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Music industry research: Where now? Where next? Notes from Britain

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From 1995–2000 I was Director of the Economic and Social Research Council's research programme on Media Economics and Media Culture. One of my tasks was to organise meetings of researchers in the field and to this end I ran a series of seminars at the British Phonographic Institute for people studying the music industry. These seminars were thematic, covering music industry strategies in global media markets; methods for measuring the value of the music industry; the uses of music; and musicians. A final meeting, held in the then about-to-be-opened National Centre for Popular Music in Sheffield on 16 February 1999, brought together nearly all the UK's academic music industry researchers to discuss future research in the light of the MEMC Programme's findings. What follows is a report from both MEMC research and the Sheffield meeting. The aim is to provide an overview of the current research situation in Britain.

The MEMC Programme was launched in 1995 as a way of promoting research into media processes in the context of digital developments and speculation about the consequences of 'convergence'. The Programme was concerned with the ways in which technological change was affecting the organisation and regulation of media industries, impacting on media policy and politics (particularly in the European context), and creating a new kind of media culture in which existing accounts of national and social identity no longer made sense. Three of the funded projects on the Programme were specifically concerned with the music industry: Ruth Towse (then at Exeter University) on *Copyright, Performer's Rights and Incentives in Cultural Markets*; Keith Negus (then at Leicester University) on *The Cultural Production and Distribution of Musical Genres: a Comparative Study*; and Roger Wallis and his colleagues (then at City University Business School) on *Globalisation, Technology and Creativity: Current Trends in the Music Industry*. Each of these projects has produced detailed accounts of its findings;[1] it is also possible to raise some general questions from this work (questions that reflect the Programme's research into other media industries). These can best be summarised under two headings:

The political economy of rights

One of the Programme's concerns (a concern obviously shared by the music industry itself) was the effect of digital technology on the existing rights regime, but if the industry had very specific anxieties (about piracy, about the efficiency of national rights fee collecting agencies, about the exercise of ownership rights over new means of musical carriage and use, and so on), the Programme's research questions were more fundamental. First, can the economic benefits of a copyright system be taken for granted? Who really benefits from such a monopoly? Is the

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extension of rights (to session musicians, for example) to those musicians' financial advantage? Are the distributive outcomes of copyright necessarily culturally beneficial? It is clear (following the work of Towse and Wallis *et al*.) that we are still quite ignorant about the detail of the rights economy, about the flow of income between the different players involved, the effect of national differences on what is now a global system, and the power structure which determines the winners and losers in this system. It is still difficult to predict, for example, what fault lines will (or will not) be opened by the new technologies.

One conclusion is clear, though: because rights regimes depend on legal regulation (rather than on market forces), the economics of rights cannot be discussed separately from the politics of rights. The music industry is nowadays heavily involved in lobbying – in lobbying national governments, the European Union, world trade bodies – in order to promote or protect the legislation that guarantees the optimum return on rights ownership. A second set of questions emerging from Programme research, then, concerns this lobbying process and three issues in particular. What is the relationship between national and international music industry interests? Under what circumstances do different sectors of the industry (record companies, publishers, music-using media like radio and TV, rights fee collecting agencies, etc.) have shared or conflicting policy ends? Can music policy makers always reconcile industry interests with other cultural and social ends?

The culture of the firm

The starting question here is straightforward: what sort of business is the music business? How does it differ from other businesses? From other media businesses? And the immediate answer is straightforward too: the music industry is not a manufacturing industry, it is a rights industry; it is organised around the management and exploitation of talent. The contemporary record company may well use familiar business school techniques – portfolio management, for example (it is not entirely different from other sorts of company) – but it does so in the context of a kind of knowledge and a system of trust that have unique features. Like other cultural industries, the music industry can be described in terms of the rational management processes that link two sorts of irrationality: talent and taste. The knowledge that is most valued in the industry is the knowledge that makes the irrational rational, and thus helps companies to be effective in their money-making processes. At one end this means the ability to deal with talent (to recognise it, nurture it, make it marketable – the traditional record industry role of A&R departments and management and production companies); at the other end, this means the ability to read the market, whether in the use of the ever more elaborate 'science' of market research or through a more instinctive insider grasp of how different sorts of music work for different sorts of listener.

Knowledge, understood in these terms, is also the basis of trust, of a trust without which the industry could not work – executives making their investment decisions have to trust the ears of their A&R teams; marketing departments planning sales campaigns have to trust the judgements of radio programmers, club DJs, promoters, etc. The music industry, to put this another way, depends on networks of informants, and as Keith Negus shows in illuminating detail, these networks (the basis of trust, the source of knowledge) differ according to the musical genres involved. Rap talent, the rap market, works differently from country talent, the

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country market; and these differences mean that a record company's rap and country division work differently too. A successful company is not one that imposes a singular company culture on its various musical divisions, but one which is able to manage divisions which operate according to very different cultures. And it is the second process, the coordination of different company cultures, that is the most important to understand (particularly as the talent and markets involved are these days very rarely defined by national boundaries). What are its implications for careers in the industry? For power and status? For patterns of success and failure?

While the Media Economics and Media Culture Programme was not funded as policy research, all ESRC supported researchers have to consider the significance of their work for 'users' which, in practice, means three groups of people: government policy makers; corporate policy makers; other academic researchers. I will consider the significance of our research for each of these groups in turn.

Music industry research and government policy

Compared to other media industries (broadcasting or the press, for instance) the British music industry has not been the object of much government interest (except – reactively – in the occasional revisions of copyright law). In the 1980s, though, the music industry became central to the development of local government cultural industry policy initiatives, and since its election in 1997 the Labour Government has translated such policies to the national level – through the Creative Industries Task Force, the Music Industry Forum, etc. On the evidence so far, the Department of Culture, Media and Sport's music policy has three strands: rights protection (and, in particular, the protection of UK rights in new technological/global conditions); education and training (both as an aspect of employment policy and as a way of securing the UK music industry's future talent base); and social inclusion (or the use of music to articulate the new multicultural Britain both to itself and as a UK 'brand' in the global market). Even in such summary form it is clear that this policy begs two important questions: first, it equates the British music industry with the British record industry; second, it assumes that there is a clear 'national' music interest. Both these propositions can be challenged, particularly in a European context (and the European Union is another source of music industry policy). How do UK interests relate to European interests in this field? How, in particular, does Europe's culturally oriented approach relate to the UK's industry oriented policy? (From a European perspective, 'Anglo-American' music has traditionally been seen as the economic and cultural threat from which local music makers and record producers must be protected.)

Research and the music industry

One thing that became clear during the course of the MEMC Programme was that music industry research is becoming increasingly important for the music industry itself (this is an obvious difference between the 1990s and the 1970s record business). On the one hand, record companies (for reasons already suggested) are constantly trying to learn more about their markets (and the way they are being affected by technological change); on the other hand, music policy makers in the DCMS and the EU need to have as accurate an account as possible of the music sector as an economic sector, in terms of earnings, employment, investment, etc.

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There are certainly research opportunities here for academics, but it is also a fact that the academic research agenda is not necessarily coincident with that of either market analysts or policy advisors. From the academic perspective, that is, the pressing task is not to meet the needs of research users in either industry or government, but, rather, to develop an account of the contemporary music industry that is empirically accurate and theoretically instructive. (And if it is accurate and instructive then it will anyway be significant for corporate and state policy makers, whatever use they make of it.)[2]

Academic research questions are, then, both more basic and more sceptical than those of straight market or policy research. What is the music industry? Who is it? (Academics, unlike policy makers, are not restricted to seeing the industry in terms of its most effective lobbyists – the BPI, IFPI, the collecting agencies.) What is the British music industry? How is it shaped by law and regulation, by policy and politics? What do we mean by 'industrialisation' here?

Music industry research and the academy

In considering these questions, in discussing how we might model the contemporary music industry, there seems to be general agreement among British researchers that the academic models established in the 1970s no longer work. The production of culture approach, which followed the transformation of music into commodity through a series of 'gatekeepers' and 'value adding' stages, treated the music business as a manufacturing industry (with the object manufactured being, in effect, the record). What we need to think through, though, is not a manufacturing industry but a rights industry; what is at stake is the ownership of titles rather than the exploitation of labour power. (Hence the significance of administrative rather than manufacturing networks, the chain of deals rather than value adding processes that link the various sectors of the industry together.)

Similarly, the cultural studies approach, which treated music as authentic cultural expression (its authenticity guaranteed by its origins in a particular subcultural experience, whether defined by sociology, history or geography), meant that the music industry had to be understood in terms of conflict, as one kind of thing, music-as-culture, was made into another kind of thing, music-as-commodity. The site and object of that conflict might vary, and were often taken to be reflected in the structure of the industry itself (in the recurring account of the independent vs the major label, for example) but, again, the general effect was to equate the music industry with the record industry and to assume that industrialisation, the process of routinising production and standardising the product, only describes what large companies do – as if small capitalist enterprises were somehow non-capitalist.

The point here is not that the issues addressed by the production of culture and subculture models are not important, but that they need to be put into another framework, a framework which throws up different kinds of research question. It may well be misleading, for example, to regard the music industry as a single industry, rather than as a series of industries ordered by a single rights regime. Two points issues follow from this: first, we need to focus research on the differences between different music networks – the economy of dance music, for example, with its network of clubs, DJs, small record producers and specialist importers, works rather differently than the economy of pop, with its dependence on radio and TV, teen magazines, major labels; second, we need to take more seri-

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ously in research terms the distinction between legitimate and illegitimate music business. There are certainly sectors of the music industry (pirate radio, unlicensed clubs and raves, bootleg record distribution, digital musical services) which seek to bypass the rights regime altogether, and it is here (rather than in the relationship between indies and majors) that conflict is significant.

Underlying any research into these issues is the requirement to differentiate between the music industry and the record industry. This is not just a matter of distinguishing local, amateur (or 'authentic') music making processes from the global commodity. Music industry policy cannot, in practice, be separated from broadcast policy (decisions about broadcast regulation have immediate implications for the economics of music), and the live music industry is global too. The rise of the international Rock Festival, for example, has had obvious effects on both the industry's own promotional practices and on music media. And, to use a very different example, as the Internet becomes a musical conduit for domestic consumers, so its economic and technological logic will shape music business – the record may no longer be music's preferred commodity form.

In the music industry (as elsewhere in media analysis) once we start tracing the networks which sustain its economy, it becomes clear that while it is relatively easy to describe a local music industry and a global music industry, it is extremely difficult to describe a national music industry. Again, the issue here is not a matter of major corporations, on the one hand, and heroic little local businesses, on the other. Small music businesses are equally involved in global networks of exchange and distribution. The problem, rather, is that the nation seems unimportant in structuring music networks, and the research issue becomes the relationship of music policies (mostly conceived at national level in terms of national regulation, protection, taxation, access, identity, branding, training, etc.) and music practices (not 'national' in any obvious sense at all).

A new research agenda

In the Sheffield discussion of a new research agenda – an agenda partly determined by questions coming out of the MEMC Programme, and partly by the existing interests and activities of the UK academic research community – there was a surprising (and encouraging) theoretical consensus. The starting point here is that what makes the music industry different from other media industries (book publishing is probably the industry most like it) is the continuity between what Jason Toynbee calls 'para-industrial acts' and mainstream commercial practices.[3] There are significant ways in which we can talk about 'music from below' (which explains the influence of the production of culture and subculture models); local/amateur/starting musicians have access to the means of production (instruments and equipment), to 'proto markets' (clubs and pubs), and now, through 'uploadability' onto the Internet, to means of global distribution. In the music industry, one might say, the small is as significant as the big. A number of things follow from this:

(1) There is not as clear a separation of consumption and production as in other media industries; the career move from consumer to producer is a much shorter and more natural step; forms of consumption (equipment, records) can, indeed, also be forms of production (new music, a DJ reputation).
(2) There is not as clear a separation of artisanship and entrepreneurship as in other media industries; the Internet, for example, as Gill Allard suggests, is a kind of electronic cottage

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industry, dominated by a craft culture (and drawing on the ways in which small music industries like jazz and folk have long integrated record making and selling with the live event).[4]

(3) The 'local' has a significance for music it doesn't have for other media – music is made initially in local settings, as a cause and effect of local sociability, and there is no doubt (as Andrew Bennett's work shows) that locality – in this geographical sense – has an effect (because of its particular networks) on both the music made and the music making processes involved.[5]

(4) Criteria of success and failure (and the nature of the musical career) are more complicated than in other media. (I wrote these notes at a time when the Glasgow Concert Hall was advertising at least four packages of 1960s and 1970s pop stars, from Gerry and the Pacemakers to Erroll Brown. Here are musicians ending their careers as they started them, demonstrating their success and failure simultaneously!)

But the point is also that the move from local to global (from little local label to major global record company) no longer necessarily follows a straightforward linear or chronological route. This is most obvious in the dance industry, but each kind of music has its own pattern of cross-national links, and the music trade describes in practice both the multimedia global deals of the major corporations and the small scale flow (or accretion) of records, rights and reputation from country to country.

What these propositions make plain is that what we most need methodologically now is *comparative* research (comparing the cultural practices of different sorts of record label, for example, following Keith Negus's lead, comparing them not in terms of mainstream/alternative, major/independent, but by reference to different industrial strategies) and *historical* research. How has the experience of being a musician changed over the last forty years, for example? What sort of changes have there been in contractual conditions? In geographical, market or corporate awareness?[6] Three specific research projects were proposed at the Sheffield meeting:

(1) A longitudinal study of music-industry and music-making careers (modelled on the British Film Institute tracking study of employees in the British television industry),

(2) A study of the relevance of music education and training for music industry employment (a particularly interesting issue given the government's concern for music industry training), and

(3) A study of local music-making practices designed to replicate Ruth Finnegan's classic Milton Keynes research but broadening her account of musical activity to include music media.[7]

There is obviously a gap between what we would like to do and what we will get done (not least because of the exigencies of research funding), but the level of agreement among British researchers about the important questions now does suggest a significant paradigm shift from the approach I summarised in *The Sociology of Rock* more than twenty years ago; a shift that will resonate with music industry researchers elsewhere. What was perhaps most striking at the Sheffield meeting was the academic refusal to be swept along by technological hysteria. At a time when industry and state policy makers alike are obsessed with the somewhat fruitless task of reading the future, academic researchers have a greater responsibility than ever to understand the present. But there is something more at stake here, I think. The implication of our discussions was that rather than speculating how technology will change music culture, we should be studying music culture for clues as to how technology will be used and shaped. Popular music has its own long history of relations between the local and the global, the licit and the illicit, craft and entrepreneurship, machines, sounds and careers. It is these relations which we most need to understand.

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Endnotes

1. See, for example, Millie Taylor and Ruth Towse, 'The value of performers' rights: an economic approach', *Media Culture and Society*, 20(4), 1998; Roger Wallis *et al.*, 'Contested collective administration of intellectual property rights in music: the challenge to the principles of reciprocity and solidarity', *European Journal of Communication*, 14(1), 1999; Keith Negus, *Music Genres and Corporate Cultures: Strategy and Creativity in the Music Business*, London: Routledge, 1999.
2. Which is not to say that one shouldn't get involved in the politics of music. A useful function of academics in this context is to draw attention both to the limitations of specific policies (in the way they necessarily favour one sector over another, or treat the music industry as a single interest group, for example – the international record company concern for music rights and anti-piracy legislation has quite different policy implications from the International Management Forum's concern for small businesses and grass roots investment) and to their broader context. The Labour Government's aim to 'support creativity' in the music industry can only be understood in terms of the broad sweep of its creative industries strategy. There is clearly a role here for academics as auditors, determining not only whether policies are successful in their own terms, but also examining where these terms themselves come from.
3. See Jason Toynbee, *Making Popular Music*, London: Edward Arnold/New York: Oxford University Press, 2000.
4. I am referring here to doctoral work in progress. Gill Allard can be contacted at the University of Glamorgan Business School: <gallard@bus.glamorgan.ac.uk>
5. See Andrew Bennett, *Popular Music and Youth Culture*, London: Macmillan, 2000.
6. For an initial approach to these questions, see Dave Laing's research for the Musicians Union on its members' employment experience since 1980.
7. Ruth Finnegan, *Hidden Musicians*, Cambridge: Cambridge University Press, 1989.

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