

International Journal of Music Business Research

Volume 1, Number 2, October 2012

Editors:

Peter Tschmuck

University of Music and Performing Arts Vienna, Austria

Dennis Collopy

University of Hertfordshire, UK

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, Leopold-Franzens University Innsbruck, Austria

David Bahanovich, University of Hertfordshire, UK

Marc Bourreau, Université Telecom ParisTech, France

Ryan Daniel, James Cook University Townsville, Australia

Beate Flath, Karl-Franzens University Graz, Austria

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, Bournemouth University, UK

Frank Linde, Cologne University of Applied Sciences, Germany

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

Jordi McKenzie, University of Sydney, Australia

Juan D. Montoro Pons, University Valencia, Spain

François Moreau, Université Bretagne Occidentale, 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, The Hamburg University of Music and Theatre, Germany

Aleksandra Wagner, Jagiellonian University Krakow, Poland

Patrik Wikström, University of Gothenburg, Sweden

International Journal of Music Business Research

Volume 1, Number 2, October 2012

CONTENTS

Editorial 4

Articles

Customer experience management in the music industry online communities
Jari Salo 7

The new artpreneur - how artists can thrive on a networked music business
Maike Engelmann, Lorenz Grünewald and Julia Heinrich 31

How media prosumers contribute to social innovation in today's new networked music culture and economy
Carsten Winter 46

Notes for contributors 74

Editorial

Dennis Collopy¹, Peter Tschmuck² and Carsten Winter³

The International Journal of Music Business Research (IJMBR) tackles a broad range and variety of music business research topics. Its main purpose and aim is to address issues impacting the music industry and the music economy from a number of perspectives and using a variety of different disciplines. The variety of the contributions within the IJMBR is readily apparent. In this issue that diversity covers the new options available to three of the key creative players in the music industry: the artists/music creators, businesses and their customers. Each article highlights how the creation of value from each perspective has been fundamentally altered because of the changing role of users/consumers

In his article "*Customer experience management in the music industry online communities*", Jari Salo develops a compelling strategic understanding of marketing to users of online communities. Against the background of one of his own studies he identifies Customer Experience Management (CEM) strategies that he explores and elaborates on and notably distinguishes from Customer Relationship Management (CRM). The strategies identified in his contribution aim either to involve the customers more (encouraging strategies) or to make them feel better (smoothing strategies)

¹ Dennis Collopy is senior lecturer in the Music and Entertainment Industry Management programme in the Faculty of Science, Technology and Creative Arts at the University of Hertfordshire and co-founder of the Music and Entertainment Industries Research Group at the University of Hertfordshire, UK.

² Peter Tschmuck is professor for Culture Institutions Studies at the Institute for Cultural Management and Cultural Studies at the University of Music and Performing Arts Vienna, Austria with a focus on music business and industry research. He is the author of the book "Creativity and Innovation in the Music Industry" (2nd edition, Springer, 2012).

³ Carsten Winter is Full Professor for Media and Music Management at the Department of Journalism and Communication Research (IJK) at Hanover University of Music, Drama and Media (<http://www.iik.hmtm-hannover.de/>).

The second article "*The new artepreneur – how artists can thrive on a networked music business*" is based on the prize winning presentation given by Maike Engelmann, Lorenz Grünewald and Julia Heinrich at the second Young Scholars' Workshop during the 2012 Vienna Music Business Research Days Conference. They are able to show that, on the basis of data on employment trends, especially in the classical music field, as well as interviews with artists, teachers in music education and classical music students, focusing their training solely on the requirements of the markets is an insufficient basis to achieve success. They develop a more complex model structured around the creative exchange of different types of capital that offer greater prospects for success for artists through networking activities.

In the third article, "*How media prosumers socially innovate today's new networked music culture and economy*", Carsten Winter develops a new understanding of "consumers" as "prosumers". Prosumers are growing in numbers, because of their access to digital network media. Ever since the development of print, electronic, and finally of network media, consumers have adjusted their behaviours to the availability of ever more new opportunities. These allow as a consequence new ways to use and perceive music, and now even to distribute and produce. The article discusses in detail the dynamics of the development of new opportunities for prosumers using selected results from a project for the Berlin Music Commission to identify and develop new value-added potential and prospects for key people in the Berlin music industry. The scope of the project enabled the development of a dynamic music value creation model to demonstrate why and how processes of value creation between artists and prosumers, are changing and how these are challenging the music industry.

The IJMBR is aimed at all academics, from students to professors, from around the world and from all disciplines with an interest in music business research. Interdisciplinary papers are especially welcomed if they address economic and business related topics in the field of music. The IJMBR should also be of interest to musicians, music business professionals, music teachers as well as policy makers. All articles are

double-blind reviewed and the three editors from different academic institutions, covering different research fields, are responsible for finding qualified reviewers and to assist in the reviewing process. The IJMBR is published twice a year in April and October and it is permanently possible to submit papers. The guidelines for paper submission can be found at the end of this issue.

Finally we look forward to receiving as many interesting papers as possible and request that you send papers for consideration to music.business.research@gmail.com.

Customer experience management in the music industry online communities

Jari Salo⁴

Abstract

Online communities provide novel ways to improve current customer experience management (CEM). Academics and managers alike have been focusing on traditional CEM activities such as store layout and personal selling but online communities as a part of CEM is rarely looked into as source of competitive advantage. Current research presents how leading music industry companies in Europe are employing online communities to enhance customer experience. Intended to be of interest to both academics and managers, the research posits that in any online community activities aimed at increasing customer value through CEM and offering concrete customer benefits are valued.

Keywords: Customer experience management, online communities, social media, music industry

1 Introduction

Customer's media consumption has been changing since the advent of the Internet. These novel Internet based technologies or Web 2.0 technologies have had a profound impact on how people behave and consume their time (Shena et al. 2002; Macaulay et al. 2007). Consumers and especially young consumers are looking for new ways to spend their time for example by using tablet computers for reading (Kajalo et al. 2011) and companies are searching for new ways to capture customer attention. Customer experience management (CEM) provides one way

⁴ Jari Salo is a Professor of Marketing at the Oulu Business School. He is also Adjunct Professor at the Aalto School of Economics (formerly Helsinki School of Economics, HSE). Salo has over 100 publications and some of those are published by *Industrial Marketing Management*, *Computers in Human Behavior*, *Journal of Business and Industrial Marketing* and *Business Process Management Journal*. He holds several editorial positions and he is also the editor in chief of *Journal of Digital Marketing* (jari.salo@oulu.fi).

to grab their attention. CEM is focused on creating experiences around a product or a service. Schmitt (2003) defines CEM as *"the process of strategically managing a customer's entire experience with a product or a company"* while experience is simply said to be the contact with the product. Besides taking a strategic focus on CEM we can also look into more practical ways or processes to improve CEM performance with different types of online communities. The music industry is fertile ground for this kind of research since it has been keen to adopt new marketing and channels, including online communities (Vaccaro & Cohn 2004) and mobile advertising. Different types of online communities, social web/networking or Web 2.0 applications have mushroomed into hundreds of different ways for consumers to spend their time on social networking (Facebook, MySpace, LinkedIn, Second Life, Habbo Hotel), content sharing (YouTube, Vimeo, Flickr, Slideshare) and gaming (World of War Craft, Sims, Eve online).

Many companies have realised the benefits provided by online communities; however academic studies addressing the topic are still scarce. Still, a significant amount of research has identified how online communities can be used to promote new products (Kim et al. 2005), generate new ideas for product development (Nambisan 2002) and produce positive brand effects (Thompson & Sinha 2008). However, less attention is given specifically to the links between CEM and online communities. It is assumed here, that online communities can increase customer satisfaction, which has in many contexts been identified as having a direct or moderated effect on firm performance (Anderson et al. 1994).

The Internet is one big online community where users can interact with other users in digitised form with text, audio and video. Earlier on newsgroups, chat rooms and different type of bulletin boards were used in text format. Later on, 3D and virtualisation technologies enabled the emergence of the Habbo Hotel and Second Life type of services where customers use avatars (Hemp 2006: Mäntymäki & Salo 2011). Thus, in this research, online community is broadly seen as people interacting with help of technology such as the Internet.

The purpose of this research is to shed light on how online communities can be used as part of CEM and especially how online communities enhance customer experience and sales. Case studies detail how music companies in the European countries are harnessing Facebook, MySpace and YouTube for marketing purposes. This study is structured as follows: firstly CEM and online community literature is introduced. These are then integrated with a preliminary theoretical framework, which is then applied to the case studies. Thirdly, the methodology is presented. Fourthly, the case studies are presented and the results are discussed. The study concludes with a discussion of limitations and future research areas.

2 Customer relationship and experience management

Srivastava et al. (1999) identify Customer Relationship Management (CRM) as one of the key processes for a company. Two other processes that contribute to value creation and shareholder value are Product Development Management (PDM) and Supply Chain Management (SCM). Later, Zablah et al. (2004) identified five schools of thought within CRM) discussion. These different schools are the process, strategy, philosophy, capability and technology viewpoints. It can be argued that each of the five schools of thought is needed to effectively manage customer relationships. In here we adopt the definition provided by Payne and Frow (2004). It states that CRM *"is a holistic approach to managing customer relationships to create shareholder value"*. Therefore it can be argued that this approach takes account of strategy creation, the multiple touch-points view to customer and integration of data as well as assessing the performance of CRM activities.

In recent years there have been arguments put forward in different but overlapping disciplines within marketing on how marketing as a discipline should be approached. Some of the scholars propose a new dominant logic for marketing focusing on services i.e. service dominant logic of marketing (Vargo & Lusch 2004). Another group of researchers propose that customer experiences (Carù & Cova 2007) e.g. brand ex-

perience or online customer engagement experience are what differentiate products based around marketing or service based marketing dominant logics.

It is however, notable that current academic literature and practical management utilising sophisticated CRM software are not fully aware of experiences as the most central influences on the decisions made by customers. Current CRM systems use past data obtained from different customer contact points but these lack forecasting capabilities and even if the best of the breed systems have these capabilities the forecasts are inaccurate (Meyer & Schwager 2007). Of course traditional CRM activities and systems are important to actively manage customer relationships but those should be augmented with sophisticated Customer Experience Management systems (CEM) in which e.g. customer interaction with a website or webshop is dynamically modified to customer preferences based on customer data, profiles, click data, cookie data, location data or other customer indicator data that can be utilised to fine-tune contact with the customer to best yield sales.

According to Meyer and Schwager (2007) CEM is in many ways different from CRM. CEM focuses on knowledge of what a customer thinks about the company rather than capturing information about what a company knows about its customer. CEM requires data collection at customer points (search engine data, click data, shopping history) rather than waiting for a customer record to be formed.

There are several competing definitions for CEM but one of the early ones is provided by Schmitt (2003). Even though Holbrook (2007) criticized Schmitt for being more of a consultant than an academic, his view is adopted here. According to Schmitt (2003) "*CEM is the process of strategically managing a customer's entire experience with a product or a company*". In addition, Schmitt (2003) defines customer experience as "*a customer contact with the product or company*". Therefore, CEM can be seen as one issue that is part of successful CRM activities.

Managerial attention in CEM on a practical level focuses on ways to improve value and adding experiences whereas on an operational level it is about managing overlapping CEM actions whilst on a strategic level

it is about improving overall CEM strategy to gain competitive advantage. The theoretical roots of CEM starts from the work of Pine II and Gilmore (1998) and Thompson et al. (1989) focusing on the abstraction of individual consumer experience. Our study to broaden these ideas was inspired by ongoing research on online consumer behaviour research (Agarwal & Karahanna 2000: Gentile et al. 2007: Teo et al. 1999). A number of studies after Thompson et al. (1989) examined CEM in different contexts (Winer 2001: Cruz et al. 2010 for bank industry). Some authors like Payne and Frow (2004) addressed the issue from a management perspective and especially on how to manage multiple channels. Recent studies examined how information technology (IT) can be used for CEM activities (Novak et al. 2000: Nambisan 2009). Research in IT facilitated CEM focused on website design and role of IT in services (Novak et al. 2000). It should be noted that already by 1999 Jeff Bezos founder of Amazon.com was arguing that providing a compelling customer experience is more important online than offline (Bezos 1999). Still, limited attention is given to CEM in music business and even less researched are the newer Internet technologies applications. Figure 1 details the constituting factors of customer experience according to Pine II and Gilmore (1998).

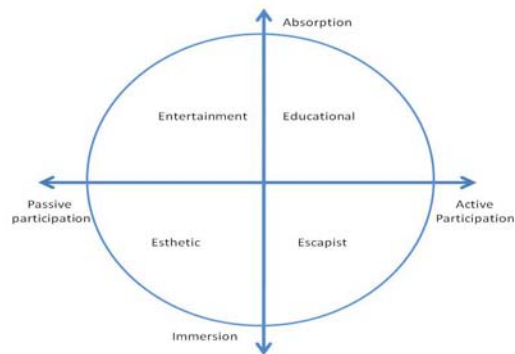


Figure 1: Realms of Customer Experience (Pine II & Gilmore 1998)

Basically, customers can participate in experience creation in two ways namely active and passive participation. In active participation, a customer is part of the created experience. This is exemplified in a theatrical production when the audience is asked after each episode what is going to happen next and the audience can influence how the plot develops. At the passive end of the continuum the stage play follows a pre-determined path planned by the creative director of the play. Another dimension that can be used to characterize experience is connection with the experience. Two extremes of the connection are absorptive connection and immersive connection. For example, when customers are watching a film and the connection with the film becomes absorption of that immersion. Basically, whilst we are able to realise what is happening, we are not actively engaged with the experience. At the immersive end of the continuum we can more easily engage with and relate to the experience. Pine II and Gilmore (1998) presented the ideas of customer experience and later on these were developed to underpin CEM activities and strategies. These are then used as a foundation and synthesized with discussions within online communities.

3 Online communities and customer experience management

Online communities centre on individuals and organizations which want to share information and interact with each other. Internet technologies such as social media (first introduced as Web 2.0) enable the interaction between consumers using or not using avatars (Hemp, 2006). Many of these online communities focus on user-generated content (UGC), which is the key for successful interaction between users (Gangadharbatla 2008). Consumers can post comments on other consumers' profiles, pictures, videos and even music the others have produced. Today, consumers do not limit their participation in online communities just to the traditional PC or laptop connections since many of the popular online communities can now be accessed using mobile devices (such as tablet computers, smart phones) and gaming consoles. Online com-

munities studied in this research are Facebook, MySpace and YouTube mainly because music industry companies all over the globe use these for marketing purposes, on a trial basis – in campaigns and as part of their social media marketing strategies.

There is plenty of literature on how to categorise different types of online communities (Armstrong & Hagel 1995: Maclaran & Catteral 2002: Porter 2004: Dholakia et al. 2004). According to Porter (2004) communities can be created by different organisations or by consumers. Maclaran and Catteral (2002) point out that companies create online communities to communicate with their consumers and communities created by consumers are usually independent from companies. Online communities promoted and initiated by consumers can have a range of impacts on companies and the products communities are discussing (Maclaran & Catteral 2002). Negative word of mouth communication can easily escalate into a vicious circle that is hard to break while positive word of mouth is hard to achieve (Hennig-Thurau et al. 2004). Still it is noted that there is some evidence that digital word of mouth creates sales (Pöyry et al. 2012).

Besides looking into who establishes the online community Armstrong and Hagel (1995) conceptualise communities based around the issues dealt with in the community. Four types of communities were identified. These were communities of interest, fantasy, relationships and transactions. Dholakia et al. (2004) categorise communities as a continuum between network based communities and sub-group based communities. In the former one common interest of many people will provide the reason for belonging to a community and in the latter some individuals have high density of relationships. Common to all of these studies is the fact that consumers have the feeling of connectedness, along with possibilities to interact and thus the group identity is formed.

It is suggested here that the effort required by the consumer (i.e. the amount and quality of work i.e. costs) to participate online communities also influences categorisation of social webs. For some online communities a consumer can take considerable time to prepare their profile and other content posted to the service whilst in other services

only a little is required to participate within the community. Facebook has over 900 million users in early 2012 partly because it is so easy to join, up-date and is rather user-friendly. These issues should also be taken into consideration when discussing online communities and especially marketing to these communities. In addition to the effort the social interaction intensity or customer participation (as in Pine II & Gilmore 1998) also varies between communities since in some communities interaction is essential for the community to survive while in others social interaction can be rather passive. Online communities have created digital environments beyond the imagination of the seminal CEM researchers. Online communities enhance offline CEM actions but most importantly online communities enable whole new ways to create new radically different customer experiences. Figure 2 provides a model of online communities and the potential for customer experience management activities. The conceptual framework is developed from Pine II and Gilmore (1998) as well as from online community discussion.

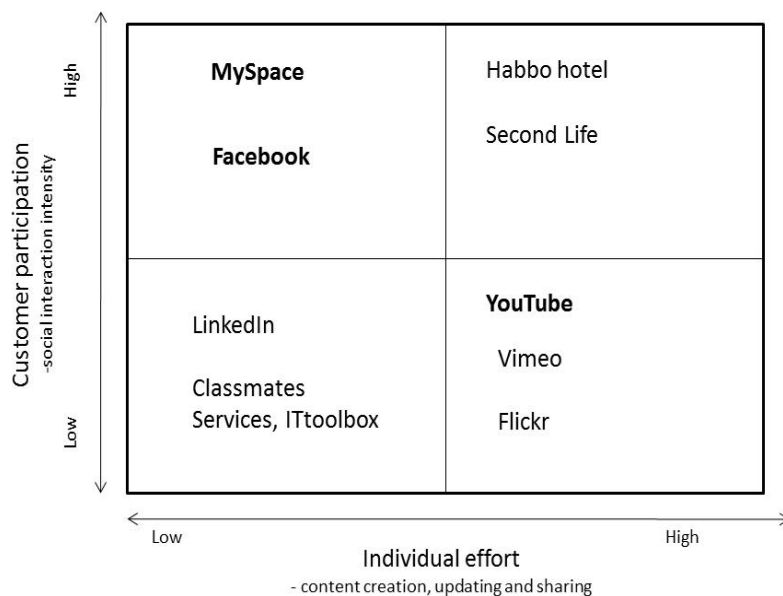


Figure 2: Online community taxonomy for CEM

Figure 2 presents in the X-axis the individual effort required to participate in an online community that varies on a continuum from low to high. The Y-axis presents the degree of customer participation that varies on a continuum from low to high. Figure 2 can be used to delineate CEM efforts according to the characteristics of the online community.

4 Methodology

In situations where the phenomenon studied in a real-life context is novel and the researcher has little or no control over the events, a case study is the most appropriate method (Yin 1989). Case studies are also used when novel topics need to be researched and understood holistically. According to Bonoma (1985) a case study is applicable to situations in which researchers require a deeper understanding, a solid contextual sense, and provocation toward theory building. Experience management in online community presents such a unique situation. A multiple case study method using four cases was employed (Yin 1989). Many authors (Eisenhardt 1989) suggest that case selection is a decision of utmost importance for case based research. It is difficult to say, how many and which cases should be selected and as Romano (1989) advises, in the end this selection is decided by the researcher. Four cases were selected from the European music industry based on the fact that the focus of interest was clearly observable (use of online communities for marketing) and sound data was available along with access (Marshall & Rossman 1989).

The case study is defined here as one company's way of using online community for CEM activities. A case study is composed of all the relevant material gained from the company e.g. interviews, internal memos and meetings. Four case studies are employed in this study providing the potential for cross-case analysis to show similarities and differences and in order to form a more holistic model to explain online communities and CEM interrelationships (Yin 1989). The chosen multiple case study approach undoubtedly influences the general applicability of the study's results (Eisenhardt 1989). However, a rich description of the phenome-

non is the aim here and empirical generalisations can be suggested as further research avenues. The empirical part of this study employed various kinds of data to get rich and detailed primary data on the phenomenon under investigation. The semi-structured interviews form the main data source (Arksey & Knight 1999). The persons to be interviewed were knowledgeable about online community marketing in music industry and some of them conducted such activities almost every day. Data analysis was conducted accordingly (Miles & Huberman 1984). Data table 1 is provided below.

Company	Position of the interviewee	Type of contact	Date, and duration of interview
Sony	Digital director	E-mail correspondence (2008a) and telephone interview (2008b,2010)	April 10, 2008, April 8, 2008, May 21, 2010
Independent record company	Producer	Interview	March 4, 2008, 1 h November 9 2009
European record company	Marketing manager and apprentice in the Finnish office	Group interview	March 5, 2008, 2 h
Affiliate of an European record company	General Manager	Telephone interview	March 11, 2008, 1,5 h
Software company (specializing music industry)	Chief Executive Officer	Interview	October 23, 2009, 1h

Table 1: Interview data: this table illustrates the companies and persons interviewed for this study. Also type of contact and duration of the interview is presented.

Although other respondents working in the company being studied could have offered additional viewpoints on the phenomenon under investigation, it was decided that key informants who had been actively involved in CEM and online marketing efforts should be interviewed. Kumar et al. (1993) suggest that when using multiple informants the

authors increased both the reliability and the validity of the research. However, using more informants from each case study company could have furthered argumentation and clearly could have increased reliability and validity even further. Data collection has been continued but here only those interviews conducted in 2008-2010 are presented to confine analysis into a more precise period. Furthermore the more up-to-date data has been provided in confidence to the research team. In addition to interviews, documents, minutes of meetings, industry reports and company visits were employed to triangulate the respondents' answers (Yin 1989). Data triangulation, one form of triangulation, increases the validity and reliability of the research as contradicting information can be evaluated (Eisenhardt 1989). Apart from Sony, the identities of the respondents and the companies are not revealed for reasons of confidentiality. Next, four case studies from European countries are presented and cross-case analysis conducted.

5 Customer experience management in online communities

5.1 Background - distribution, pricing and advertising changes in the music industry ecosystem

The Internet has re-engineered the business, manufacturing, and marketing logics of many industries especially movie, game and music industry (Elberse 2008). More specifically, the Internet has had an effect on the creation and distribution of music (Bhatia et al. 2003). This effect is manifested through three changes in the industry. Firstly music is increasingly created with computers. This is manifested in emergence of different types of music genres that are centred on digital music. Secondly, and more importantly, music is increasingly distributed in a digital format which is more cost effective than the traditional format, as the dominant production costs of information goods are fixed rather than variable (Shapiro & Varian 1999). To elaborate on this, the music industry supply chain has been very static – consisting of three intermediaries

between the creator of the music and the consumer: the record company, the distributor and the retailer (Huang 2005; Bockstedt et al. 2006). There are numerous independent record labels in the industry competing with the large conglomerates Sony with Sony Music Entertainment, Access Industries with Warner Music Group and Vivendi with Universal Music Group/EMI. Each of these intermediaries between the artist and consumer naturally adds costs and takes a profit, ultimately leading to higher product prices. The Internet has eliminated the need for physical distribution and the retailing of products to some extent, thus decreasing barriers to entry. In this sense the current music industry is much more flexible and dynamic and this has made way for new companies and facilitated the establishment of new business opportunities like Apple iTunes and companies like Spotify. Besides established artists young artists are marketing their music using services like MySpace, virtual worlds and online community live shows. Thirdly, the consumption of music is changing. Consumers listen to music online via YouTube, share it with friends through Facebook and video clips. They consume music while commuting or just for fun. These changes have made it difficult for music companies to appeal to, in particular, the younger consumers. Therefore, the music industry has started to make use of digital marketing especially online community marketing practices to address this change of logic and consumer behavior. Next the four cases are presented in alphabetical order.

5.2 Case Study Affiliate

Affiliate focuses on a customer segment that is a bit older than those presented in later cases. In Finland the Affiliate of a European record company produces mainly Finnish pop music for adults. Therefore, for the Affiliate, online communities and social web is not that important a marketing channel due to the difficulties they have reaching their audience via the Internet even though online communities are increasingly attracting more mature users. Nevertheless, the interviewee recognized the importance of digital marketing and identified a number of communities for the marketing of their artists. The company is now planning to

initiate online community based artist marketing trials and campaigns. As the interviewee puts it *"The need for the sense of community will not end suddenly, so different communities and social networks will retain their significance in the future. It might not be MySpace or Facebook but some other services instead."* Due to reasons of confidentiality specific online communities used by the company cannot be revealed here however, these are similar to say The Beatles community that can be found on Myspace <http://www.myspace.com/thebeatles>.

5.3 Case Study Indie

The Indie employs online community opportunities widely for their artist marketing. As the artists presented by the company are mainly pop/rock/metal music artists, MySpace and YouTube are the most important communities for marketing efforts. 'Indie' is a small independent music company, which was established in 2005 in Finland, and so, from the beginning the Internet has been an important marketing channel. Most of the company's artists have established a profile in MySpace where users can listen to the band's songs. Furthermore, Additional information about the band is provided in the profile. Tour dates and other material e.g. ringtones and wallpapers are also offered for fans and those who have just accidentally found their profile. On YouTube an artist's Music videos and Concert performances are shown. One of the company's artists gained huge success on YouTube in Finland as users spread the word intensively about the artist's catchy music video and it fast became one of the most viewed Finnish videos on YouTube in 2007. This also led to increased record sales for that particular artist. In future the company has plans to use Habbo hotel in marketing their artists targeted at younger music fans. Habbo hotel attracts circa 200 million users of which 11 million are active Habbo hotel customers (Mäntymäki & Salo 2011). The interviewee highlighted that *"Almost all our artists are present on MySpace. It is almost like an obligation to be there nowadays. There the word spreads effectively via word of mouth. For music videos and concert performances YouTube is an absolute must."* Due to reasons of confidentiality links to specific YouTube videos cannot be provided

here however, videos by Indie are similar to e.g. Basshunters videos and songs such as Boten Anna that caused huge popularity in 2006. This video can be found on YouTube <http://www.youtube.com/watch?v=RYQUsp-jxDQ&feature=related>.

5.4 Case Study: Europe

Europe is a Scandinavian music company. Their artists represent mainly pop/rock/metal music genres. They also use online communities for their artist marketing and have experience of using MySpace, YouTube and the Finnish community IRC-Gallery and Aapeli virtual game world. Therefore, a profile on MySpace is created for artists and also in IRC-Gallery as it is popular in Finland. As with most of the big music industry actors, music videos are included on YouTube. Profiles and uploading of videos to YouTube represent the most important marketing efforts in relation to social web. More specifically, the use of MySpace, IRC-Gallery and YouTube for business purposes is similar to those described in our Indie case. Music companies are looking into social media metrics such as how big audience is attracted by an artist, how many fans have recommended or commented the artist or if they have clicked to their fan pages such as on MySpace. The representatives of the company pointed out that MySpace is useful for networking and internationalisation activities. Still, in their opinion, there was little sense of community as there was little discussion between the users. However, it was pointed out that the amount of discussion and interaction depends on the community, and it was one of the issues that should be promoted in each community, as Facebook does. In the future this music company plans to further expand social web related marketing activities by exploiting the possibilities of Facebook and Last.fm in their artist marketing. Our interviewee noted that discussion boards in different music focused communities or in the artist homepages, are communities in which users share their opinions, photos from concerts or information about the artist with each other, and those could be harnessed for marketing. Due to reasons of confidentiality specific discussion boards cannot be provided here however, discussion board or online community such as

galleria.net/ is specific for Finnish audience. IRC-galleria has about 500,000 users with mean age of 23 years. There is for example a sub-community for Metallica band with 13,274 members (<http://irc-galleria.net/community/200258-metallica>) if a company targets their marketing to heavy metal fans.

5.5 Case Study: Sony

Sony is a multi-national company and its Strategic Business Units (SBU) own numerous record labels worldwide. International artists represented by the company include, among others, Beyoncé, Britney Spears, Kelly Clarkson, Bruce Springsteen and the Foo Fighters. In addition to traditional media (radio, television and print) Sony considers the Internet to be an important channel for music marketing. Often the marketing campaign or promotion of an artist or concert tour is first initiated via the Web and subsequently followed up using other media. This is the opposite of the traditional approach. The interviewee from Sony identified the advantages of digital marketing as including the ability for speedy communication and the ability to quickly update material and communicate with customers that are hard to reach. Other more difficult to evaluate benefits identified in employing online communication were interactivity, cost efficiency and the sense of communality. However, the fragmentation of media and changes in communication behavior of customers has contributed to the exponential increase in the volume of communication consumers are exposed to. This means attracting consumers' attention is a recognised challenge in the music industry.

As usage of online communities for business purposes is a relatively new phenomenon, Sony Corp. has not yet drawn up an overall digital marketing strategy. Due to the rivalry between record labels, the company is reluctant to reveal its precise future strategies. From the marketing point of view however, it is essential to engage with consumers involved in the social communities, i.e. one must understand how a particular community works. According to Sony, important online communities include Facebook (<http://www.facebook.com/SonyMusicFinland>), MySpace artist Hanna Pakarinen see

<http://www.myspace.com/hannapakarinen>) and the Finnish IRC-gallery, the Tune.fi website, artist websites (see e.g. <http://www.hannapakarinen.fi/>) and last but not least YouTube (http://www.youtube.com/artist/Hanna_Pakarinen?feature=watch_video_title). Sony's digital team makes artist specific decisions on which mediums to use for each occasion. The plan is to provide interesting content aimed at different target groups. The interviewee highlighted that through digital marketing Sony aims to bring added value to consumers, making available tools for enhancing communication between the company and its customers, alongside providing a means of self-expression for the consumers.

Advance listening of albums through MySpace have been used for marketing purposes since the early 2008. Usually, for a period of one week consumers are given the opportunity of listening to albums free of charge before the official release date. Sony also plans to introduce a concept called Secret shows, which is already live in the MySpace US. The idea is to promote secret events and sell tickets to them on MySpace. According to the informant, the identity of performers is kept a secret till the actual event takes place – the goal being to match performers to consumers' high expectations. In addition to these marketing actions Sony, along with other major record companies, has negotiated for a service called MySpace Music in which consumers would be able to stream music free of charge. The service would include a music store from where consumers could buy downloads for their personal computers and PDA devices. The intention is to sell music files in MP3 format compatible with most music players. As tracks sold through iTunes are only compatible with Apple's iPod devices, MySpace Music might prove to be a prominent competitor for iTunes, as well as other legitimate music distribution services.

In 2008 and early 2009 the popularity of Facebook sky rocketed in many countries and Sony's marketing efforts in Facebook were still in the test phase. The company has created 'Become a fan' pages for its artists and searched for means to increase the number of members involved in these communities. Facebook offers the potential to carry out

carefully designed ad campaigns, since advertising can be targeted according to users' age, sex and interest areas. For example, if users' favorite music is reported in their profiles or they are members in some fan communities, an advertiser can use this information when designing a targeted ad campaign. However, Sony has not initiated massive campaigns to market to the fan communities it founded. Instead, the company has monitored how the number of members develops without making a big financial investment. The interviewee pointed out that they have faith in word-of-mouth marketing taking place between consumers.

Besides, the official marketing campaigns and plans employees at Sony also use their personal networks to carry out viral marketing actions. One of these marketing actions is to use Facebook to transmit messages about interesting artists to their friends and business partners. Often times these messages include links to artists' MySpace website and videos uploaded on YouTube. The informant noted; "*Sony regards viral marketing as an easy and cost efficient way to market artists in online communities.*"

6 Results

The aim of this research is to cast extra light on how online communities can be used as part of CEM and especially how online communities enhance customer experiences. The use of Case studies and the literature review were employed to gain further knowledge on this topic. In brief, the music companies in Europe and all over the globe are systematically evaluating the potential for digital marketing especially to online communities for making their business more lucrative for their shareholders and their artists. Table 2 draws together the case companies' ways of using online communities to enhance customer experience.

The companies need to balance the costs and benefits of digital marketing. In addition, having a straightforward digital marketing strategy is of utmost importance to those planning to engage in online community marketing activities more heavily. The common element underlying-

ing all the marketing efforts is that integrated and interactive marketing communications are offered to customers; meaning that digital channels are complementing, and in some areas substituting for, traditional channels in a way that creates added value for the consumer. It seems that those music industry companies whose customers habitually use the online communities like Facebook, MySpace and the YouTube can gain a significant advantage by employing digital marketing in CEM. Nevertheless caution is needed as some companies like Affiliate gain little by using online communities as CEM vehicle. Various ways of deploying digital marketing or online communities were identified in this study. Figure 3 integrates the foregoing discussion onto a framework that is applicable to both managers and online community marketers.

Online community marketing actions	Sony	Indie	Europe	Affiliate	Online community metrics
<i>Asking to join a community</i>	X	X	X		Ratio of invitations and number of new members
<i>Advertising new songs and albums</i>	X	X	X		Amount of clicks to specific landing website
<i>Promoting concerts</i>	X	X	X	X	Amount of tickets sold e.g. with campaign code
<i>Advertising fan merchandise</i>	X	X	X		Amount of sales attributable to specific ad
<i>Up loading videos to e.g. YouTube</i>	X	X	X	X	Brand awareness and equity
<i>Asking to tell friends</i>	X				Number of invitations and amount of new fans
<i>Advance listenings</i>	X				Number of downloads

Table 2: CEM activities conducted by the music industry companies in the online communities and their effectiveness

As a result of the case studies and developing the theoretical framework we can identify two strategies that are suitable for customer experience management with the help of online communities. These are labeled here encouraging (black arrows one and three) and smoothening (blue arrows two and four).

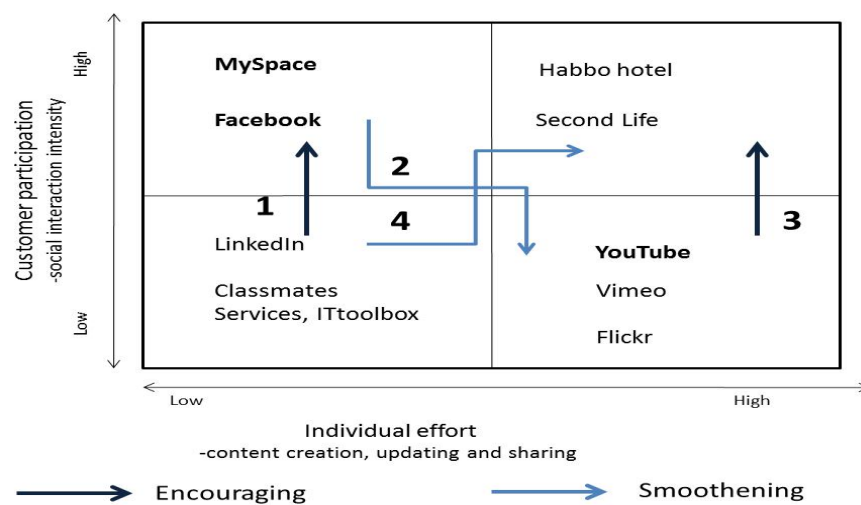


Figure 3: Customer experience management strategies in online communities

The Encouraging strategy illustrates how CEM can be used to migrate customers from low customer participation and similar individual effort to expand their involvement without increasing associated costs. Companies can use CEM to make participation more entertaining and reward customers for participation such as by giving digital gifts or additional services or material available only to members of the online community (connectivity/content) in question. Firms can also tap into the degree of customer participation with CEM by providing entertaining and informational content to be distributed in the community. Giving tools to customers to create their own content around a brand is also effective (e.g. launch campaign of BMW-1-series on Facebook). For a company, the encouraging strategy leads to a fan or customer who is a

more active community participant and who attempts to be socialise with kindred spirits from their online community. This leads a customer to focus on connecting and keeping up with these connections in the online community. Customer participation from a managerial point of view thus increases the possibilities for providing meaningful and engaging online content that ultimately can be targeted for sales when such as when tickets for concerts are sold to special interest clients first.

Smoothing strategies illustrates how CEM can be used to migrate customers from the low and high customer participation classes and from low individual effort to an expanded individual effort. Companies can use CEM to make the individual effort more rewarding by providing higher status within the community. For example, LinkedIn offers those with full personal profile or paid account more options and interaction possibilities. Some online communities like Twitter and Dell Ideastorm show how many times user has posted or commented on some ideas. By making interactions more visible users are more actively participating. The interesting question from a managerial and theoretical point is why smoothing is important? The reason is that if customers are more involved as in creating content, participating in discussions or commenting on recent gigs they are less likely to be attracted by competing brands of other bands. Thus, smoothing could be an attribute for a strong brand relationship.

7 Conclusions and implications

In the music industry online communities such as Facebook and MySpace are widely used for activating consumers and increasing brand exposure. Content sharing communities such as YouTube, Vimeo and Flickr are also effectively employed to distribute content and build communities around artists. The purpose of this study was to shed light on how online communities can be used as part of CEM and more specifically how online communities enhance customer experience and eventually sales.

Based on a review of the literature, a taxonomy of online community services was synthesized and presented in Figure 2, while the degree of customer participation and required individual effort were the main differentiators in the analysis. Four case studies illustrated the diversity in customer experience activities with the help of online communities. It was evident music industry companies are using online communities for CEM in a meaningful way to attract an audience for their artist and to sell more songs, fan merchandise and concerts than ever before through the Internet. They also actively engage customers in online interactions and measure the resulting sales and effectiveness of different social media campaigns. These are depicted in Table 2. It should be noted that the results cannot be applied without qualification to other contexts. Future research is still needed to continue the categorisation work started. It goes without saying that in its current form the categorisation provided is fairly general and some of the applications can be placed to different cells based on what feature is looked upon. Moreover, we still know only a little of how consumers perceive digital marketing efforts (e.g. online community advertising) and to what degree those are acceptable in different contexts. Most importantly relatively little is known about the effectiveness of digital marketing efforts and online communities combining offline and online elements. Future studies using exploratory designs, case studies and surveys are needed to strengthen our understanding of just how suitable online communities are for business purposes.

8 References

- Agarwal, R. & Karahanna, E. (2000) "Time flies when you're having fun: cognitive absorption and beliefs about information technology usage", *MIS Quarterly*, vol. 24, no. 4, pp. 665-694.
- Anderson, E., Fornell, C. & Lehmann, D. (1994) "Customer Satisfaction, Market share and profitability: Findings from Sweden", *Journal of Marketing*, vol. 58 (July), pp. 53-66.
- Arksey, H. & Knight, P. (1999), *Interviewing for Social Scientists*, Sage publications, London.
- Armstrong, A. & Hagel J. III (1995) "Real profits from virtual communities", *The McKinsey Quarterly*, vol. 3, no. 3, pp.127-141.

- Bezos, J. (1999) "Setting the Standard with Jeff Bezos", Internet Summit 99, Dana Point, 20 July, CA. USA.
- Bonoma, T. (1985) "Case research in marketing: Opportunities, problems and a process", *Journal of Marketing Research*, vol. 22, no. 2, pp. 199–208.
- Bhatia, K.G. Gay, R., & Honey, W.R. (2003) "Windows into the future: How lessons from Hollywood will shape the music industry", *Journal of Interactive Marketing*, vol. 17, no. 2, pp. 70-80.
- Bockstedt, J.C. Kaufmann, R.J. & Riggins, F.J. (2006) "The move to artist-led on-line music distribution: A Theory-based assessment and prospects for structural changes in the digital music market", *International Journal of Electronic Commerce*, vol. 10, no. 3, pp. 7-38.
- Cruz, P., Salo, J. Muñoz-Gallego, P. & Laukkanen, T. (2010) "Heavy users of e-banking and Customer Experience Management: evidences on intrinsic motivation", *International Journal of Electronic Business*, vol. 8, no. 2, pp. 187-209.
- Dholakia, U.M. Bagozzi, R.P. & Pearo, L.K. (2004) "A social influence model of consumer participation in network- and small-group-based virtual communities", *International Journal of Research in Marketing*, vol. 21, no. 3, pp. 241–263.
- Eisenhardt, K. M. (1989) "Building Theories from Case Study Research", *Academy of Management Review*, vol. 14, no. 4, pp. 532-550.
- Elberse, A. (2008) "Should you invest in long tail?", *Harvard Business Review*, vol. 86, no. 7/8, pp. 88-96.
- Gangadharbatla, H. (2008) "Facebook Me: Collective Self-Esteem, Need to Belong, and Internet Self-Efficacy as Predictors of the iGeneration's Attitudes toward Social Networking Sites", *Journal of Interactive Advertising*, vol. 8, no. 2, pp. 1-14.
- Gentile, C., Spillera, N. & Noci, G. (2007) "How to Sustain the Customer Experience: An Overview of Experience Components that Co-create Value With the Customer", *European Management Journal*, vol. 25, no. 5, pp. 395–410.
- Hemp, P. (2006) "Avatar-Based marketing", *Harvard Business Review*, vol. 84, no. 6, pp. 48-56.
- Hennig-Thurau, T., Gwinner, K., Walsh, G. & Gremler, D. (2004) "Electronic word-of-mouth via consumer-opinion platforms: What motivates consumers to articulate themselves on the Internet?", *Journal of Interactive Marketing*, vol. 18, no. 1, pp. 38-52.
- Holbrook, M.B. (2007) "The consumption experience – something new, something old, something borrowed, something sold: part 3", *Journal of Macromarketing*, vol. 27, no. 2, pp. 173-183.
- Huang, C-Y. (2005) "File sharing as a form of music consumption", *International Journal of Electronic Commerce*, vol. 9, no. 4, pp. 37-55.
- Kajalo, S., Leminen, S., Mäntymäki, M. & Salo, J. (2011) "Consumer Acceptance of E-reading devices: An Empirical Analysis", *Proceedings of the Business and Information conference*, Bangkok, Thailand.

- Kima, W.G, Leeb, C. & Hiemstrac, S.J. (2005) "Effects of an online virtual community on customer loyalty and travel product purchases", *Tourism Management*, vol. 25, no. 2, pp. 343-355.
- Kumar, N., Stern, L.W. & Anderson, J.C. (1993) "Conducting Interorganizational Research Using Key Informants", *Academy of Management Journal*, vol. 36, no. 6, pp. 1633-1651.
- Macaulay, L.A., Keeling, K., McGoldrick, P. Dafoulas, G. Kalaitzakis, E. & Keeling, D. (2007) "Co-evolving E-tail and On-Line Communities: Conceptual Framework", *International Journal of Electronic Commerce*, vol. 11, no. 4, pp. 53–77.
- Maclaran, P. & Catterall, M. (2002) "Researching the social web: Marketing information from virtual communities", *Marketing Intelligence & Planning*, vol. 20, no. 6, pp. 319-326.
- Marshall, C. & Rossman, G.B. (1989), *Designing Qualitative Research*, Sage publications, London, UK.
- Meyer, C. & Schwager, A. (2007) "Understanding Customer Experience", *Harvard Business Review*, vol. 85 (February), pp. 1-13.
- Miles, M.B. & Huberman, A.M. (1984), *Qualitative data analysis: A source book of new methods*, Sage publications, Newbury Park, CA.
- Mäntymäki, M. & Salo, J. (2011) "Teenagers in social virtual worlds: Continuous use and purchasing behavior in Habbo Hotel", *Computers in Human Behavior*, vol. 27, no. 6, pp. 2088-2097.
- Nambisan, S. (2002) "Designing Virtual Customer Environments for New Product Development: Toward a Theory", *The Academy of Management Review*, vol. 27, no. 3, pp. 392-413.
- Nambisan, P. (2009) "Conceptualizing customers'online community experience (OCE): an experimental study", *International Journal of Internet Marketing and Advertising*, vol. 5, no. 4, pp. 309-328
- Novak, T., Hoffman, D. & Yung, Y. (2000) "Measuring the Customer Experience in Online Environments. A Structural Modelling Approach", *Marketing Science*, vol. 19, no. 1, pp. 22-42.
- Payne, A. & Frow, P. (2005) "A Strategic Framework for Customer Relationship Management", *Journal of Marketing*, vol. 69, no.4, pp. 167-176.
- Pine, B.J. II & Gilmore, J. (1998) "Welcome to the Experience Economy", *Harvard Business Review*, vol. 76, no. 4, pp. 97-105.
- Porter, C.E. (2004) "A typology of virtual communities: A multi-disciplinary foundation for future research", *Journal of Computer-Mediated Communication*, vol. 10, no. 1, pp. 1–10.
- Pöyry, E., Parvinen, P., Salo, J. & Blakaj, H. (2012) "Hedonic and Utilitarian Search for Electronic Word-of-Mouth", *Proceedings of the 45th Hawaii International Conference on System Science*, Maui, Hawaii.
- Romano, C. (1989) "Research Strategies for Small Business: a Case Study", *International Small Business Journal*, vol. 7, no. 4, pp. 35-43.

- Shapiro, C. & Varian, H.R. (1999), *Information Rules a strategic guide to network economy*, Harvard Business School Press, Boston, USA.
- Shena, X. Radakrishnanb, T. and Georganasa, N.D. (2002) "v COM: Electronic commerce in a collaborative virtual world", *Electronic Commerce Research and Applications*, vol. 1, no. 3-4, pp. 281–300.
- Schmitt, B. (2003), *Customer experience management: A revolutionary approach to connecting with your customers*, John Wiley & Sons, NJ.
- Srivastava R.K., Shervani T.A., & Fahey, L. (1999) "Marketing, Business Processes and Shareholder Value: An Organizationally Embedded View of Marketing Activities and the Discipline of Marketing", *Journal of Marketing*, vol. 63 (special issue), pp. 168-179.
- Teo, T., Lim, V. & Raj, R. (1999) "Intrinsic and extrinsic motivation in Internet usage", *Omega*, vol. 27, no. 1, pp. 25-37.
- Thompson, C.J., Locanber, W.B. & Pollio, H.R. (1989) "Putting Consumer experience back into consumer research: the philosophy and method of existential-phenomenology". *Journal of Consumer Research*, vol. 16, no. 2, pp. 133-146.
- Thompson, S.A. & Sinha, R.K (2008) "Brand Communities and New Product Adoption: The Influence and Limits of Oppositional Loyalty", *Journal of Marketing*, vol. 72 (November), pp. 65–80.
- Vaccaro, V.L. & Cohn, D.Y. (2004) "The Evolution of Business Models and Marketing Strategies in the Music Industry", *The International Journal on Media Management*, vol. 6, no. 1-2, pp. 46–58.
- Winer, R.S. (2001) "A framework for customer relationship management", *California Management Review*, vol. 43, no. 4, pp. 89-105
- Yin, R.K. (1989), *Case Study Research: Design and Methods*, Sage publications, Newbury Park, California.
- Zablah, A., Bellenger, D. & Johnston, W.J. (2004) "An evaluation of divergent perspectives on customer relationship management: Towards a common understanding of an emerging phenomenon", *Industrial Marketing Management*, vol. 33, no. 2, pp. 475-489.

Acknowledgement

The support of Emil Aaltonen Foundation is greatly appreciated. Previous version of the research was presented at the 2011 annual Bled econference. The author would like to thank the participants of the conference and two anonymous reviewers. The author would also like to thank the CEO of Intercircum Kai Härkönen for helpful comments and Mikko Lankinen for data collection. And last but not least the author also wishes to thank the case companies participating in the study.

The new artrepreneur – how artists can thrive on a networked music business

Maike Engelmann, Lorenz Grünewald and Julia Heinrich⁵

Abstract

Drawing upon interviews held with classic music students and teachers, international artists and players from the Berlin music industry this paper suggests that artist concepts like they are taught at conservatories and discussed in advisory books have to be revised. Contemporary concepts are adopting entrepreneurial logics in addition to esthetic ones and design careers that will be both fulfilling from an artistic as well as an economical perspective. However, market figures and our own research show that these two perspectives alone cannot provide enough orientation for established and future classical musicians. We suggest a new approach that redefines an artists' creativity and enables them to develop their careers and scope of action by acquiring and exchanging social and cultural capital within their networks.

Keywords: Music education, classical music markets, career

1 Introduction

There exists a huge gap between the educational culture within conservatories (and their notion of an artist), what is written in the available literature and what actually happens in real life. Recent literature dealing with concepts and ideals of artists reveal a slowly changing paradigm, shifting away from a purely aesthetic to a more economic focused perspective. Vocational text books aim to introduce marketing and promotion techniques (e.g. Beeching 2010) and to

⁵ This article was awarded best paper of the Young Scholars' Workshop 2012 of the 3rd Vienna Music Business Research Days on "New Music Consumption Behavior" at the University of Music and Performing Arts Vienna, June 29-30, 2012. The authors are students in the Master of Arts program "Music and media" at the Institute of Journalism and Communication research of the University of Music, Drama and Media Hanover.

encourage a more business-like approach (Brink 2011) for those from a music background. Studies confirm a shift from artists solely culturally focused to a more commercially-oriented entrepreneur within the field of popular and dance music (e.g. Smudits 2008). In the field of classical music however, our research highlights a very much more conservative perspective still exists within the education system. At German conservatories, the culture is still based on an education where artistic criteria and achieving a role in an orchestra are the main determinates of and basis for future success; even though, as statistics show, the orchestral market cannot supply every alumnus with jobs. On the other hand in observing the Berlin music scene, professional and successful working environments can be found, even though the artists are not essentially driven by economic rationales. Crucially we wish to examine how their businesses operate, despite this apparent inconsistency. We will empirically analyse and evaluate contemporary concepts of the artist within classical music education, outlining and developing a revised notion of the entrepreneur to encourage further studies as well as to orientate new students and those seeking to become professionals in this area.

2 Culture in classic music education is still oriented around the genius ideal

Hanover is an important place in the classical music sector. In this industry important players like the well-known artist management companies IMG Artists and Konzertdirektion Schmid are based in Hanover, and the Hanover University of Music, Drama and Media has an outstanding reputation for its performing arts courses.

In a series of interviews with music performance students, professors and one tutor from the Hanover University of Music, Drama and Media, we investigated student's motivations and what kind of career they wanted to pursue in the future and compared this to the information the representatives of the conservatory gave during our interviews. Guided interviews allowed us to combine inductive and deductive re-

search whereby basic hypotheses could be reviewed, whilst leaving room for new aspects we were previously unaware of (Gläser, Laudel 2006). Following this qualitative approach meant we were able to identify several discrepancies between the dominant culture at the Hanover University of Music, Drama and Media and the situation students already and face in the classical music sector after they graduate. Four additional interviews with international educators and artists were held to contextualise the data. Interviewees for this were Davy de Wit, Head of the ArtEZ Popacademie (NL), John van Houten, who is a music and music business instructor at the Bob Cole Conservatory in the USA, Juliane Banse a professional soprano who performs internationally, and Ferit Odman, a Turkish jazz drummer who has studied in Turkey, Sweden and New York City.

From the interviews it became clear the Hanover University of Music, Drama and Media is not the ivory tower one might expect of a conservatory. Different opportunities are provided to gain practical experience, for example through co-operation with opera houses or within a new, voluntary compact course covering networking and self-marketing. Nevertheless, the primary goal of education at the Hanover University of Music, Drama and Media is to prepare the students for a job in a classical orchestra and/or as a soloist. This key point was articulated by all the interviewed students and the instructor:

Student 2: "[T]he education, like how the University beholds it, is directed onto the orchestra, I think."

Interviewer: "You say, later you surely want to go into an orchestra?"

Student 2: "I want that, yes!"⁶

Instructor [Hanover]: "Of course, every teacher has a specific ideal. Here in the performance courses, they don't even want orchestra musicians, in fact they want *soloists* here. Okay, if the solo career doesn't work out, then *of course* they get a job in an orchestra."

⁶ Interviewees studying or teaching at the Hanover University of Music, Drama and Media were made anonymous.

This inability for the conservatory educational culture to take economic realities into account, was also identified by our experts when they spoke about the transition from university to the job market.

Davy de Wit: "[I] studied at the conservatory in Hilversum. [...] Did the performing artist thing and what I learned there was, that I learned there to play bass very well, but I didn't learn how to make a job from my bass playing and how to make money. In other words: You come from your studies - as someone, who [...] has no idea what [happens] in a company and how you can implement business models and so forth [...]."

Interviewer: "What was your moment of realization?"

Davy de Wit: "The first day after my graduation."

As with the students, interviews with the teachers from the Hanover University of Music, Drama and Media, showed, they did not turn a blind eye to the changing environment for artists working in the classical music sector. However the aesthetic ideal still dominates their actions, almost as if nurturing talent allows them to ignore other aspects of education:

Interviewer: "What does one need to make a living as a classical musician nowadays?"

Professor [Hanover]: "Well, first of all he has to be competent. I really need to be versed in playing my instrument [...]. So I am utterly convinced that this still counts, although there may be variances that seem to object to this sometimes. No, I'm utterly convinced: If somebody has something to tell, when musical substance gets transported, emotional content, then it is something, a basis that can carry. And in addition it can help, if someone possesses communicative skills - that is not given to anybody."

Nevertheless, there remains the dominant aesthetic ideal of the authentic, performing artist that will somehow survive outside the university if he simply 'has' it. Quotes like the following were common: "*The*

main thing for me and also my colleagues, with whom I played together, is, to go in for a musical piece – and anyhow the faith exists, that it will work out in the end." (Professor from the Hanover University of Music, Drama and Media)

As scientists, usually concerned with examining music industry matters from a macro perspective, we became very interested in how these aesthetic ideals could be understood and whether contemporary, marketing oriented artist concepts could help to foster a career in the changing field of classical music in Germany. We will therefore summarise the market situation for classical musicians.

3 Markets alone cannot provide enough orientation for musical performance students

Contemporary notions of the artist claim that artists cannot merely pursue aesthetic ideals and live the concept of 'L'art pour l'art' as the economic situation becomes harder for them (e.g. Smudits 2008, Brink 2011). According to these commentators, artists have to develop entrepreneurial skills as opposed to solely aesthetic ones. As an example, Smudits postulates in his theoretical framework of the artrepreneur, that artists should expand their competencies to include technical, commercial and artistic skills within several various activities (Smudits 2008). Brink (2011) claims an artrepreneur should combine "*business skills with artistic values*" (id: 23). In her definition of the term, the artrepreneur finds fulfilment in making money out of his/her creativity. The main challenge is seen as being able to translate creativity into money. To her mind, this is mainly a mental and psychological process: Artists have to understand "*money as a trading tool*" and should liberate themselves from their emotional attachment to money (id.75).

The reasons for the development of new notions of an artist lie in the changing markets within the classical music sector. In 2009/10 independent orchestras in Germany received public funds totalling € 216 million, about 60 percent of the total budget spent. Apart from 2007/08, when orchestras obtained € 217 million, this is the highest public

amount since 1993/94 (Deutscher Musikrat 2011a). In addition, German theatres and opera houses – including their orchestras – were supported by a total of € 2,168 million in 2009, financed by the federal government, the states and municipalities (Deutscher Musikrat 2011c). Despite this high level of subsidies and a unique funding of cultural institutions in Germany by the state, established posts in German orchestras have declined. From 1992 to 2012, the number of posts fell by 19 percent, from 12,159 to 9,844 as shown in picture one (Deutscher Musikrat 2012b). Furthermore the number of orchestras in Germany declined by 168 orchestras in 1992 to 132 in 2012, accounting for an even bigger decrease of 21 percent. At the same time, the number of alumni of instrumental and orchestral institutions rose continuously from 1,543 in 2000 to 1,932 in 2010, as can be seen in picture two (Deutscher Musikrat 2012a).

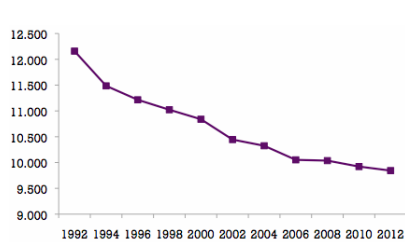


Fig. 1: Established posts in German orchestras. Based on figures of Deutscher Musikrat (2012b).

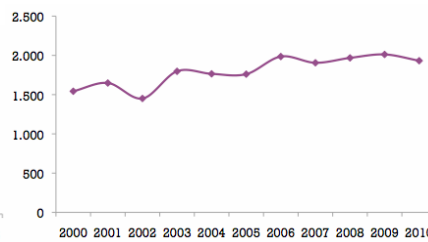


Fig. 2: Number of alumni instrumental per orchestra. Based on figures of Deutscher Musikrat (2012a).

The above two graphics illustrate the growing gap between the number of musicians available in the labour market and the number of established orchestras posts, the ones, which once offered a secure job and income.

Another important change within the classical music market is its declining audience. Whilst in 2006 63.5 percent visited an event "occasionally", only 59.8 percent did so in 2011, and only 6.4 percent visit concerts regularly (Deutscher Musikrat 2011b). Moreover, the audience for classical music concerts is aging, with little growth in demand from younger generations (Gembris 2009). It is not just music students but

also established classical musicians who face a much smaller, much more competitive market in the future.

This data and the developments of the past few years clearly show that students can no longer look to the security of an orchestral position. Hence, the job market in the classical music sector alone cannot be the sole focus for the students and musicians have to develop what Gembris characterizes as "*portfolio careers*" (id. 63). These incorporate various activities within a more self-employed career. Within these careers there are new concepts, aimed at increasing an artist's options by adding market logic and these have to be examined given neither the job market nor the scope for audience development offer a secure basis for career development and education.

4 Artists have to develop a new concept of creativity enabling them to expand their scope of action

The aforementioned concepts, although clearly showing the positive effects of self-employment and portfolio careers, focus on the market as they add economic logics to an artist's aesthetic ones (or replace them). They have to be evaluated by reference to shrinking markets. Increasing market orientation among classic music students will eventually increase competition endangering the aesthetic component of arts as such (Eikhof, Haunschild 2007). This might apply even more in the shrinking market of actual listeners of classical music. Economic thinking cannot be abandoned in a market economy and also not, as we will soon show, in the economy transformed by networks. However, acquiring and trading capital other than the economic one must not be forgotten in the arts sector where social and especially cultural capital have different values to that of the economic world. Bourdieu, the founder of social practice theory, criticizes a predominately economic view that distinguishes practices as economically selfish or non-selfish (Bourdieu 1983). Therefore, we argue, concepts for classical musicians, especially those used in music education, not only have to take account of aesthetic and/or economic logic, but also include other kinds of capital.

5 Artists have to develop a new concept of creativity enabling them to expand their scope of action

In reviewing concepts connecting the aesthetic and economic basis of professional practice within the artist's mind-set, creativity is often used as the interface between the two (Williams 2005). Hong, Essig, and Bridgstock (2012) for example state that in entrepreneurial education, creativity is what the entrepreneur needs to discover business opportunities.

As the accumulation of cultural and economic capital alone cannot provide sufficient focus for classical musicians, additional perspectives have to be evaluated. Furthermore in examining the interface of creativity, different perspectives are opened up in the research beyond the aesthetic creativity (musical skill) and the economic one (entrepreneurial skill) and these allow for a new broader conceptualization of the entrepreneur.

Schumpeter's characterisation of the entrepreneur allows for the notion of a cultural entrepreneur as the one who combines, integrates and creates from what was not connected formerly (although of course Schumpeter never analysed the creative industries himself) (Swedberg 2006). Studies on creativity management within the creative industries show, that it is primarily important to connect people, who do not necessarily have to work for ones own corporation. Here, social factors like trust and friendship play an important role as do the assembly of creative teams with divergent intellectual capital (Banks et al. 2002). In her book aimed at classical musicians, Beeching also suggests a conscious building and tracking of one's personal network as an essential part of a musician's business that opens up opportunities (Beeching 2010). A form of creativity management can also be found in the studies of Amabile, who shows that it is getting more important to be "*drawing together individuals with diverse skills and perspectives*" (Amabile et al. 1996: 1156). Creativity here is a social process more than natural ability. This suggests that artists can be more productive in being creative, and thus acquire more cultural, social and economical capital by – in Schum-

peter/Swedberg sense – being creative working with others with whom they never have been creative before.

The importance of social capital is also mentioned in Eikhof and Haunschild's (2007) article on German theatre actors. However they immediately eliminate that influence again by focusing only on the available aesthetic and economic logic. We will therefore support this theory with our own research into networks in the Berlin creative industries.

6 An artist's network can transform old market oriented focal points and allow a new understanding of the artrepreneur

As part of transforming the traditional understanding of the term 'creativity' into one as a social process we will take a closer look at a year old study on the Berlin music industry. As a part of a research team from the Institute of journalism and communication research Hanover, lead by Prof. Dr. Carsten Winter (see his article in this issue) we were investigating potential gains in value for the whole sector through interviews with more than 30 experts and artists in the Berlin music business. The results of this year long monitoring were very revealing: Artists, who were interviewed amongst other players, showed that connecting through digital network-media and in urban, physical spaces like the clubs in Berlin enabled them to build networks with diverse kinds of players leading long-term to a further creation of value. Cultural, social and economical value was created and exchanged in a new and varied way.

There is a tendency amongst artists to strategically invest their cultural capital, (time, knowledge, creativity) and social capital (their network) into new and established relationships for producing creative and cultural productivity. This not only leads to a cultural good (performance, recording) but eventually to a valuable relationship. This is mutual social capital, which, by definition and as shown in our research findings,

increases the artist's access to resources and potential choices. The music business is a 'buddy' business.

Winter shows in this process, how an artist's scope of action for his activities, e.g. playing a concert or producing a record, is increased by networking and the willingness to work with fans. These 'common people', strategically interpret, manage, organize and vary meaning, contexts and relationships and particularly public representations and images of artists' work for themselves leading to a 'pull' or 'on demand culture'. Artists, sharing their cultural capital (time, skill, taste) will increase their fans' range of choices enhancing their own identity. In return, fans invest their social capital (contacts, networks) and that is what enables fans, their network and the artist in this case, to create a new cultural good that can be sold (Winter 2011).

Logically, artists that need to share different kinds of capital must possess these in advance. The more diverse the participants within an artist's network, the more he/she comes under pressure to understand the codes, values and practices within this network. As network theory shows, artists must contribute value to the network to be able to participate. Value in that sense is the ability to contribute to networks goals which in turn reinforces the artist's own capital (Castells 2009). This explains, why for example business -oriented knowledge, as part of cultural capital, is important to increase one's connectivity. One female drummer from Berlin told us: *"Currently I produce music for TV, documentaries and whatever is possible with a colleague of mine. You have to propose that to a publisher and so forth."* Hence, a successfully networking and sharing artist must fulfil several conditions to expand his/her connectivity to link with other individual players or networks and even their status within this structure. The new artpreneur therefore is not only skilled as a musician but he/she will incorporate and learn various other skills to provide value for his/her network. By reconfiguring the basis of their professional structure from the purely aesthetic ones, they are able to invest into different kinds of capital that can be shared, and can increase their connectivity and value for networks that reach out to the entire fan community as the case below shows:

"Often people write to me: 'Hey, I like your music.' Let's take one example from South France and he asks: 'When are you going to be in South France for playing here?' Then I answer: 'Sorry, at the moment I do not have any requests, but if you know any promoters or club operators talk to them and tell them my name'. That's how it works sometimes - that you let your fans work for you. [...] Like for example last weekend in Oslo. There where two young fellows who liked what I do and sat down together with a promoter and got a party going" (Berlin Techno DJ).

To understand the way the new artist currently works as an artrepreneur it is important to demonstrate his/her actions by creating a model (see picture 3). As it can be seen in the model below artrepreneurs are capable of reverting to their inherent professional logic and to avail themselves of the required capital to handle unique situations. They are able to match their skills to the circumstances and configure them to connect with people, institutions and networks that share and exchange as well. They can support and provide value for different and diverse practices and groups. The new artrepreneur increases connectivity for networks by being multi-skilled, reflecting and arranging professional structures and investing different kinds of capitals in different networks. In Schumpeter's sense the artpreneur is an entrepreneur, but not (only) an economic one. As Castells describes, it this "*relational capacity*" (Castells 2009: 10) confers power, and cannot be characterized as an attribute. In fact relationships and relational competence are supposed to be the core of success for the up and coming new artist and constitute power when compared to those other artists not doing so; to help mobilise his/her own resources including his/her own social capital, and network. An artist's established networks can transform the traditional market creating a new sense of what the artrepreneur is.

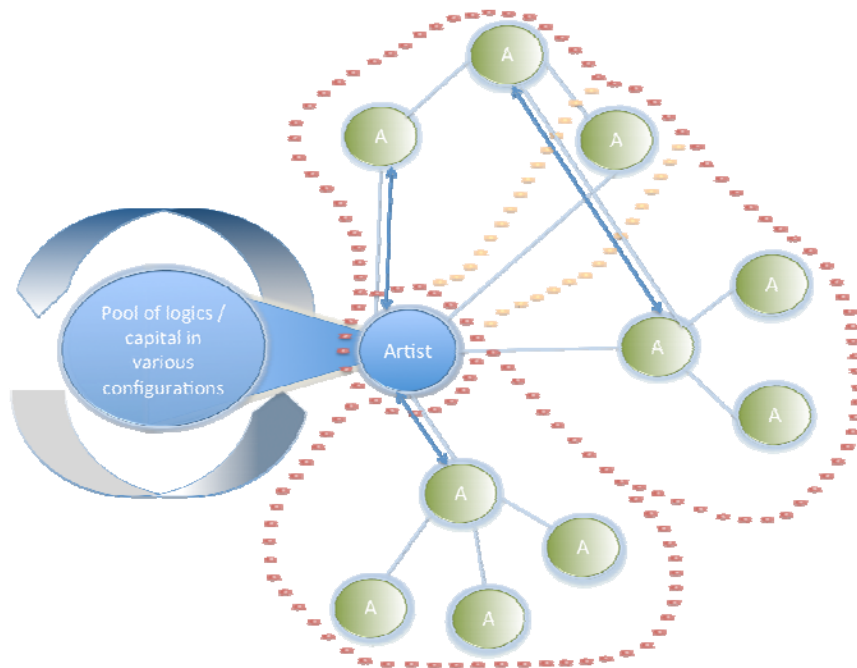


Figure 3: The model of the new artrepeneur

As a result artists now face a variety and heterogeneity of opportunities and challenges by virtue of the progressively networked environment. Especially in contemporary musical education it is by no means certain, that the new circumstances have been recognised nor understood. The model analysis of interviews with the students compared to those with experts from the current artist business has not yet shown any link. In fact this has merely demonstrated, that the modern requirement for an understanding of the current and future working and general living conditions in the conventional studies is impossible. That particularly indicates conflict with the new market conditions for every single artist is more likely than ever before. But this requires approaching the market not only through economic means, but instead by seeing the macro-environment as a connected world, where social and cultural capital is exchanged without the need for price negotiations or con-

tracts. This new understanding becomes more and more important and will become the principle and pre-requisite for market success. Beeching, who understood the wealth of a network for a musician articulates this as: *"The best agenda or mission to adopt is that of contributing positively to your community and the work"* (Beeching 2010: pos. 749)⁷.

7 Conclusion

The changes taking place in the classical music sector are both a challenge and an opportunity for established artists as well as students. A lot of what is taught together with some of the scientific material already demonstrate that an artist has to face the economic situation, suggesting the adoption of creative, entrepreneurial characteristics, and where appropriate apply economic logic. Although it cannot be denied that these principals are important, the current situation for the classical music market shows clearly that a market orientation alone is not sufficient. Our empirical research shows that artists are far more productive by not initially adopting an economic approach. The exchange of social and cultural capital in a networked environment, where not just artistic or mere economic logic is available enables artists to expand their range of choices eventually leading to economic success. Examples from the Berlin music industry already showed instances of how such an exchange could work, although more empirical research is needed to confirm and understand these processes. These include how different kinds of capital are being acquired, exchanged, shared and transformed by artists, how these processes can be managed and how they can support normative goals of security, health, satisfaction and value creation. Overall it can be concluded that the situation has become much more complex for the artists and the students requiring a revision of the notion of the artist that can be used in education and career planning. It is therefore necessary that this new situation is made known to students. Our proposed model of the new artrepreneur, as one who is neither a

⁷ Publications used in this paper which are Amazon Kindle editions work with positions as opposed to page numbers. The abbreviation of pos. will be used here.

short slighted idealist, nor just a commercial entrepreneur but in fact an artist using his/her creativity to combine people, institutions, ideas and different kinds of capital to create something of value might prove useful in this task.

8 References

- Amabile, T. M., Conti, R., Coon, H., Lazenby, J., & Herron, M. (1996) "Assessing the work environment for creativity", *The Academy of Management Journal*, vol. 39, no. 5, pp. 1154-1185.
- Banks, M., Calvey, D., & Owen, J. (2002) "Where the Art is: Defining and Managing Creativity in New Media SMEs", *Creativity and Innovation Mangement*, vol. 11, no. 4, pp. 255-264.
- Beeching, A. M. (2010). *Beyond Talent: Creating a Successful Career in Music*, Amazon ed. for Kindle, Oxford University Press, New York.
- Brink, E. (2011) *The Artrepreneur, Financial Success for Artistic Souls*, Papy Publishing, London.
- Bourdieu, P. (1983) "Ökonomisches Kapital, kulturelles Kapital, soziales Kapital" in *Soziale Ungleichheiten: Soziale Welt Sonderband 2*, ed. R. Kreckel, Schwartz, Göttingen, pp. 183-198.
- Bröckling, U. (2007) *Das unternehmerische Selbst: Soziologie einer Subjektivierungsform*, Suhrkamp, Frankfurt am Main.
- Castells, M. (2009). *Communication Power*. Oxford University Press. Oxford.
- Colbert, F. (2003): "Entrepreneurship and Leadership in Marketing the Arts", *International Journal of Arts Management*, vol. 6, no. 1, pp. 30-39.
- Deutscher Musikrat (2011a) Ausgaben und Einnahmen der Kulturorchester. Available at: <http://www.miz.org/intern/uploads/statistik26.pdf> (14 May 2012).
- Deutscher Musikrat (2011b) Besuche von Musikveranstaltungen und Konzerten. Available at: <http://www.miz.org/intern/uploads/statistik13.pdf> (14 May 2012).
- Deutscher Musikrat (2011c) Einnahmen der öffentlichen Theater (Sprech- und Musiktheater). Available at: <http://www.miz.org/intern/uploads/statistik25.pdf> (14 May 2012).
- Deutscher Musikrat (2012a) Abgelegte bzw. bestandene Prüfungen in Studiengängen für Musikberufe. Available at: <http://www.miz.org/intern/uploads/statistik13.pdf> (14 May 2012).

- Deutscher Musikrat (2012b) Planstellen in deutschen Kulturorchestern. Available at: <http://www.miz.org/intern/uploads/statistik16.pdf> (14 May 2012).
- Eikhof, D. R., Haunschild, A. (2007) "For art's sake!: Artistic and economic logics in creative production", *Journal of Organizational Behavior*, vol. 28, pp. 523-538.
- Gensch, G., Bruhn, H. (2008) "Der Musiker im Spannungsfeld zwischen Begabungsideal, Berufsbild und Berufspraxis im digitalen Zeitalter", in *Musikrezeption, Musikdistribution, Musikproduktion*, eds Gensch, G., Stöckler, E., & Tschmuck, P., Gabler, Wiesbaden, pp. 3-23.
- Gembris, H. (2009) "Entwicklungsperspektiven zwischen Publikumsschwund und Publikumsentwicklung. Empirische Daten zur Musikausbildung, dem Musikerberuf und den Konzertbesuchern", in *Das Konzert. Neue Aufführungskonzepte für eine klassische Form*, ed. Tröndle, transcript Verlag, Bielefeld, pp. 61-83.
- Gläser, J., Laudel, G. (2006) *Experteninterviews und qualitative Inhaltsanalyse*. VS Verlag für Sozialwissenschaften, Wiesbaden.
- Smudits, A. (2008) "Soziologie der Musikproduktion", in *Musikrezeption, Musikdistribution, Musikproduktion. Der Wandel des Wertschöpfungsnetzwerks in der Musikwirtschaft*, eds Gensch, G., Stöckler, E., Tschmuck P., Gabler, Wiesbaden, pp. 243-261.
- Swedberg, R. (2006) "The cultural entrepreneur and the creative industries: Beginning in Vienna", *Journal of Cultural Economics*, vol. 30, no. 4, pp. 243-261.
- Weisberg, R. (2010) "The study of creativity: From genius to cognitive science", *International Journal of Cultural Policy*, vol. 16, no. 3, pp. 235-253.
- Williams, M. J. (2005) Making both ends meet: A critical perspective on becoming an artist in the new cultural economy. Available at: <https://researchspace.auckland.ac.nz/handle/2292/3457> (14 May 2012).
- Wilson, N. C., Stokes, D. (2005) "Managing creativity and innovation: The challenge for cultural entrepreneurs", *Journal of Small Business and Enterprise Development*, vol. 12, no. 3, pp. 366-378.

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

Carsten Winter⁸

Abstract

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

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

1 Introduction: The media prosumer as the new strategic challenge

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

⁸ Carsten Winter is Full Professor for Media and Music Management at the Department of Journalism and Communication Research (IJK) at Hanover University of Music, Drama and Media (<http://www.ijk.hmtm-hannover.de/>). The author would like to thank the following colleagues for their comments on an earlier draft: Christopher Buschow, Dennis Collopy, Christian Handke and Daniel Nordgard.

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

Communication and media studies consider music to be a form of communication within its process of production, allocation, perception and use. For ordinary people, usually referred to as consumers by the music business, new media in this sense are the new means of overcoming the uncertainties in communication, the fundamental problem of mediated communication (Luhmann 2001). To overcome these uncertainties between people and music or artists, firms have produced ever more media. Normal production ensures proximity to markets and profits follow. However today, much closer relationships between the artists and fans are made possible, without the intermediation of the traditional music business, through network media such as Last.fm, YouTube, Spotify or SoundCloud and less frequently via electronic media⁹ such as

⁹ Communication and Media Science historically distinguishes between four dominant groups of media with regard to the respective technology. The oldest group is the Primary or Role Media dealing with fundamental media roles ("minstrels", "prophet", "priest" etc.) and institutions such as the "theatre". Here public communication takes place without the use of technology. Print or Secondary Media such as "books", "newspapers" or "magazines" require technology for the production

radio, records or MTV. Such developments have enhanced the transition from a push music culture, in which the few produce for the many, to a networked pull, or on-demand, music culture in which increasing numbers of people participate in networks where they share, post comments, publish and even produce music by themselves.

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

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

Competition based around industrial strategic foresight and a new focus on value creation activities come closer to strategic research, when the music economy is seen as a media economy, and therefore closer to media development research. Research on strategy, in contrast to economics, holds that knowledge of that which will be important in the future economy is the central criterion; for example, the cause and effects of media development and the new possibilities brought about by their use. A glimpse into history shows how the development of new

of public communication and culture; electronic or tertiary media such as "cinema", "records", "radio" or "television" require additional technology for their reproduction. The new digital networks or Quaternary Media require additional transmission technology and software. The medium is not the "Internet", which is comparable to radio waves, but specific equipment, upon which services within a framework of communication-generalized expectations exist such as YouTube, Facebook etc. They do not however differ through their being "social". All media are social.

print media such as sheet music, music books or books of lyrics followed by electronic media like radio, records and television opened up substantial new music markets, as shown in studies in research on innovation and creativity in the music business (Tschmuck 2012).

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

2 Media development and the transformation of music culture

The music industry was impacted sooner than other industries by the challenges posed by the development and availability of new media opportunities brought about by the digital revolution. Ever since Shawn Fannig first developed his digital network medium Napster for music exchange in 1998, media such as Last.fm (2002), MySpace (2003), Face-

book (2004), YouTube (2005), Spotify (2006) or SoundCloud (2007) have become well established. Their importance as media for creating music value can only be properly understood when seen as the means of production. Currently it is not only firms and large public organizations that have music and media at their disposal but increasingly ordinary people who employ media as their means for creating value for friends and relatives and others. The many, diverse consequences of these developments have brought about unimaginable changes within the legal, technological, economic, social and cultural frameworks and conditions both for music culture and the music industry.

Today, it seems almost trite to say that music has become even easier to get hold of than water. However, the importance of this situation for the future value of music is still unresolved. Although the aforementioned media such as Napster et al. definitely changed the music business as well as its culture, concrete statements about the potential of and prospects for music-related value are difficult to find. Thirty eight interviews¹⁰ were conducted with a variety of selected stakeholders from the Berlin music business as part of a project on their potential and prospects for future creation of value and confirmed that: a strong drive to achieve purely economic value is no longer expected from these stakeholders in the market; instead there are more and more cooperative relationships with and among artists, but most importantly with music fans and those traditionally furthest removed from the music business, such as brand partnerships within the context of media-networked activities. These new relationships are producing new kinds of opportunities. But do they pay?

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

¹⁰ The interviews took place within a research project conducted by the IJK of the Hanover University of Music, Drama and Media for the Berlin Music Commission, in which a model of dynamics of the Berlin music economy was to be developed, in which concrete value creation potential and perspectives were to be identified and developed – compare Chapter 3.

Researching strategic foresight was not (at the time) purely about making money, but about understanding what an artist, a music teacher, music school or even a socialite might potentially do with these new publishing techniques. The transformation of music culture through sheet music was not at the time business-based; none of those involved had ever been a part of the live performance-based culture (Grosch 2010). Media and cultural change is initially a change in public and private, of the cultural and aesthetic, as well as of the social actions and relationships of ordinary people. Therefore, a comprehensive understanding especially of new media activities and relationships is a prerequisite to a better understanding of the transformation of music-related value creation that could help develop strategic foresight for the orientation of future value activities.

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

For the historical reconstruction of strategic foresight and the provision of value creation activity in the context of media development, it is necessary to design an empirical model capable of identifying, describing and differentiating every possible practice as well as their inter-relationship. In this way, it is possible to include thoughts from a variety of researchers from the fields of economic, communication or cultural change such as Karl Marx (1857), Stuart Hall (1981) or Siegfried J. Schmidt (1991). Based around their thoughts and ideas, music can be conceptualized as the overall process of the moments and contexts of its "production", "allocation", "perception" und "use", the sum total of which constitutes "music culture".¹¹ Historically the constantly moving music culture changes when the conditions or processes or their relationship change. Equally when these conditions or processes are different or are

¹¹ I have examined the various concepts introduced here in the sub-processes of culture and communication and later value creations as well as the logic driving it in detail (Winter 2003b, 2008).

substituted, supplemented or completely invented, they can lead to new possibilities in the music culture. That, as will be shown, normally happens, when a new medium is institutionalized through new practices and uses.

Before the development and spread of print media, music culture, from the perspective of media and communication research, was made up of "role media" or "primary media". Those undertaking the Role as primary media provided or carried out, in accordance with the time and society, specific functions (e.g., spreading entertainment such as "rhapsody", "minstrels" etc.). People who carried out the roles served as media because expectations were placed on the role and not on the person performing that role. The roles were represented as part of the system of live performance culture in the places they were performed. Music could be experienced at the same place where it was produced, distributed, perceived and used. Music culture was completely bound by a representational culture, visualized in the model as the arrow. This model emphasises the bias and linearity of production, distribution, perception and use of music within the oral live performance culture¹² (Fig. 1).

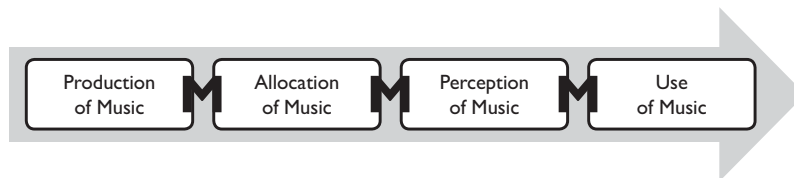


Figure 1: Live Performance music media culture (following Winter 2011: 163).

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

¹² The differentiation between "oral live music culture", "performance music culture" and "recorded music culture" as three phases of the current transformation of music culture follows that of Faulstich (2000).

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

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

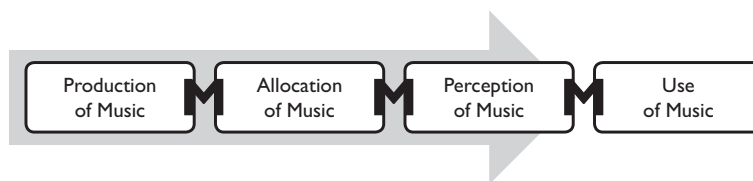


Figure 2: Print media performance music culture (following Winter 2011: 163).

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

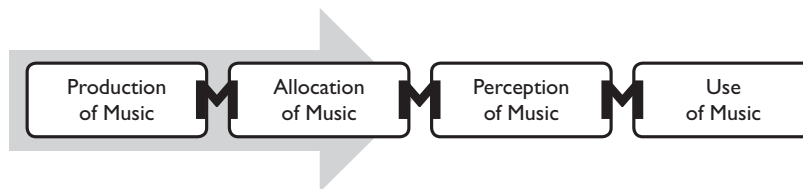


Figure 3: Recorded music media culture (following Winter 2011: 163).

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

This fight for free media brought musicians, businesses and consumers together. The participation of Joan Baez in the civil rights movement and her affiliation with Martin Luther King along with Bob Dylan's association with the anti-(Vietnam) war movement was as much part of the music culture as it was a part of the public persona of the

artists themselves. Both are parts of a vital and open music culture. Purchasing records by their favourite stars also made fans a part of the music culture along with the globally successful music publishers and promoters (see Fig. 4); even so, this era was dominated by record companies (Wikström 2009:49).

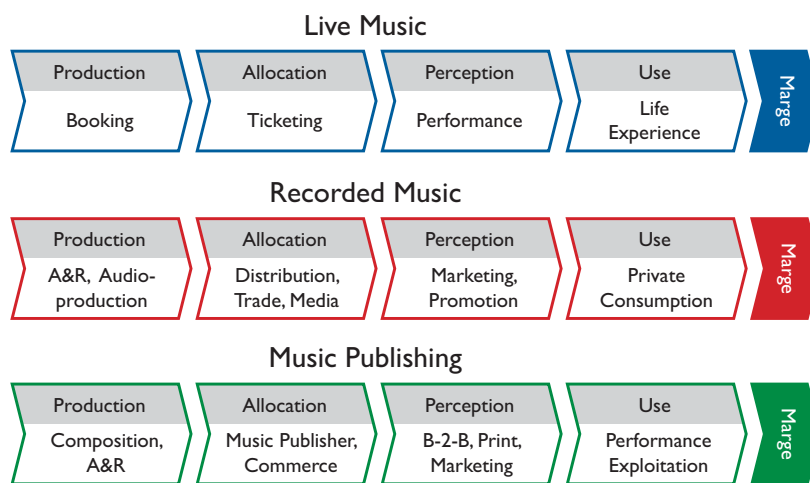


Figure 4: Value creation in the recorded music culture industry.

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

As long as those in the music business owned the efficient means for the production and distribution of music, critics were not a problem for the music industry's main firms. Street trends soon became products to be sold on a global basis. However, music culture became more of a creative challenge for everyone. This was accompanied by the age of

MTV in which pop culture went global and MTV became the most valuable media brand in the world. Despite innovative formats such as "The Real World" running since 1992, however, MTV has since lost its importance for consumers and its global relevance for music, significantly losing out to digital video networks such as YouTube. How did that happen?

3 Music prosumers and new media-networked value creation

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

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

Technologically speaking, as explained in greater detail in the second footnote of this text, the new digital network media not only

require technology to produce and reproduce music, like electronic media, but also software and transmitting technology. This is what opens the scope of action. Raymond Williams has famously shown that the technological form as such does not in itself make a cultural difference (Williams 1974). But a new technological form allows people to create new cultural forms and differences which, if they become a medium of communication, establish new social relations as a basis for new commercial and of course non-commercial activities.¹³ One of the first to present the new scope of action in the recorded music culture was Shawn Fannig. He founded the revolutionary Peer2Peer media Napster in 1998 that disrupted the allocation from the market and enabled greater numbers of people than ever before to trade music. The success of Napster as a new network medium enabled people to publish and network music. It followed that our "push" culture, made available by the few who owned the media as the means of production is evolving into a "pull" or on-demand music culture¹⁴, challenging anew every classical linear value creation of culture or music (cf., Winter 2011).

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

¹³ The unfolding of this cultural difference follows the development of a technology into a medium in relation to complex processes (Dürrenberg & Winter 2011), that are not easy to comprehend. It is a process of mediation between the developments of a cultural form of a media within and between the processes of production, allocation, perception and use of, in this example, music. The process will become, as shown in historical reconstruction, more elaborate with the development of every new medium that makes these processes more independent.

¹⁴ The now common use of the terms "push culture" and "pull culture" or "on-demand culture" stem from James Lull (Lull 2002; 2007 discussed in Winter 2009; 2011)

new media "pull" culture forms of the new networked "on-demand" media music culture are understood by very few. Indeed the owners of new media as owners of the new means of production are transforming the music economy. This is why we are only seeing a very limited range of adequate new business models (see in detail Winter 2011a).

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

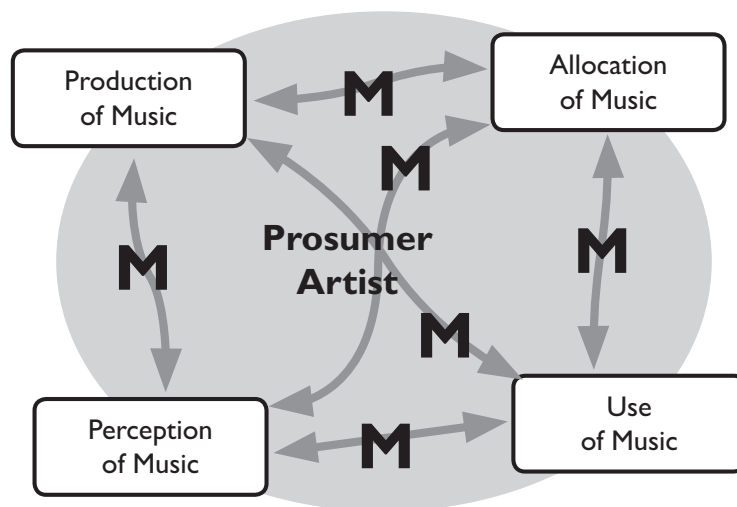


Figure 5: Media networked on-demand-music-culture

Because the same means are now available to everyone (as identified by the TIME magazine), YouTube and other digital networked media

have enabled individuals to become producers, publishers and creators and TIME declared "You" in the year 2006 as their Person of the Year.

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

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

C.K. Prahalad and V. Ramaswamy (2004) reformulated this complex challenge productively through enabling the co-creation of companies with their clients as the company's aim. Here they were first to see the change from a push to a pull strategy with an authoritative reference to Napster (ibid.: 35-37). However their strategic starting point is the con-

sumer, who are no longer what they used to be¹⁵ and they had not yet conceived the notion of consumers becoming value creation partners with the means of production at their disposal. They postulated that managers must think as "consumers" (ibid., 155-170) and meet consumers directly to define value efforts together. However, consumers remain consumers. As professors of management, their line of reasoning was very much from a corporate perspective. Even Gary Hamel's claim that management innovations were central to strategic reflection changed nothing, despite his claim using Web 2.0 management network media as its focus. The best way to understand the new roles of consumers as well as the associated value creation potential and perspectives is through Charlene Li's and Josh Bernoff's "Groundswell" (2008), because they reflect strategically on what ordinary people can do with the new media. Their orientation centred on the basic media science question: What do people do with media?

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

¹⁵ "The most basic change has been a shift in the role of the consumer - from isolated to connected, from unaware to informed, from passive to active." (Pralhad&Ramaswamy 2004:2)

"connection" are unfortunately not elaborated, defining "connection" without any reference to new digital network media somewhat imprecisely as "involvement": "Each step on the ladder represents consumer's greater involvement in the groundswell than the previous steps." (ibid.: 43).

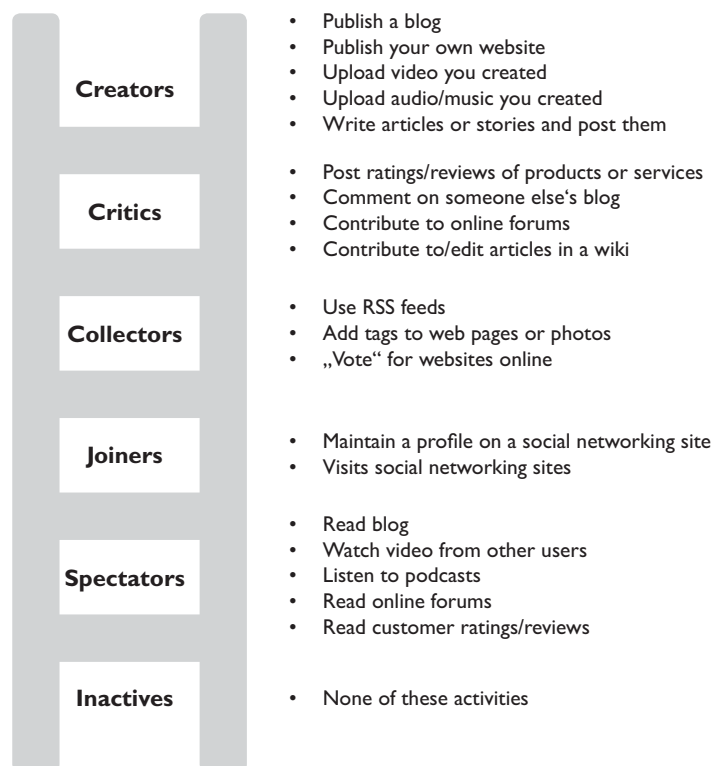


Figure 6: The Social Technographics ladder (Li & Bernoff 2008:43).

Despite the different role signifiers on the tech ladder of Li & Bernoff, people remain "consumers", and this is unfortunately not completely thought through. This weakness can, however, be easily remedied. The tech ladder is a good way to better understand the way

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

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

activities already constitute the new digitally media-networked on-demand music culture.

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

A project of mine designed to research the potential for new value strategies for the Berlin music economy showed the dynamics of active prosumers. Apart from the previously mentioned new network media, clubs also play a large role in Berlin. In conjunction with network media like Facebook, using smart phones as the main device, they create a new media immediacy that is becoming the new basis for connected value creation. It would seem that fans, as indicated in the interviews, drive and shape not only virtually but also the "real" commercial music

economy as active new forms of value creation. These occur, when not only their network activities but also their artists or musicians are skilled. They appeared to be the driving force not only of their music culture but also of the music economy and as a result of both the live and record industry prospers dynamically on both ends of the value creation scale. Apparently, going up the tech ladder is also relevant for artists and other people within the music economy. To profit from developing these skills, one has to learn that this is transforming existing relationships so that fans (formerly mere consumers) can and will become partners in value creation, establishing another meaningful relationship for both. But still some people in the music economy wish to see prosumers only as market consumers. The artists on the other hand may see this differently for economic, social, cultural or aesthetic reasons, if they can, in the end, profit more from relationships with their fans than with the music companies.

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

One interviewee, a Berlin DJ, who saw himself as a "musician" and not as an "artist", gained ever growing economic and also social and cultural value in networking with his fans. They contribute in various ways to his overall value creation. Their networking with him is a powerful empirical example for Castells' notion that the potential of the new media networks related to markets is that within them there is almost always something of value to exchange: which is much more than about money, the only medium which allows exchange on offline markets (Castells 1996, 2002, Benkler 2006, Winter 2006 & 2011a). In the new digital media constituted networks, everything which can be exchanged is of value. This discovery, which unfortunately cannot be

elaborated upon here, is of central importance for the further development of strategic foresight and the orientation of future value activities – of prosumers, but also artists and music business people. It was beneficial in our research project to be able to distinguish between publicity or distribution activities and that of co-operation. They were significant not merely analytically as different steps on the ladder, but as activities that brought about change in a future of the institutionalised system logic of the commercially constituted recorded music culture. When ordinary people can publicise something which they have never been able to do before, this leads to innovation in the music culture publicity system. When these same people, who are explicitly not part of the market, suddenly begin to distribute, then it changes not only the distribution, but also the allocation. And when these people also cooperate with those who have made this possible for them, then not only do these ordinary people become prosumers, but the entire value creation processes and production relationships change – a little more with every bit of cooperation.

To be in a position to understand the scope of these small activities, we need a model spanning future value creation to show this dynamic. Even though the activities of prosumers in the network of the electro-DJs do not change music culture or music market, they do inherently change the value creation of those interviewed in which they present an expanding and more lucrative part of the music economy that is not impacted by the traditional music market. All of those interviewed assumed that in the future a large section of their fans would definitely, in some way, increase their future value creation. In addition, because all musicians or artists wanting to increase their skills in dealing with network media expected further new network value creation potential and possibilities, it seems plausible to anticipate that this opportunity (as shown in Fig. 7) could be a part of the future reality. This graphic shows how electro-DJs, independently from the main music market, create publicity through promotional activities in their network and that fans, as prosumers, help the electro DJs achieve this goal by creating publicity for them or sharing tracks that are in turn shared by others:

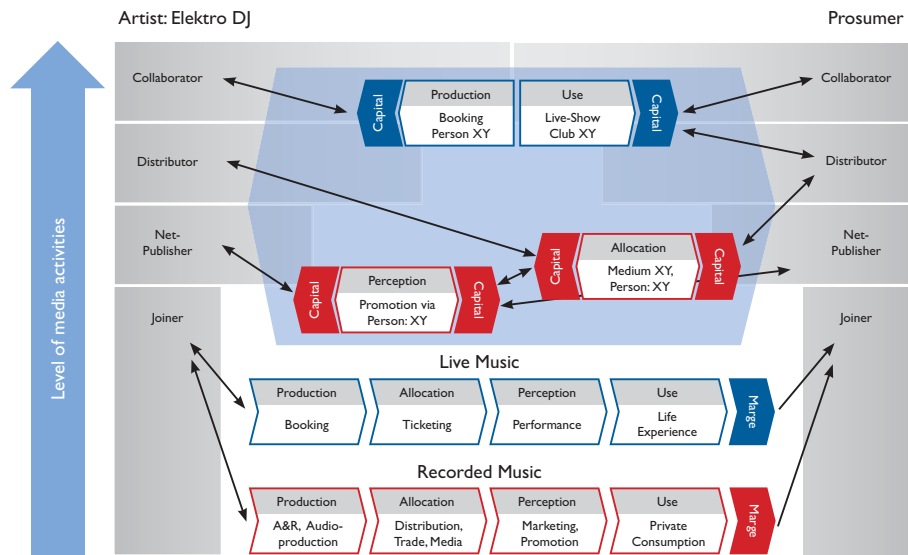


Figure 7: Open networked value creation (following Winter 2011).

What makes these activities novel is not that they are happening but that they are increasingly better planned and more commercially successful. This can be seen from the DJs profiting a lot from an increase in their reputation and profile. They are able to sell more tracks, get bookings for more gigs and their fans also play an important role as prosumers by, for example, taking over specific functions. This is shown clearly through the fact that the majority of bookings of the DJ interviewed is no longer done through his agent but by his fans as prosumers. Fans, from all over the world, can ask him if he would be interested in doing a gig in their city because they have seen how other fans have been able to make the organisation of such gigs possible - with facebook! The advantages of networked economies are obvious. Clearly, transaction costs can be reduced and gigs organised more cheaply without a market intermediary. But that is only one advantage of networked economies that we are only now beginning to understand. From the perspective of the prosumer, there could be other advantages

from networked economies that are even more important to them than what has been mentioned so far. They have the means of production at their disposal that generally allow them to participate in value activities of musicians, not, however, in the manner of a traditional business figure but as fans of a musician, artist or even of a special club. The networked media-based on-demand music culture already shows a greater scope for potential than every other music culture before.

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

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

exclusively for music clips or through supporting new networks in the music culture and music economy.

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

prosumers and musicians or artists, from which they have been excluded, as long as they continue to direct their value creation efforts exclusively towards the market.

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

In the long term, this barrier is less of a problem for prosumers than it is for the key figures in the music business. It prevents them from monetising the number and quality of socially innovative prosumers, from which they could profit, if both the music culture and the music economy could seriously work together towards establishing a more optimal and healthier economy. As more consumers become prosumers, companies will have to involve themselves more with social innovations. Many of them will not be from the music industry such as those who start funding music through crowd funding or helping club owners to establish clubs in neighbourhoods in which they could, as some do, for example, develop ideas for noise and refuse management. As always in the history of music, new media offer, as a new means of production,

new potential and prospects for new creation of value for those who use them to innovate socially. This article has hopefully increased the potential for strategic foresight; at least it has placed the role of the development of media as the means of production and their use in historical perspective and has conceptually reconstructed them in the context of the evolving system of music culture and the music industry. The new dynamic of the latter, to the extent it is less about markets than a networked post-capitalist music business, can be explained through the models provided in this article.

5 References

- Benkler, Y. (2006) *The Wealth of Networks. How Social Production Transforms Markets and Freedom*, Yale University Press, New Haven and London.
- Berman, S. (2004) *Media and Entertainment 2010. Open on the Inside, Open on the Outside: The Open Media Company of the Future*, IBM Institute for Business Value Future Series Report.
- Buschow, C. (2012) *Strategische Institutionalisierung durch Medienorganisationen. Der Fall des Leistungsschutzrechtes [Strategic institutionalization by media organizations. The case of the ancillary copyright]*, Herbert von Halem Verlag, Köln.
- Castells, M. (1996) *The Rise of the Network Society*, John Wiley & Sons, New York.
- Castells, M. (2003) *The Internet Galaxy: Reflections on the Internet, Business, and Society (Clarendon Lectures in Management Studies)*, Oxford University Press, Oxford.
- Coase, R.H. (1988) [1937] "The Nature of the Firm, in *The Firm, the Market and the Law*", in *The Firm, The Market and the Law*, R.H. Coase, The University of Chicago Press, Chicago and London, pp. 33-55
- Faulstich, W. (2000) "Musik und Medium. Eine historiographische Skizze von den Anfängen bis heute", in *Medienkulturen*, W. Faulstich, Wilhelm Fink Verlag, München, pp. 189-200.
- Grosch, N. (2010) *Musik in der Gutenberg-Galaxis. Zu den offenen Grenzen eines Musik-kommunikativen Systems*, in *MusikTheorie - Zeitschrift für Musikwissenschaft*, vol. 24, no. 4, pp. 291-299.
- Hamel, G. - with B. Green (2007) *The Future of Management*, Harvard Business School Press, Boston, Massachusetts.

- Hamel, G. & Prahalad C.K. (1994) *Competing for the Future*, Harvard Business School Press, Boston, Massachusetts.
- Handke, C. (2010) *The Creative Destruction of Copyright. Innovation in the Record Industry and Digital Copying*, Erasmus University Rotterdam.
- Hepp, A., Krotz, F., Moores, S. & Winter, C. (2008) *Connectivity, Networks and Flow. Conceptualizing Contemporary Communications*, Hampton Press, Creskill NJ.
- Kaufmann, K. & Winter, C. (2012) "Gewöhnliche Leute als Unternehmer ihrer eigenen Popkultur. Warum in der Popkultur Leute strategischer und Unternehmen taktischer werden", in *Gravitationsfeld Popkultur. Produzenten Reflektoren Nutzer Karten: Fragen an eine verfügbare Zukunft*, eds. U. Breitenborn, T. Düllo & S. Birke, transcript, Bielefeld (to be published in 2012).
- Kretschmer, M. & Hardwick, P. (2007) *Authors' earnings from copyright and non-copyright sources: A survey of 25.000 British and German writers*, Centre for Intellectual and Property Policy & Management, Bournemouth University.
- Lange, B. (2007) *Die Räume der Kreativszenen. Culturepreneurs und ihre Orte in Berlin*, transkript, Bielefeld.
- Li, C. & Bernoff, J. (2008) *Groundswell. Winning in a World Transformed by Social Technologies*, Harvard Business Press, Boston, Massachusetts.
- Luhmann, N. (2001) "Die Unwahrscheinlichkeit der Kommunikation", in N. Luhmann, *Aufsätze und Reden*, Philipp Reclam jun., Stuttgart, pp. 76–93.
- Lull, J. (2002) "The Push and Pull of Global Culture", in *Media and Cultural Theory* eds. J. Curran & D. Morley, Routledge, London and New York, pp. 44-58.
- Lull, J (2007) *Culture -On-Demand. Communication in a Crisis World*, Blackwell Publishing, Oxford et al.
- Marx, K. (1958) Einleitung. I. Produktion, Konsumtion, Distribution, Austausch (Zirkulation) – Rohentwurf, in Marx, K. *Grundrisse der Kritik der politischen Ökonomie*, Europäische Verlagsanstalt, Frankfurt a.M., pp. 4-31.
- Mulgan, G. - with Tucker, S., Ali, R. & Sanders, B. (2007) *Social Innovation. What is it, why it matters and how it can be accelerated*. Working Paper, Skoll Centre for Social Entrepreneurship.
- Porter, M. E. (2004) [1985] *Competitive Advantages. Creating and Sustaining Superior Performance* (revised edition), The Free Press, New York.
- Porter, M. E. & Kramer, M. R. (2006) *Strategy and Society. The Link between Competitive Advantage and Corporate Social Responsibility*, in *Harvard Business Review*, December, pp. 78-92.

- Potts, J., Hartley, J., Banks, J., Burgess, J., Cobcroft, R., Cunningham, S. & Montgomery L. (2008) "Co-creation and Situated Creativity", *Industry and Innovation*, vol. 15, no. 5, pp. 459-474.
- Prahalad, C.K. & Ramaswamy V. (2004) *The Future of Competition. Co-Creating Unique Value with Customers*, Harvard Business School Press, Boston, Massachusetts.
- Renner, T. (2004) *Kinder, der Tod ist gar nicht so schlimm. Über die Zukunft der Musik- und Medienindustrie*, Campus-Verlag, Frankfurt am Main.
- Schumpeter, J. (1997) [1911] *Theorie der wirtschaftlichen Entwicklung. Eine Untersuchung über Unternehmerrgewinn, Kapital, Kredit, Zins und den Konjunkturzyklus*, Duncker & Humblot, Berlin.
- 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.
- Tofler, A. (1970) *Future Shock*, Random House, New York.
- Tofler, A. (1980) *Die Zukunftsschance. Von der Industriegesellschaft zu einer humaneren Zivilisation* (engl. *The Third Wave*), trans. C. Rost & T. Lohmeyer, C. Bertelsmann Verlag, München.
- Tschmuck, P. (2011) *Innovationspotenziale für Musikschafter und ihr Management*, in: *Musik. Neue Töne der Musikwirtschaft (White Paper)*, eds. departure & P. Tschmuck, pp. 24-26.
- Tschmuck, P. (2012) *Creativity and Innovation in the Music Industry* (2nd edition), Springer, Berlin & Heidelberg.
- Wikström, P. (2009) *The Music Industry: Music in the Cloud*, Polity Press, Cambridge, UK.
- Williams, R. (1961) *The Long Revolution*. Pelican Books, Harmondsworth.
- Williams, R. (2003) [1974] *Television. Technology and cultural form*, eds. R. Silverstone, Routledge, London & New York.
- Winter, C. (2003) "Das »Medien-Kulturen-Konnektivitäts-Modell« - Ein kulturtheoretischer Beitrag zur Entwicklung von Kommunikationstheorie und -forschung", in *Kulturwissenschaft als Kommunikationswissenschaft. Projekte, Probleme und Perspektiven*, eds. M. Karmasin & C. Winter, Westdeutscher Verlag: Wiesbaden, pp. 313-341.
- Winter, C. (2006) "Medienentwicklung und der Aufstieg einer neuen Beziehungskunst", in *Konvergenzmanagement und Medienwirtschaft*, eds. M. Karmasin & C. Winter, W. Fink (UTB), München, pp. 183-216.

Winter, C. (2011a) "Von der Push- zur Pull-Kultur(-innovation)" in Social Media im Kulturmanagement. Grundlagen. Fallbeispiele, Geschäftsmodelle, Studien, eds. K. Janner, C. Holst & A. Kopp, mitp, Heidelberg, pp. 149-189.

Winter, C. (2011b) Die Berliner Musikwirtschaft in der Momentaufnahme. Vernetzte Entwicklungen, neue Chancen und gesamtwirtschaftliche Bedeutung, in Musik. Neue Töne der Musikwirtschaft (White Paper), eds. departure & P. Tschmuck, pp. 74-77.

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