

The Political Economy of the Music Industry: *Its Rise and Stall*

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This paper reflects on an empirical investigation into the interacting technological challenges facing the global popular music industry ('pop').¹ Though primarily based on qualitative research, the current work has implications for understanding the industry's highly integrated and complex business methods. Significant recent changes experienced by the industry are identified. I focus broadly on digital technologies which have raised questions about the future of the industry's current organisational structure and processes both in terms of *input* (creation of music products in their commodified form) and *output* (access and consumption of music products). I argue interconnected illegitimate and legitimate technological challenges are at play suggesting re-organisation is occurring multidimensionally. The purpose of this paper is to explain how these interacting forces have challenged the traditional industry.

From the inter-war period in America, and from the 1950s onwards in the rest of the world, capitalism has shifted from a production capitalism based on reason and the organisation of resources, to a consumption capitalism (sometimes called 'late capitalism') based on affective pleasure (Stratton 1989, 31). One of the greatest examples of this modern post-war boom has been the birth of the international pop music industry.

Music occupies a special position in capitalist society because the creation of popular musical commodities is irretrievably a site of struggle (Bloomfield 1991, 80). Attali regards music as prophetic, 'its styles and economic organization are ahead of the rest of society because it explores, much faster than material reality can, the entire range of possibilities in a given code' (1987, 11). Interestingly, music as a complex form of communication and expression has existed for millennia, yet its value to be recorded and sold as a commodity is relatively new (less than 100 years).

¹Based on research findings by the author which form part of a doctoral thesis (to be submitted through the School of Political Science & International Studies, University of Queensland on or about September 2004). Further details of propositions, methodology, rationale and research findings are available on request.

However, recent digital technologies have raised questions about the future of the industry's current organisational structure and processes. Indeed a review of two key industry trade publications (*Billboard* and *Music & Copyright*) reveals the past three years have witnessed unprecedented losses. Accessible reproductive technologies, computer and internet technologies have been identified (blamed) for these disruptions and the subsequent drop in revenue, and data released by key organisations suggests music *piracy* is the problem. Combined with internet downloads, the industry's politico-legal representatives estimate music piracy now costs the industry in excess of \$US5 billion (see especially International Federation of Phonographic Industry (IFPI) 2003, and Recording Industry Association of America (RIAA) 2002). The illegitimate challenges are self-explanatory and form the bulk of current debates concerning the future of the industry, however they do not adequately explain a fall in global music product revenue.

A possible explanation for the dilemma is that various factors have contributed to disorganisation in an interconnected manner. Rather than attributing the 'shakedown' to any specific event or development, it may be that a combination of factors are at play. This paper argues in addition to technological challenges to finished products (the *output* arm), new and emerging alternative modes of production at the *input* stage have caused fragmentation within the industry. These developments have diluted the traditional (commercial) value music products possess because these practices do not subscribe to the dominant mode of production enforced by the major controllers of the industry. None of these phenomena should be viewed as isolated events.

This paper does not present an in-depth examination of the research data. Rather, its

purpose is to juxtapose significant research findings with key observations made in the literature. This paper argues that in recent years, the sound carrier (and publishing) component of the industry (essentially the bulk of the industry) has experienced disorganisation via multiplatform technological developments and will continue to do so. This disorganisation has led to a significant decrease in profits for the *majors* who are the major stakeholders in the industry. Recent digital technologies, therefore, have raised questions about the future of the industry's current organisational structure, processes and practices. The research suggests the state of the industry is far from harmonized. This has significant implications for arguments concerning the democratization of music, and the autonomy of the commodification of music as a fundamental cultural and socio-economic process.

I Repeat - Therefore I am: The Creation of the Status Quo and the Rise of the Music Magnates

A review of the literature reveals research into pop music, its political economy and culture is usually divided into specific categories, namely: the role of the majors (major record companies, independent labels, marketing and publishing) (Wale, 1972 and Stratton, 1983), the making and cultivation of pop stars (Frith, 1997 and Longhurst, 1995), technological inroads into music recording and production techniques (Negus, 1993 and Frith 1992), counter-culture, political subversion and the general politics of musicians (punk movements, rock concert benefits and political defiance) (Mabey, 1969, Frith 1986 and Jones, 2000); and independent musical identity in emerging scenes such as Techno dance music and raves (the drug culture and dance parties) (Thornton, 1995 and Poschardt, 1998). What is generally missing from the debates is a thorough analysis of the impact technological advancement has made

in the entire pop commodification process - essentially, the political economy of the industry as an 'organic whole'.

Pop music is a term used in this paper to explain music commodification as a process that is driven by the need to maximize profit, and reward commercial enterprise (Frith, 2001). The production process is precise and formulaic (the 'pop formula'), however the prospects of successfully commercially exploiting music products are overwhelmingly low because 'hit making' is primarily based on cultural gambles. Attali explains 'when observed from the outside, the music business appears as an ordinary consumer industry, yet it is a strange industry on the borderline between the most sophisticated marketing and the most unpredictable of cottage industries' (1985, 102-103). However, by identifying, controlling and organising the key players in the industry, the majors attempt to organise music as a product more effectively in a bid to minimise unpredictability.

On a macrolevel, the 'industrialization of music' is organised mainly by a) majors, b) labels (entities - often subsidiaries or licensees of the majors), and c) 'Indies' (independent labels). Because the first two entities are inextricably linked, the reality is that on a global scale the multinational majors control most of the industry. These transnational few are responsible for 90% of the US music market (by far the largest market); and between 70-80% of the world-wide music market (Brown 1997, 80). In 2004, this oligopolistic 'exclusive club' consisted of the following conglomerations: a) Vivendi (*Universal*), b) Sony Corporation (*Sony*), c) Thorn-EMI (*EMI-Virgin* after demerger in 1996), and d) Bertelsmann Group (*BMG*). One independent major now

exists – Warner (after the Time Warner Group sold it to an independent consortium in 2003 (on condition)). Together, these five form the core of the industry which constitutes nothing more than a highly concentrated, vertically and horizontally integrated business (for a similar description of the motion pictures industry, see Canterbury and Marvasti, 2001).²

Throughout the past 100 years, the industry has come to be characterised by three major factors: a) heavy concentration, b) organisational integration and c) acceptance of specific technology. Upon acquisition and consolidation, the majors enjoy success primarily because their respective internal structures are integrated successfully. Generally speaking, the industry is relatively homogenized on a global scale in order to maintain the above *status quo*. This concentration of power is quite extraordinary considering the sales (and related publishing) component of the industry is probably worth in excess of \$US42 billion world-wide (excluding live concert revenue and related merchandising) (based on a statistical review of the trade publication *Music & Copyright* for the year 2003). Overall, however, it is difficult to determine exact figures because accounting methodologies are inconsistent throughout the industry, and a great deal of questionable royalty calculation methods exist (see Kretschmer, Klimis and Wallis, 1999). Suffice to say, the music industry is big business; characterized typically by the representation of a few major players.

Pop music commodification is a unique business in that one creator cannot be substituted by another, and it is the intellectual property component in the product that

² Indeed earlier this year a merger between Sony and BMG was provisionally sanctioned by the European Union. If the regulatory authority in the United States sanctions a similar prospective merger, then only four major players will essentially dominate the global industry.

makes music production so multifaceted. When these creators have their music released they create a 'temporary monopoly' during their careers (that is, there is only one *Madonna* or *Michael Jackson*, but there are various styles of pop). For this reason, labels are created to 'trade mark' or brand a specific creator or specific genre. Each label possesses its own unique products, and two companies cannot share the reproduction of the same product. Creators may leave one label and go to another, but a great amount of energy is spent in terms of marketing practices to ensure that the industry does not suffer from weak product differentiation. In this regard, competition amongst the majors is fierce in terms of signing the next 'big thing'. But a statistical analysis of any chart compilation reveals successful signings are relatively rare, and in reality 'song lotto' does not pay off (see especially *Billboard's* charts).

It is important to further distinguish musical product diversification in terms of a) its real or tangible form (material), and b) its intangible or proprietary form (copyright). As for the former, it is evident that music's material form changes subject to each successive wave of format development. These formats are typically designed by the manufacturing arms of the majors. It is for this reason comprehensive vertical integration in a major record company consists of downward or "downstream" integration whereby the company includes the following stages in the production of pop music: a) offer the creator a recording contract (the best result would be to secure assignment of as much copyright as possible), b) offer the creator an in-house recording studio in order to record the master, c) use its pressing plant to press (manufacture) the CDs, and d) distribute the finished product to the retail outlets.

Copyright remains constant throughout this process, and it is the copyright control that permits the majors to reorganise the musical product in successive waves of format developments. Copyright should be regarded as the nexus between the industry's vertical and horizontal organisation. It is argued the industry is particularly unique in that it is also heavily horizontally or 'laterally' organised in a bid to stay in tune with cultural developments so it can capture, exploit or even create popular socio-musical movements. For example one purpose of horizontal organisation is to sign as many influential artists and/or composers in order to control as much intellectual property (IP) (including back catalogues) as possible. This is why the modern industry is traditionally a highly integrated and complex business that centres around sophisticated management and appropriation of intellectual property (namely copyright) for repeated exploitation for decades after its initial acquisition. Grafton-Green (quoted in Fleming 2000) correctly points out 'After all if you can't secure copyright you can't secure revenue, without which there will be no possibilities for reinvestment in the industry' (2000, 33). This is why the majors usually insist this intangible property be *assigned* from music creators or Indies. It is for this reason music publishing is an essential element in the process of horizontal music integration.

In the light of the above macrocosmic environment, this research explores both the tangible and intangible interaction between output and input. As creators and entities are involved in a mutualistic or symbiotic relationship in order to form an exploitable product, these parties invariably align themselves with one another in order to get the product to the consumer. As producers, both parties rely on *distinct* technologies to perform their respective obligations.

Historically, in terms of technological access and use, the delineation between these two groups has been well defined: the former relied on technologies associated with music creation whilst the latter depended on improved technologies associated with music reproduction and distribution (exploitation). Furthermore, consumers have also been traditionally separated from the production process (see especially Longhurst, 1995). New technologies have blurred some of these boundaries. This research focuses, therefore, on two overriding themes: a) the illegitimate challenge and b) the legitimate challenge to the industry. Both are inextricably linked through technological advancements, and consequently, neither should be viewed as a single contributing factor to the current state of play.

Research Propositions and Design

The approach involves taking into account the interacting technological, individual, societal and economic influences at work in and around the industry. The central question guiding this research asks *what will be the effect of such technologies on the future organisation of the music industry?* This question may be further elaborated as follows:

- a) What has been the impact of cheap and affordable technologies, for example Personal Computers (PCs), music-related software and the internet?
- b) What will be the significance of Intellectual Property Rights (IPRs) (especially copyright) in the future organisation of music as a product?
- c) How will the industry and its products be organised in the future?
- d) What will be the future of the majors and;

e) How are the key players likely to respond to these changes?

These questions have been formulated as a series of propositions drawn from the relevant literature and published research findings. The overall proposition maintains that new technological developments in the music industry have reached the point that this traditionally centralised industry is now being challenged by technologies capable of destabilising, decentralising, fragmenting and possibly revaluing it beyond its current commodified dimension. The specific propositions are summarised below:

- Proposition One: *Music reproduction technology used for various illegal purposes has significantly impacted the majors in terms of copyright protection;*
- Proposition Two: *Technological developments in the field of multi-media products and subsequent diversification have caused consumer loss of interest, distraction and/or dissatisfaction in music products per se;*
- Proposition Three: *Music (and other) technologies for composition, recording, distribution, marketing and exposure have increased the bargaining power of original intellectual property holders who wish to work with the majors;*
- Proposition Four: *New technologies for music distribution, marketing and exposure have created a viable alternative for those who are not directly aligned with the majors or who do not wish to work with them.*

The current research framework has been conceptualized in terms of music industry and innovation typologies. In examining these typologies and testing these propositions, the research methodology involves the collection of both quantitative and

qualitative data. I also deemed it necessary to corroborate where possible the primary qualitative data.

- Primary Approach

Quantitative Data: Official sites of the majors' representative bodies such as IFPI and RIAA were extensively accessed. *Billboard* and *Music & Copyright* were relied upon for statistical updates, and to substantiate and corroborate key observations.

Qualitative Data: Semi-structured interviews with key players in the music industry: Over a five month period in 2003, 20 interviews were conducted. Specific key players were selected deliberately in order to gain their particular views. The overall objective was to gain from each interviewee an in-depth perspective of a dynamic industry. Core representatives were sourced from the following groups predominately from Australia and the United Kingdom: i) Large multinational music firms; ii) Copyright collecting societies; iii) Industry associations and organisations; iv) Independent labels; v) Creators signed to majors and Indies, and independent creators; vi) Music journalists and editors; and vii) Other relevant players (retailers, radio DJs, and entertainment lawyers).

It should also be explained that generally speaking, interviewees within the majors' hierarchy were relatively difficult to approach for the purpose of an interview, and I experienced some apprehension and sensitivity when attempting to contact them. This was also experienced by radio producer Tim Ritchie who explains in his report on the music industry, 'The way the major labels are going to respond to the new

technologies is a very sensitive issue, so sensitive only one executive from inside agreed to talk...about the industry and only then on the condition of anonymity' (2001).

- Secondary Approach

Corroboration of Qualitative Data:- examination of interviews made by industry players: In addition to the 20 primary interviews, 50 transcripts accessed from various public sources were analyzed. Indeed some of the de-identified interviewees also feature in these. *Personal reflections on qualitative data - general observations made as a participant in the industry:* I have also relied on, at a residual level, some personal experiences to reflect on recent developments. My unique position as observer of the industry includes: full-time writer member of the Australasian Performing Right Association (APRA)³, and music lawyer.

The research has both theoretical and applied significance. The overriding themes are concerned with the impact technology has made on the industry specifically, and to what extent new technologies impact on the political economy of the traditional (corporate) music industry generally. These powerful technological phenomena are explained by the comprehensiveness of the model adopted in this research. The model incorporates various factors, and gives an account of how each interaction impinges on the other in order to explain a significant cultural phenomenon; namely the complexities of music product organisation.

³ I was a founding member of Techno act Bass X/Base-X (1991-1997) (see C. Spencer, Z. Nowara and P.McHenry (5th Edn) (2002) *Who's Who of Australian Rock!*, Melbourne: The Five Mile Press: 26; and Australasian Music Industry Directory (1997) (18th Edn), Sydney: Immedia: 188 .

Key Findings: *Implications*

The following table explicates the general research findings, and specific findings as they relate to the propositions follow. Generally, an analysis of the data revealed consistent annual drops in revenue of nearly 10% from 2001 to 2003. Some of the findings alluded to typical industry downsizing and corporate behaviour associated with mergers and acquisitions as possible reasons for the drop in revenue. However these drops could not be attributed to typical frictional or transitional factors that usually relate to corporate restructuring.

Compromised Output: *Devaluing the Price of Music via Technology*

In this research, I revisited the issue of illegality in the form of Proposition One. The data confirmed the proliferation of digital piracy in terms of CD replication and MP3 downloading have resulted in significant overall losses to the majors. Firstly, the interview data confirmed illegitimate music consumption is a growing facet of the industry. Statistically this was positively affirmed by the quantitative data. Indeed, despite prosecutorial and educational campaigns endorsed by the majors, consumers continue to access music illegally.

Secondly, the data revealed illegitimate consumption was multifaceted and ranged from access to products due to highly organised criminal activity to one-off individual access ('home taping'). The high price of CDs, generally, set by the majors through their representatives was a common explanation for the rationale behind

illegal music consumption. The data also confirmed the internet has cultivated a perfect environment for illegally swapping and downloading MP3 music files especially through the use of P2P technology.

Table 1: Summary of Findings

<i>General</i>	<i>Illegitimate</i>	<i>Legitimate</i>
In the past three consecutive years majors have posted substantial losses in terms of profits and overall loss of revenue from the sale of music products (sound carrier sales) (10% since 2001)	Much of the data attributes CD piracy as the most significant and direct contributing factor to these losses. Piracy is multi-tiered and ranges from sophisticated to grass roots operations	Indies are increasing their market share in the industry (up to 5% since 2001), but established Indies tend to align themselves with majors
Consumer lack of interest (and/or distraction) in music products <i>per se</i> is evident. Consumer dissatisfaction in current products promoted by the majors is also evident.	Much of the data attributes illegal MP3 downloading via the internet as the most significant indirect but possibly direct factor to these losses	An increasing trend towards licensing as opposed to assigning copyright to majors by independent players who rely on the majors' infrastructure is evident
The internet has been adopted by the majors in their business model at a residual level only	In the light of these illegitimate practices, copyright has become increasingly difficult and expensive to police and manage because of current technologies	Techno music is an excellent example of how music can be produced adopting the DIY model, and thereby by-pass the majors' model
The majors are continuing to downsize their business (staff as well as roster cuts) and it is likely the current 'big four' will probably become the 'big three' within two years	A close correlation exists between downloading and lack of interest as consumers spend money on other goods because they can illegally access music for free	The microlabel approach is not limited to Techno, and within this mode exists a range of levels of DIY
The data suggests the majors have been significantly affected by the interaction of four technological forces; a) illegal access to music, b) consumer lack of interest in music products, c) increase in bargaining power of independent players, and d) increase in the DIY/micro-label phenomenon (or a combination of c & d)	The major stakeholders will continue to invest in copyright protection measures irrespective of success or expense	The internet has been completely adopted by independent players in terms of business (typical e-commerce model)
The majors will continue to product diversify and horizontally integrate with other industries (Tele-coms, TV, internet) including multiplatform arrangements with creators	The major stakeholders will prosecute end users in a bid to protect IPRs in addition to current high profile policing and educational strategies	Significantly more music independent of the majors is being released than ever before

This strongly suggests current digital production, reproduction and downloading technologies are relatively cheap and readily accessible thereby facilitating unauthorized use of copyrighted music; and these technologies have compromised the majors' property because their relatively low cost and ease of use have contributed to copyright piracy *en masse* – internationally.

In this context, concurrent illegal challenges have contributed to disorganisation within the industry, and have created problems for those who work in relative partnership with the majors. Consequently, the majors will continue to lose significant profits, and it is doubtful whether they will regain and maintain high profits from the sale of music products in specific formats (CDs MDs, DVDs or otherwise). Because there is no positive outcome for this trend, the challenge or threat to the traditional industry, therefore, is *actual* and ongoing.

Another key feature of these findings is the perception that in recent years consumers have opted to freely explore their own music preferences both in terms of access and consumption, thereby questioning the majors' mode of production. It is not suggested people have become disenchanted with music, but rather consumers are accessing technology to create their own *ala carte* style of music consumption through technology. The immediate negative effect of this for the majors is that consumers may not necessarily express a desire to invest in a full length album. The implications are obvious for the major record companies who rely on these particular music products to maximise profit.

But of particular interest was the inextricable link in the above findings with those explored through Proposition Two. These relate to external technological challenges and consumer distraction, and the evidence strongly suggests the industry has experienced an external challenge in the form of other media products. In other words, these new forms of entertainment have distracted consumers from traditional music purchases. In addition to this was general consensus by the interviewees that consumers are becoming increasingly dissatisfied with current products 'peddled' by the majors, and therefore deem the purchase of music products too expensive (essentially CDs have become a 'rip-off' – even in the light of recent price reductions).

Following on from this form of consumer ambivalence was the suggestion that some consumers prefer to invest in external entertainment products *primarily* because they can freely access high quality music in the form of internet downloads, pirate CDs or 'CD burns'. Thus music products *per se* have become 'second line' or residual items, and have lost value. This phenomenon has aggravated the current downturn in music sales because the bulk of the revenue is made by the sale of full length CDs. The majors have attempted to rectify the situation by incrementally reducing prices over the last three years. However, the majors are suffering more than other players from consumer ambivalence because these industry controllers enjoy the bulk of the revenue.

Proposition Two should be construed as a complex legitimate challenge with a passive illegitimate dimension. This proposition could not be statistically corroborated, and therefore remains speculative. One possible solution for this ongoing development is for the majors to product diversify and horizontally integrate with external industries

driven by evolving digital technologies. Recent developments tend to suggest the majors are entering into non-traditional joint ventures with web-sites and other internet technologies traditionally not aligned with the majors' mode of production.

If indeed the combination of the above propositions explains some downturn, then the intrinsic value of the intellectual property component of music products must come into question. If copyright especially continues to be flagrantly abused, diminished or diluted through consumer ambivalence then it will become irrelevant in the music commodification process. This is problematic for the majors because its ability to be appropriated and recycled is its core feature in the industry.

Input: Dependent v Independent Participation in the Traditional Industry

What this research also suggests is that the 'Indie phenomenon' has properly taken root in recent years despite the downfall in global revenue. Indeed, statistical data from a review of *Music and Copyright* and *Billboard* confirms Indies have been gaining gradual market share of up to 5% since 2001, and this proliferation is directly proportional to a slow down by majors in acquiring Indies. This development suggests a challenge to the majors in terms of overall market domination and loss in revenue but not to the industry. These developments positively affirm the third proposition, and it must be asked whether a truly independent model supported by new technologies has emerged.

The research also suggests new and emerging technologies have created more bargaining rights for creators and Indies because of a wide range of affordable music technologies. In particular, IP owners are in a position to present a high quality sound recording, and therefore are now more than ever in a better negotiating position to *license* ('hire') rather than *assign* (forego or 'sell') compositions to a major.

The data confirmed two major developments. Firstly this universal flexibility is unprecedented in the history of the political economy of the music industry. Secondly, independent players are now in a significantly better position to only pursue distribution agreements *per se* and/or enter into mutually beneficial joint ventures whereby the bargaining position is more evenly balanced. The data also strongly suggests that business dealings within an organised independent model were less centralised, more collective in nature, and accordingly, *licensing* was preferred to *assignment* (for example when creators entered into contractual relations with Indies). The potential of this trend to undermine the *status quo* is evident because without appropriating IP and regular cultural capital, the majors cannot capitalise on future exploitation (repetition of the same IP).

The evidence further confirms that a savvy Indie label could compete in a tight market place (for example Australia's Shock label was ranked the 39th largest Indie in the world in 2001 with a predicted rise of 5.6% for 2002, and the UK's Ministry of Sound dance music label was ranked 18th with a prediction of a 16.7% rise (*Music & Copyright* 2002, 235-7)). This was corroborated by analysing a recent trade practice case involving the majors.

On appeal, it was noted,

There was no significant general barrier to entry into the record industry, as demonstrated by the growth of independents. New entrants competed with incumbents for artists. They had no less chance of recognising a likely 'hit' than incumbents. New artists might be more ready than established artists to contract with new entrants. CD production costs were relatively low. Publicity and promotion costs were high, in comparison with other costs, but not more expensive for new entrants. Radio, television and print media were no less accessible to them (*Universal Music Australia Pty Limited; Warner Music Australia Pty Limited & Others v Australian Competition & Consumer Commission* [2003] FCAFC 193; par 40, per Hill J).

The major impetus for this technological phenomenon has been accessibility to affordable production technologies. Furthermore, prices of blank CDs and pressing costs generally have dropped considerably, and most notably the internet has encouraged countless independent releases at a relatively low cost. The Indie model is not a new concept, but the research suggests these affordable new technologies have created a better bargaining position for independent players who bargain with one another or who wish to align themselves with the majors. A fundamental feature of this development is the lack of consideration of copyright assignment at the negotiating table. The growth in Indies suggests a strong retention rate of intangible property by independent players (and possibly including creators because the arrangements entered into with Indies are less onerous). The independent mode of production appears to be more collective in nature.

Input: Microlabel Approach (By-Pass the Traditional Industry?)

In so far as Proposition Four is concerned, the data confirmed that over the last five years, a significant reduction in manufacturing costs have enabled self-financed releases

whilst maintaining copyright control. This tends to suggest creators now are in a significantly better position to by-pass the need for entering into traditional arrangements and to simply 'DIY' (Microlabel). As for Proposition Three, the major impetus for this technological phenomenon has been accessibility to affordable technologies. Specifically, the internet has encouraged countless independent releases at a relatively low cost. The DIY method is not a new concept, but new technologies have created a genuine alternative to submitting to the majors' formula. Another fundamental feature of this decentralised model is the overt lack of any proper consideration of IPRs.

By far the most speculative proposition, it essentially explores fundamental reorganisation through technology. There was enough evidence to suggest that in recent years, the two-tiered traditional model ('major-minor'(Indie)) has expanded to accommodate another approach. In other words, this research has identified three categories of commodification. They are described as follows:

- a) The Major music model;
- b) The Indie model; and
- c) The Micro-label model (DIY).

As with Proposition Three, the common thread that binds DIY techniques is the computer – or more particularly the PC. It would not be an exaggeration to suggest that anyone remotely interested in music nowadays can create high quality music on a standard PC. The data strongly suggests that for independent players, in terms of technological advancement, the following 'democratic' developments have occurred:

- a) The accessibility of cheap musical equipment for professional compositions;
- b) The accessibility of cheap musical recording equipment for professional or industry standard reproduction;
- c) The accessibility of cheap formats namely blank CDs and cassettes (and supporting reproduction technologies) for the purposes of reproduction, marketing and distribution; and
- d) The accessibility of the internet for the purposes of reproduction, marketing and distribution for either the sale of CDs and/or access to MP3 downloads.

Indeed, Laing observes the ramifications of the DIY approach in the following manner,

With the relatively low cost of recording and playback technology it is easier for individual artists to make themselves heard without having recourse to large organizations whether state or privately owned...While the major record companies are undoubtedly the most powerful actors in the international music industry, their influence is limited, not least by their character as purveyors of cultural commodities (1986, 340).

Laing's observation is a reflection on the manner in which an independent approach might be sustained; but probably more at a theoretical rather than actual level. Nowadays it cannot be disputed. Indeed, in a recent study commissioned by the UK Department for Culture Media and Sport (*Banking on a Hit*), it was acknowledged that "The increasing availability of competitively priced recording equipment has radically altered the way in which recording services businesses operate. Many studios have been forced to scale down their enterprises or refocus towards mastering suites and post audio production" (2001, 41).

The idea of the PC and internet emancipating the musician, artist, novelist, or any other person interested in plying their trade independently online is not into a new

concept; a fundamental tenet of the e-commerce system is the ability to 'DIY business'.⁴ Authors such as Malone and Laubacher (1998), Boddy and Boonstra (2000) and Manahadevan (2000) provide useful accounts of the potential PCs and the internet possess. Furthermore, Jones (2000) specifically identifies the enormous potential of a synergetic relationship between DIY music and the internet. My research findings can be applied to these general comments.

A strong criticism of Propositions Three and Four is that they are irrelevant and non-commercially viable because the majors' model purports to reward creators as a result of commercial pop music enterprise. The research confirms this is an inexactation; perhaps even a musico-legal nonsense. The stark reality is the majors' model is totally irrational from the point of view of the creator, and the bulk of creators who subscribe to it do not make any money whatsoever. In this light Dolfsma (2000) concurs with Towse and acknowledges that creators' incomes due to copyrights are mostly negligible. He argues some earn vast amounts of money thanks to copyright, but 90% of PRS (broadcast and performance royalties) creators in the UK earned less than \$US1,250.00 per annum (2000, 7). Specifically on the issue of creators' rights distribution, Towse calculated that of this 90% group of members, 31% received less than \$US31.00 (1997: 42). These authors strongly support the argument that it is the elite few (majors and superstars) who benefit from the current system. An independent approach via an Indie label and/or self-funded approach does not appear commercially irrational in this context. That is, a creator's prospects via the microlabel approach are not any *worse*.

⁴ Many publications for example *internet.au* explain and describe significance the enormous range of DIY sites (see especially Issue 99, February 2004).

The nexus between Propositions Three and Four is based on the notion that technology has permitted greater creativity, and such creativity has extended to the organisation of the music product itself. This emancipatory effect has inspired a new wave of musical enthusiasm for music composition and consumption. What has developed in recent years, therefore, is a decentralised non-traditional environment. It cannot be disputed music commodification is essentially about control, and it appears that recent technologies have not only caused a significant amount of decentralisation in the way in which music is composed, recorded, produced and delivered, but it has also caused fragmentation in so far as the way in which musical commodities are consumed.

Reconciling the Literature and Findings: *Has Technology Turned on the Status Quo?*

It was mentioned at the outset the political control of music is a site of struggle (Bloomfield, 1991). Attali describes the 'struggle' more dramatically; 'music, like drugs, is intuition, a path to knowledge. A path? No - a battlefield' (1985, 20). These authors are invariably referring to the most precious and contentious commodity in the industry - *copyright*. In this context, Frith (1986, 276) maintains, the refusal to accept records as finished products threatens the basic organisation of the music business as a profit-making enterprise. That is, electronic technology undermines the idea of fixed objects on which copyright, the essential legal safeguard of art as property, rests (Frith 1986, 286). This observation is a reference to copyright protection from illegitimate challenges, but it may also be applied to the legitimate technological challenges.

The interview data especially confirmed Attali's view that the industry is highly complex and the appropriation and control of music is 'a reflection of power that is essentially political' (1985, 11). What is clearly not in dispute is the fact the industry has experienced major upheaval in the last five or so years. Indeed, it has been argued that technology and economics are among the primary forces which determine or contribute to cultural transitions and movements (Plasketes, 1992: 109). Frith maintains technology has 'made possible new forms of cultural democracy and new opportunities of individual and collective expression' (1986, 278). In this context, this research maintains a concurrent legitimate and illegitimate challenge is capable of decentralising and destabilising the system.

In particular, downloading (illegal or legal) music is rapidly becoming an alternative to traditional music consumption. Furthermore, with MP3 technology and the ability to distribute music online, the 'middle-men' could potentially be eliminated. In short, the CD may quite easily become yet another format that will be superseded with the advent of new technologies. The difference between the CD (and its predecessors) and online music consumption is that CDs are hard or physical formats. MP3 is a soft or virtual format. Its distribution does not require a shop front - its distribution is instantaneous and invisible. It is argued that it possesses difficulties in being organised in the current model of distribution because new versions constantly evolve and therefore supersede previous versions at a far rapid rate than hard formats.

The research findings also suggest the majors have resisted practically every aspect of the internet in terms of MP3 downloading – and have adopted a protectionist and highly litigious stance over the last five years. But during this period a significant portion of independent material was uploaded onto the internet, and independent players embraced this technology. Nevertheless, with great reservation and trepidation, it appears the majors are reluctantly accepting the fact that downloading will probably become *de rigour*. The research, therefore, supports the notion the majors will continue to consolidate in conjunction with a broader alignment of non-traditional forms of entertainment (product diversification and joint ventures with telecommunications and multimedia). Whilst the evidence suggests the internet is not what the majors had bargained for, recent industry developments clearly point to the fact they are entering in joint ventures with Apple (iTunes), Microsoft and other ‘silicon valley dwellers’ (see generally Yates, 2004: 24-28). For the first time, it appears the majors are subscribing to a mode of delivery that is uniquely – not theirs. Bearing in mind the findings suggest consumers are not prepared to pay full price for music products - if at all, the majors will probably continue to suffer losses.

The traditional industry must contend with changes in industry practices as a result of technological advancement. But technology has also created cultural fragmentation, and this has made it difficult for the majors to culturally homogenise today’s consumers. Indeed, Frith (1986) believes that capitalist control of recording technology does not rest with the record companies. Rather it rests on ‘its recurring appropriation of fans’ and musicians’ ideology of art; (1986: 278). The data supports this observation.

The evidence also indicates downsizing on the part of the majors will continue, but that an independent approach is also sustainable during organisational restructuring. Theoretically, in the light of the current disorganisation experienced by the traditional industry, the environment may be appropriate for these new models to fully emerge. The net effect of this type of behaviour is that it places minimal or no emphasis on the relevance of copyright in its *current* organisational form. If these attitudes prevail by non-conformist players and consumers, then the future of the majors must seriously be questioned. Current developments may indicate the devaluing of traditional music products. 'Free the music' attitudes are certainly synonymous with de-commodification or reverse-commodification, however the evidence does not suggest music will become completely de-commodified.

Nevertheless, if such attitudes were to prevail, it could be argued that a de-commodified musical landscape would contribute to the demise of music products in their current commodified form. This would not mark the end of music consumption, however, such a playing field would certainly require a new organisation of music consumption including the possible redundancy of copyright and other forms of IPRs as currently managed in the music industry. In any event, it would be an impotent daydream on the part of the majors to deny that new technologies have deconstructed the role music products play in society in that their manner and form have transcended beyond the realm of traditional consumption. If the product's core intrinsic value continues to dilute and diminish in its current commodified form, then music's purpose may serve only to satisfy the community in the form of a universally delivered de-commodified product.

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