on independent labels and the process of decision making. The chapter provides a case study of the Christian micro-company Salador Music and its (forced?) change in pro-

motion strategies towards radio – more precisely – to move from Christian Contemporary Hit Radio (CHR) to Christian Adult Contemporary (AC). Schreiber provides an interesting insight to one of the many independent labels that are impacted by digital change and decreasing revenues. However, although the text gives a detailed and well-grounded account of the internal decision-making-processes in Salador Music, it is not always so clear whether these processes are the results of disruptive technologies and innovations or whether they can be seen as normal business decisions. The chapter, nonetheless, provides an interesting example of the difficulties arising from limited resources and fiercer competition for radio-airtime and chart positions.

In chapter seven, *The Chinese music industries: Top down in the bottom-up age*, Guy Morrow and Fangjun Li provide an interesting contribution to the academic debates around digitalisation and the top down/bottom-up paradigm by looking at the Chinese music industry. No doubt, the Chinese case represents important differences to western markets. Not least the fact that popular music and surrounding industries are considered by the Chinese government to be a tool of political propaganda and, therefore, holds control over central parts in the Chinese music industries. Hence, when referring to concepts of top-down, this must foremost be understood as government control, rather than music industry conglomerate control – and in particular the control of copyright. Morrow and Li provide a brief but very interesting account of the historical position of copyright in China as well as the complexities of copyright in the mixed economy of China. The Chinese music industries are subsidised and supported by a Chinese government. Hence, when talking about music industry innovations, and the convergence with other industries and companies, 'top down' in the case of China should be read as governmental policy, investment and censorship, rather than the classic notion of major-label control.

In part three, the book turns its focus on music streaming and the future of music. It starts with a very central issue, namely the division of revenues in the new streaming economy. Aram Sinnreich's chapter *Slicing the pie: The search for an equitable recorded music economy* opens

by providing a brief account of the traditional recorded music's economic models and the new ones. The aim seems to be to demonstrate that new business models of online music (on-demand as well as webcasting) are not economically inferior to the traditional ones and that the criticism and concerns over pay-outs are grounded upon limited understanding of the different revenue streams and/or greed by superstar artists who reject to split their revenues with smaller developing acts. Sinnreich starts by promising to deliver clarity in a public debate filled with inaccurate rhetoric, however ends up concluding somewhat rhetorical himself. This becomes particularly evident in the concluding section. While the article touches upon some very interesting issues it never manage to elaborate and discuss them thoroughly against the many accounts on the phenomenon.

In chapter nine, *Lessons from the world's most advanced market for music streaming services*, Daniel Nordgård¹³ draws on the experiences from the Norwegian market and two reports Nordgård wrote. Norway is, together with a handful of other markets, an early adopter of the streaming format. In 2014 on-demand streaming added up 75 percent of the overall market for recorded music and hence must be given explanatory power for two developments that seem to occur in the Norwegian market. First of all, the market is seeing an overall growth starting in 2011 and continuing today. On the other hand, the market is also seeing a significant drop in the Norwegian local share. In other words, the Norwegian recorded music market is showing an impressive growth, while simultaneously distributing a smaller share to Norwegian rights holders. The chapter further provides suggestions to variables that can help to explain the negative effects of the streaming economy, such as the economic model the streaming economy rests upon, as well as discussing the role of marketing in an age of information overload. Nordgård's proposition is that the Norwegian market may provide a case of the optimistic forecasts from the music streaming economy, while at the same time suggesting some difficulties that must be overcome for the business to be more sustainable.

¹³ This chapter is my own contribution to the book and the text must be read with this in mind.

Pelle Snickars follows up in his chapter *More music is better music* by questioning the notion that more music is necessarily progress and positive. By transforming music to binary codes and music curating to bot logics, Snickars argues that digital music becomes ubiquitous as well as alienated in some ways. The digital mantra seems to be that more music is better, however with more options available navigating becomes ever more paramount. A critical point is that what the streaming service vie for is not necessarily the same as for the artists. In particular if the former considers the widest possible catalogue a selling point and the latter needs to stick out from the crowd and gain attention. Snickars offers a good discussion on some of the challenges following digital and "blind" robotics operating an ever expanding catalogue of music as well as "non-music". According to Snickars, the swelling catalogues of the streaming services in many ways illustrate the dilemma inherent in a streaming model where more options is seen as a selling point, while at the same time providing difficulties in navigating and choosing. It very much deals with challenges that can be found in the economic distribution of revenues, as discussed in some of the chapters above.

The final chapter of the book is delivered by Andrew Dubber, and his text *You have 24 hours to invent the future of music: Music hacks, playful research and creative innovation*. With a forward-looking and futuristic heading, the chapter serves well as a closing argument of the book. It also approaches the issues of the music industry and innovation from a very different angle, namely from the hacker-community. Dubber draws on experiences from different events where hacker cultures meet up to explore and test out ideas. Needless to say, the phenomenon of hacking touches upon contagious issues, and in particular in a music business relation. However, Dubber stresses that albeit hacker cultures are usually attributed criminal digital conducts and actions, hacker culture constitute much more. In particular, Dubber argues that hacker culture relates to the playful and curious ways to solve problems and, thus, is very much linked to innovation. In particular, he argues that the significant of the hack can be found in its potential for experimenting,

for bringing in new ideas and by broadening the participation in the processes.

As such it seems like a suitable ending for a book that has approached the phenomenon of music industry innovation and disruptions from various angles, but with no certain prescription or solution, to look in new direction. It hence serves as a nice closing chapter of the book.

Notes for contributors

Submission of papers

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

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

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

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

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

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

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

References

The Harvard reference system is used in this journal: the name of the author, the date of publication and, following quoted material, the page reference, as a key to the full bibliographic details set out in the list of references, e.g. "... citation ..." (Peterson 1990: 56); several authors have noted this trend (Smith 1970; Jones & Cook 1968; Dobbs et al. 1973). [N.B. et al. to be used when there are three or more authors.] The date of publication cited must be the date of the source referred to; when using a republished book, a translation or a modern version of an older edition, however, the date of the original publication may also be given. Where there are two or more works by one author in the same year, these should be distinguished by using 2012a, 2012b, etc. The reference list

should include every work cited in the text. Please ensure that dates, spelling and titles used in the text are consistent with those listed in the References. The content and form of the reference list should conform to the following examples. Please note that page numbers are required for articles, both place of publication and name of publisher should be given for books and, where relevant, translator and date of first publication should be noted. Do not use et al. in the reference list; use surname and initials for each author.

Book volume:

Allen, P., Macy, A. & Hutchinson, T. (2010) *Record Label Marketing*, Focal Press, Amsterdam and Oxford.

Article in edited volume:

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

Article in journal:

Oberholzer-Gee, F. & Strumpf, K. (2007) "The Effect of File Sharing on Record Sales: An Empirical Analysis", *Journal of Political Economy*, vol. 115, no. 1, pp. 1-42.

Edited text:

Smith, A. (1976) [1776] *An Inquiry into the Nature and Causes of the Wealth of Nations*, eds R. H. Campbell, A. S. Skinner & W. B. Todd, Oxford University Press, Oxford.

Translated text:

Tschmuck, P. (2006) *Creativity and Innovation in the Music Industry*, trans. M. Abel, Springer Netherlands, Dordrecht.

Article in newspaper:

Barber, L. (1993) "The towering bureaucracy", *Financial Times*, 21 June, p. 00.

Unpublished:

Holland Mortimer, J., Nosko, C. & Sorensen, A. (2010) *Supply Responses to Digital Distribution: Recorded Music and Live Performances*, NBER Working Papers 16507, Harvard Business School.

Internet references:

If your source of information is a book, a journal, a journal article which is published and just reproduced on the Internet then follow the guidelines above, also adding the type of medium (e.g. on-line), how it is available (e.g. HTTP, Gopher, e-mail) and then the actual electronic address with the dates of access in brackets.

Internet source:

As for print reference, plus: Available at: <http://musicbusinessresearch.wordpress.com> (4 June 2011). Journal article etc.: Not published elsewhere other than on the Internet, then as above but leaving out the place name and publisher.

Notes on style

Justification of text. When producing your word processed document, use the unjustified mode. Leave the right margin ragged and avoid word divisions and hyphens at the end of lines. Only insert hard returns at the end of paragraphs or headings.

Punctuation. Use a single (not a double) space after a full point, and after commas, colons, semicolons, etc. Do not put a space in front of a question mark, or in front of any other closing quotation mark.

Spelling. We prefer spellings to conform to the new edition of the Concise Oxford English Dictionary and to follow the Oxford Dictionary for Writers and Editors.

Initial capitalization. Please keep capitalization to a minimum. When possible use lower case for government, church, state, party, volume, etc.; north, south, etc. are only capitalised if used as part of a recognised place name e.g. Western Australia, South Africa; use lower case for general terms e.g. eastern France, south-west of Berlin.

Full points. Use full points after abbreviations (p.m., e.g., i.e., etc.) and contractions where the end of the word is cut (p., ed., ch.). Omit full points in acronyms (HMSO, USA, BBC, NATO, plc), after contractions which end in the last letter of the word (Dr, Mr, St, edn, eds, Ltd) and after metric units (cm, m, km, kg). Note especially ed. eds; vol. vols; no. nos; ch. chs, etc.

Italics. Extensive use of italic for emphasis should be avoided and only be used for citations in the text.

Quotations. Use double quotation marks and italics for quoted material within the text; single quotation marks should only be used for quotes within quotes. Use leader dots at the beginning or end of a quotation.

Numerals. In general spell out numbers under 100; but use numerals for measurements (e.g. 12 km) and ages (e.g. 10 years old). Insert a comma for both thousands and tens of thousands (e.g. 1,000 and 20,000). Always use the minimum number of figures for ranged numbers and dates, e.g. 22-4, 105-6, 1966-7; but use 112-13, 1914-18, etc. for teen numbers. Use the percentage sign only in figures and tables; spell out percent in the text using a numeral for the number (e.g. 84 percent).

Dates. Set out as follows: 8 July 1990 (no comma), on 8 July, or on the 8th; 1990s (not spelt out, no apostrophes).

En rules. Since there is no en rule on a standard keyboard, use a double hyphen for en rules, use these to link number spans (e.g. 24-8); to connect two items linked in a political context (e.g. Labour-Liberal alliance, Rome-Berlin axis) and to link the names of joint authors (e.g. Temple-Hardcastle project).

Proofs. Authors are expected to correct proofs quickly and any alteration to the original text is strongly discouraged. Authors should correct typesetters errors in red; minimal alterations of their own should be in black.

Copyrights

There is now need to assign copyright or license the publication rights in the articles the International Journal of Music Business Research. Please feel free to use the text for e.g. online publication in blogs, private/academic webpages, academic databases, wikis. If you want to publish the article in a fully copyrighted (online) publication, please let us know.

However, all authors are required to secure permission to reproduce any copyrighted text, illustration, table, or other material and any supplementary material you propose to submit. This applies to direct reproduction as well as "derivative reproduction" (where you have created a new figure or table which derives substantially from a copyrighted source). The reproduction of short extracts of texts, excluding poetry and song lyrics, for the purposes of criticism may be possible without formal permission on the basis that the quotation is reproduced accurately and full attribution is given.

For further questions please contact the journal editors:
music.business.research@gmail.com