Record labels' chance to drive the future!

How record labels handle the changing landscape to create value in the relationship between record label and artist as well as artist and consumer

Abstract

The digital advancement has enabled a shift in the power dynamics of different players in the industry. For instance, the digital music services and platforms that help artists to release their music independently, hence artists don't need the record labels to release their music and connect with fans. The consumer preferences have also changed, enabled by digital music services and AI-playlists. It is now more important than ever to have an ability to connect with listeners and to get them actively engaged throughout the artist's career, especially because of increasing use of smart speakers and voice assistants, making the artist more anonymous on the playlists. The aim in this thesis has therefore been to investigate how record labels have changed their orientation, internal functions and roles within the marketing and sales functions, to enable better value for the artists to have a career, as well as how record labels work to create consumer engagement for the artists in the digital consumer journey. This was conducted by having 12 interviews with people in different marketing and sales roles in Swedish record labels. Findings confirm that the market orientation is affecting the value that record labels can facilitate and co-create, where co-creation is key. Other findings are a changed focus in the sales function, an increased importance of brand partnership, sync and content as well as social media management. Furthermore, consumer engagement is connected to having a more holistic consumer journey view, where record labels put a lot of focus on the behavioral dimensions such as sharing. Five tips on how to create consumer engagement and have a holistic approach towards the consumer journey are provided.

Keywords: Music industry, Record label, Artists, Market orientation, Service logic, Consumer journey, Consumer engagement

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Glossary

Artist: Refers to a person who sings songs. This person can also write his or her own songs and can be signed to a record label or be independent (do it yourself), as well as have a manager that provides strategy and optimize the artists career.

Record label: Nowadays called music company but is also called record label or record company. It is the company that represents the recording and the artist. Focus on searching for talent, production, manufacturing, marketing and promotion and distribution (Tschmuck, 2006).

Major record label: Big record labels working as a group, having small labels in the group, using the groups services. In Sweden it consists of Universal Music, Warner Music and Sony Music

Independent record label: Is also called indie label, which is a small label either operating individually or through partnership with a major record label (McDonald, 2019)

Artist and Repertoire manager (A&R manager): Scout for talents and help the artist with the music both creatively and strategically. Oversees the recording process and assists in marketing and promotion (Music Careers, 2020).

Digital music platform (Digital service providers): Online distribution platforms such as Spotify, Apple Music, YouTube Music and Deezer. Platform where the consumers can get access to the songs by streaming.

Agent (booking): Project leader and key contact in terms of communication with different parties in the booking process (DMG Education, 2020).

Booking company: A company that helps with the live part of an artist career, for instance creating or project leading tours, festivals and concerts (DMG Education, 2020).

Music publisher: A company that works with the songwriters (creators of the song), like a record label but for song writers instead of artists (DMG Education, 2020).

Royalty: An agreement between the artist and the record label, being a percentage of the sale (e.g. revenue from streams)

Playlists: A collection of songs, in one place forming a list. Can be auto-generated (e.g. Top 100), made by editors or people (e.g. Sommar 2020 by Filter Sweden), context generated (e.g. happy songs) and content based (e.g. Latino)

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1. Introduction

1.1 Background

The paradigm shift continued during the 2010-decade, even though new channels that disrupted the industry like Pirate Bay, YouTube and Spotify were introduced during the early 21st century. Spotify for instance, has 248 million users across 79 markets, where 113 million of these are premium subscribers (Spotify, n.d). The paradigm shift was a big change in terms of what became important to handle for the record labels. It went from album, TV and radio hits to a focus on streaming and playlists (Nylin, 2019). Streaming has also given the fans value in terms of getting easier access to diverse music (IFPI, 2019).

The streaming era was a consumption change, which brings about challenges and opportunities (Dredge, 2020). Nearly 40 000 songs are uploaded to Spotify each day (Ingham, 2019), which makes it a great challenge to be heard as an artist. Even if an artist secures a spot on a popular playlist, he or she can still struggle to sell tickets to live concerts, because the listeners don't know who the artist is. It's therefore crucial to build a brand outside of the digital music platforms. This has been a challenge for a while but gets increased importance with new technologies like smart speakers and voice assistance, because the artists and song titles aren't displayed in front of the listener (Musically, 2019a). The record labels can help the artists with this challenge.

One specific challenge especially for record labels is also to understand the artists changing needs, by putting thought into how record labels are structured, what they do for artists and how deals are struck (Musically, 2019a). All global CEO's from the three major record labels (Sony Music, Warner Music and Universal Music) point to the importance of increasing investment in the artists and creative processes (IFPI, 2019) and that the record label's role of investing in music, being a partner and collaborator with artists has never been more important (IFPI, n.d).

To understand these changes of focus, the technology change needs to be explained. During the 80s-90s, the majors were vertically integrated multinational firms (Barnet & Cavanagh, 1995; Lovering, 1998). This led to individual artists being dependent on major record labels for distribution and production capabilities, leading to artists losing much of their autonomy when signing with a label (Bockstedt et al.,2006; Hracs, 2012). The supply chain was static and relationships mainly long-term (Graham et al.,2004).

With the development of MP3 in 1992, which enabled easy and cheap download of music within a couple of minutes (Leyshon, 2001), new distribution channels and firms emerged (Hracs, 2012). Illegal downloading platforms formed, such as Napster and Kazaa (Alderman, 2001) together with changing social factors such as the internet and changes in consumer tastes led to a crisis for the record labels (Leyshon et al., 2005).

Technology had a flattening effect, were it became cheaper and easier to record, produce and distribute music (Clemons & Lang, 2003; Leyshon, 2009; Von Hippel, 2005), which made some artists do it on their own (Bockstedt et al., 2006; Clemons & Lang, 2003). It made the distance between artist and consumer shorter (Bockstedt et al., 2006). This made the record labels move into brand-led marketing labels (Leyshon, 2009).
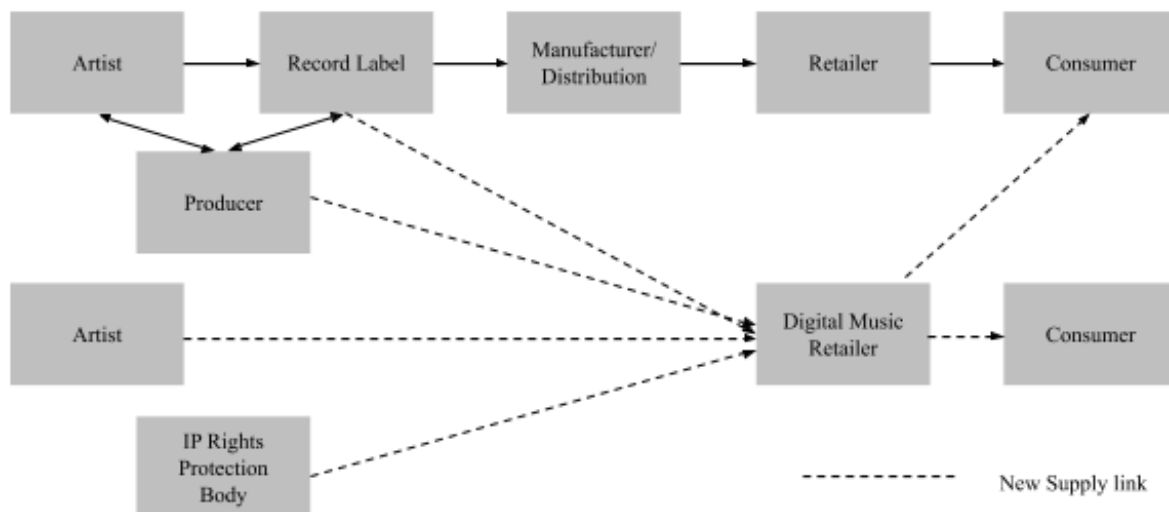
Figure 1: Industry supply chain (Bockstedt et al. 2006)

There is therefore a new option for the artist to work outside of the majors. However, as Kask and Öberg (2019) as well as Moyon and Lecocq (2014) argue record labels are still prospering, for instance because of complementary assets which artists need to prosper (Broekhuizen et al.,2013). The relationship between artists and record labels hence need further investigation, especially into how record labels are operating and helping artists prosper, which the above literature doesn't exhaust.

1.2 Purpose, aim, research questions and expected contribution

Because of the digital technology artists can now release their music on their own and connect with fans without the record label. Consumer preferences have also changed, making it important for artists to know how to get through the clutter. The complication is thus, that record labels needed to evolve, which has been shown in previous literature, but how have they evolved in terms of value for the artist? How are they handling this change today?

The aim is therefore to describe how record label's different marketing and sales functions create value in the relationship between record label-artist and record label-artist-consumer. As Clemons and Lang (2003) argue successful players need to understand what has been transformed, what advantages and power that enables as well as who can exploit those advantages.

I have decided to focus on the marketing function, which has been previously pointed out as something very relevant in today's industry (e.g Kask & Öberg, 2019; Rogers & Preston, 2016) and will do this in terms of internal organization and external relations.

RQ 1: How has digitalization affected the orientation of the record label and its different marketing and sales roles that enable value-creation in the relationship between record label and artist nowadays?

RQ 2: How do record labels market artists and create consumer engagement in the age of increasing digital noise?

More research is vital to focus on the relationship between artist and record label, to understand the value flowing between these actors after Spotify entered. This specific relationship is interesting to research, because the artist has a dual role being both a supplier of the core product to the record label and buyer of the record labels services (Stahl, 2013) . It's therefore vital to have a great relationship and find the right path to create value, which this thesis begins to untangle.

In terms of theory contribution, this thesis aims to apply the marketing orientation to a supplier-buyer relationship in a B2B (record label and artist) as well as connect market orientation theory with service logic and value creation. Furthermore, it also aims to contribute by qualitatively examining how to create consumer engagement and create a holistic consumer journey in the new digital landscape where the consumer has more power than before. Barger, Peltier and Schultz (2016, p.281), suggest that future research should look at "What are the psychological, social, emotional and behavioral aspects of consumer engagement? How are these related to platform, content, source and product/service offerings?". This thesis focus on the different aspects of consumer engagement and how they are related to service offerings.

1.3 Delimitation

This research will focus on the Swedish market, because Sweden is a country with an entrepreneurial spirit and can be seen as being in the forefront in terms of technology advancement (Embassy of Sweden, 2017), for instance due to Pirate Bay and Spotify. Sweden is also known for its successful export of music internationally (Export Music Sweden, n.d).

The research conducted in this thesis will be focused on the record labels and what they think they can offer. For future research, it would be interesting to interview artists, which is out of scope in this thesis, to strengthen the analysis. My intention was to interview artists and I reached out to my network, but I had problem with the access. Even though interviews are anonymous one can argue that they can't say their opinions because it could get traced back to them, hence create a conflict between the artist and the record label. The industry is very competitive, which I acknowledge and respected by making everything as anonymous as possible. I still think that there are artists out there that would like to get their voices heard, but I didn't get into contact with them. However, the outcome of this thesis is argued to be valid, because of the experience that the participants have and because they have roles that have almost daily contact with artists and that they have worked with artists with different needs.

2. Previous studies of the record labels

In order to set the scene for the reader, this section begins with a literature review of research within the music industry in terms of what has happened because of digitalization. For a detailed description of what record labels and artists fit into the value chain see appendix 1.

2.1 Business model changes and challenges because of digitalization

Different scholars have investigated the music industry and the different aspects of digitalization and piracy and what it has enabled. A lot of articles looking at this phenomenon with a business lens have had a focus of business model changes and challenges. For instance, Vaccaro and Cohn (2004), who used the service marketing framework to investigate different business models, such as the traditional, renegade peer-to-peer music filing and online downloading services business models. Moyon and Lecocq (2014) also look at the business model of the industry and use it to identify value creation by applying a longitudinal approach. Record labels extend the value network, by having partnership with outsiders to get a diversified distribution channel. They have bundled the value proposition, referring to bundling up with for instance internet services like Spotify. The third strategy they use to survive and prosper is validating resources and competencies, which refers to introducing a 360 deal, considering live performance and merchandising (Moyon & Lecocq, 2014).

Furthermore, Graham et al. (2004) make assumptions about the future of the music industry in terms of the supply chain and coordination structure of the players in the industry. They argue that the structure is changing from a linear and fixed supply chain with long-term relationships to a flexible and network supply chain structure where partners will change more frequently.

2.2 Power dynamics

The power dynamics of record labels and artists have also been studied from the file-sharing stage going forward. For instance, by Hughes and Lang (2003), which focused on economic and social impacts on peer-to peer file sharing and the shift of power towards independent artists and consumers that it enables. Clemons et al. (2002) also touch upon this area, by having the conclusion that some acts require promotional services and others don't. However, this article was published in the beginning of the digitalization era, hence were just propositions.

Mol, Wijnberg and Carroll (2005) have also looked at it but from an artist-publishing perspective, and in terms of vertical integration and value chain envy. It showed that vertical integration into publishing came from upstream, associated with the creative artists (Mol et al.,2005).

Kask and Öberg (2019) investigate why major labels still prosper, which contrast with previous research done in the beginning of the 21st century. Major record labels have large catalogues which gives them some power over digital music platforms and control over valuable content. They also have control over marketing assets (Kask & Öberg, 2019). This article however is only briefly touching upon the relationship between record labels and artists, in terms of record labels still owning the copyrights of artists and songs as well as the renewed business model that focuses on A&R, mastering and marketing. This renewed focus on marketing, is also making the record labels portraying the artists as brands (Tessler, 2016), where marketing expenditures are core (Rogers and Preston, 2016). A need is, hence, what the renewed focus on marketing implies in terms of the record labels' abilities to create value for the artists.

2.3 Consumers

Music is a product that has the ability to carry and communicate rich and complex cultural or symbolic meaning making it a social and political product (Bradshaw & Shankar, 2008). It's also about the relationship between artists (human brand) and consumers. Consumers in general form emotionally significant relationships with human brands and become strongly attached when these brands enhance a consumer feeling of autonomy, relatedness and doesn't suppress feelings of competence (Thomson, 2006). Furthermore, artists also view them as allies (Baym, 2011), where consumers can co-create some part of the value chain together with other artists (Morris, 2014, Baym, 2011). It puts emphasis on finding models that connect passionate labor, creativity and consumer engagement.

3. Theoretical framework

This section will guide the reader to the theory that will be used and the theoretical gaps that this thesis will cover. Even though literature sometimes looks at customers, I will use the definition that consumers and customers are the same. I argue that people that listen to music are consumers, because even if they don't buy the product with money directly, they pay indirectly and with their time.

3.1 Market orientation (MO).

The consumer has become the center of attention and organizations therefore need to organize themselves to be more responsive in terms of the consumers' needs (Achrol, 1991; George & Freeling, 1994). Market orientation can help with that. It consists of two different approaches, market-driven and market-driving. They are complementary approaches, because a firm can, for instance, in their existing business use a market-driven approach and then have a market-driving approach for new offerings. The market driven approach refers to a reactive business logic, incremental adjustments to changes in the environment and accepting the present as given, while the market-driving logic instead, refers to a proactive business logic, changes in the compositions of players and/or altering of market behavior directly or indirectly (Jaworski et al.,2000). Market-driven organizations apply adaptive learning, while market-driving organizations use generative learning (Baker & Sinkula, 2002). It's important for managers to match the business logic with the market orientation, to match marketing capabilities and learning capabilities (Tuominen et al.,2004).

The constructionist, deconstructionist and functional modification are the three general approaches to shaping the market (Jaworski et al., 2000) summarized in figure 2.
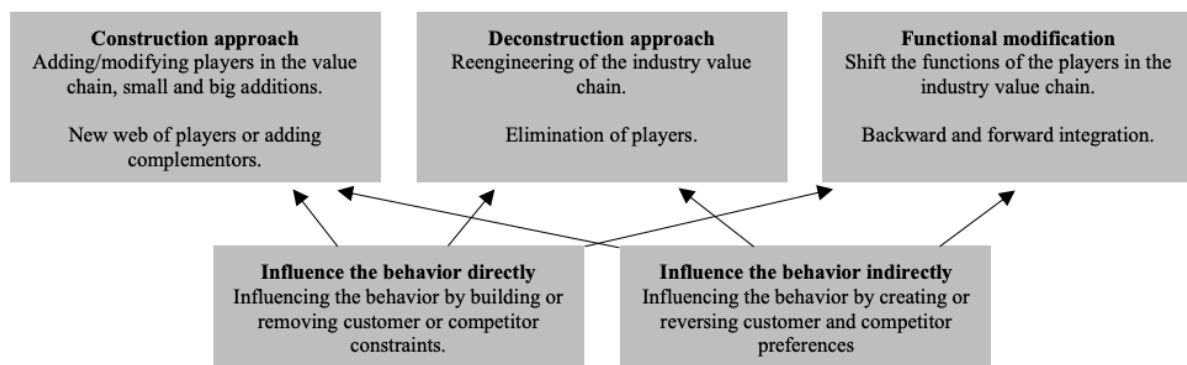
Figure 2: Market driving. Adapted from Jaworski et al. (2000)

The core of market orientation is consumer first, competitor focus and cross-functional coordination (Slater & Narver, 1994), as well as long-term focus and profitability (Narver & Slater, 1990). In terms of consumer focus, there is a great need to understand the consumer's business and how both consumers in the immediate and down-stream markets actually perceive value (Slater & Narver, 1994). It's therefore important as Kohli & Jaworski (1990) argue that organizations have an ability to generate, disseminate and use information about consumers, which is done by spending a lot of time with the consumers as well as constantly trying to find

new ways to satisfy the consumer's needs (Slater & Narver, 1994). Furthermore, market orientation has a close link to an organization's performance, in terms of environmental context which is characterized by technological turbulences and competitive intensity (Jaworski & Kohli, 1993). It's therefore important to learn and build processes necessary to deliver the consumer value (Slater & Narver, 1994) , but also look towards the future and be able to adapt processes as conditions change (Slater & Narver, 1995).

Generating, disseminating and utilizing information about competitors is also important (Kohli & Jaworski, 1990), in order to know the competitive advantage of the organization (Slater & Narver, 1994). It can be both informal and formal approaches to gather and process this information (Kohli & Jaworski, 1990).

Cross-functional teams are becoming more common (Achrol, 1991; Day, 2006; George & Freeling, 1994). This is because coordination of personnel and other resources also creates superior customer value, because any function and individual have the potential to contribute to value creation in the buyer's value chain (Narver & Slater, 1990; Slater & Narver, 1994). It also can lead to more appropriate strategies and tactical responses (Kohli & Jaworski, 1990; Morgan & Hunt, 1994).

To take advantage of the opportunities emerging, it's important to develop products and services that fit with the consumers' needs and goals (Möller & Anttila, 1987). In terms of channel relationships, a market-driven firm is expected to develop better relationships with channel members than internally focused firms (Day, 1994). Hence relationships and alliances with external partners are also becoming more important, like horizontal relationships (Achrol,1997), vertical relationships and co-marketing alliances (Bucklin & Sengupta, 1993).

This focus of market orientation has been on the consumer and competitive level in order to create profit in the organization. These are important, however, there also exist other stakeholders that should be considered (Hult, 2011). Hence, this thesis will cover this by applying the market orientation on the relationship between record labels and artists and connect it to the service logic and value co-creation.

3.2 Service-orientation

Consumer participation in creating value has predominantly been studied in a B2C context, while business consumer participation in a B2B context has been largely unexplored (Mustak et al., 2013) Mustak et al. (2013, pp. 352) define consumer participation as "a customer's activities or provisions of tangible and intangible resources related to the development or creation of offerings". It has today evolved to consider consumers as important creators of all kinds of resources (Grönroos & Ravald, 2011; Heinonen et al., 2010; Vargo & Lusch, 2008). Moreover, value is derived through use, which makes it interactive and can even lead to co-creation of value. The company independently cannot deliver value, but only offer value propositions according to the service dominant logic (S-D) (Vargo & Lusch, 2008).

Building on the concept of S-D logic is the service logic. The S-D logic directs researchers and managers towards complex value-generating processes, while the service logic helps to analyze the process and help to derive opportunities (Grönroos & Gummerus, 2014).

Grönroos and Voima (2014) suggest that value creation in the service logic consist of three spheres connected in a nonlinear manner. The first being the provider sphere where the firm develops and provides resources to facilitate the consumer's value creating process (Grönroos & Voima, 2013). The second sphere is the joint sphere, where interaction occur as well as value generation and value co-creation are created (Grönroos & Gummerus, 2014; Grönroos & Voima, 2013). The third sphere is the consumer sphere, which is closed to the service provider. It's about consumers' own value creation, but also interactions with other consumers and actors in the consumers ecosystems (Grönroos & Voima, 2013). In this sphere, value is created by integrating new resources with existing ones by applying previously held knowledge and skills (Grönroos & Gummerus, 2014).

Just as in the SD-logic, value is unique, experiential, contextual and firms can't create value for the consumers (Grönroos & Gummerus, 2014). In the service logic, service is "the use of resources in a way that supports consumers' everyday practices - physical, mental, virtual, possessive - and thereby facilitate their value creation" (Grönroos & Gummerus, 2014, pp. 208). The firms can be value facilitators, referring to indirectly being involved in the consumer's value creation by providing goods and services that the consumer use as input in the value creation. The other role is to be part of the value creation process by interacting with the

consumer during the value generation process. It's therefore the interaction rather than exchange that is fundamental in marketing (Grönroos, 2008).

A service-logic is highly relevant for this thesis, because it goes beyond the promise of what record labels can do for artists into how record labels can interact with artists to help them in the value creation process.

3.3 Consumer engagement

Engagement can be seen from the perspectives of brand loyalty, relationship marketing, marketing orientation, consumer relationship management and social networks (Schultz & Peltier, 2013). Researchers are calling for a clearer definition of engagement (Hollebeek, 2011a).

Definition	View
"a consumer's positively valanced brand-related cognitive, emotional and behavioral activity during or related to focal consumer/brand interaction" (Hollebeek,Glynn & Brodie, 2014, pp. 154)	State
" The psychological process that models the underlying mechanisms by which customer loyalty forms for new customers of a service brand, as well as the mechanisms by which loyalty may be maintained for repeat purchase customers of a service brand." (Bowden, 2009 pp. 65)	Process
" Customer engagement (CE) is a psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object (e.g. a brand) in focal service relationships. It occurs under a specific set of context-dependent conditions generating differing CE levels and exists as dynamic, iterative process within service relationships that cocreate value. CE plays an essential role in a nomological network governing service relationships in which other relational concepts (involvement, loyalty...) are antecedents and/or consequences in iterative CE processes. It is a multidimensional concept subject to a context and/or stakeholder- specific expression of relevant cognitive, emotional and/or behavioral dimensions." (Brodie, Hollebeek, Jurić, & Ilić, 2011 pp.260)	State/Process
"CE is the intensity of an individual's participation in and connection with an organization's offerings or organizational activities, which either the customer or the organization initiates. The individuals may be current or potential customers. CE may be manifested cognitively, affectively, behaviorally, or socially." (Vivek, Beatty & Morgan, 2012 pp.133)	State
"Consumer engagement is a multidimensional concept comprising cognitive, emotional, and/ or behavioral dimensions, and plays a central role in the process of relational exchange where other relational concepts are engagement antecedents and/or consequences in iterative engagement processes within the brand community." (Brodie, Biljana Juric, Hollebeeck,2013 pp.107)	State/process

Table 1: Definition of consumer engagement

I will use Brodie et al. (2011) view of consumer engagement, by looking at the cognitive, affective and behavioral dimensions of consumer engagement, which is the most accepted view of consumer engagement. An engagement partner can be anything from a company or organization (Verhoef et al.,2010) to the service offering such as brands, goods and services (Vivek et al., 2012). In this thesis, it's the brand (the artist) that is the engagement partner for consumers.

The cognitive aspects of consumer engagement is touch upon by several researchers (Brodie et al., 2013; Hollebeek et al., 2014; Saks, 2006; Vivek et al., 2012), where subdimensions of cognition are linked to each other, such as immersion (Hollebeek, 2011a), absorption (Higgins & Scholer, 2009), concentration or engrossment with a brand (Hollebeek, 2011b; Schaufeli et al.,2002), and sustained attention (Higgins & Scholer, 2009).

Attention refers to devotion in a role. It's an invisible and material resource that you can allocate in multiple ways (Rothbard, 2001). By looking at employee engagement, it can be formulated as the cognitive availability and the amount of time spent thinking about the role (Gardner et al.,1989). Absorption, however, is the intrinsic motivation (Rothbard, 2001). In the organizational literature, absorption is referring to being fully concentrated and engrossed in what you do (Schaufeli & Bakker, 2004).

The other dimension of consumer engagement is the affective dimension, which is connected with emotions and feeling. The difference is that emotions are intensive and enduring, while feelings are fleeting. However, both are responses to a specific stimulus (Agarwal & Malhotra, 2005). Affective in turn can therefore be referred to the process mechanism for feelings, where feelings are part of both emotion and attitude constructs (Oliver, 1993; Sojka & Giese, 1997).

There is no real framework of what engagement behavior is. However, examples exist such as complaining, participating in brand communities or events, suggestions to other consumer or staff members (Van Doorn et al., 2010). Verhoef et al. (2010) give examples of blogging, giving ratings or spreading WOM. Van Doorn et al. (2010) further argue that engagement is affected by the context and the way it can be enacted upon. It's also a motivational construct (Higgins & Scholer, 2009; Hollebeek, 2011b; Van Doorn et al., 2010), and it reflects the behavior that consumers have in order to get to the goal, the benefit or value that the consumers seek. It goes beyond the purchase (Van Doorn et al., 2010). Sharing is such a sub dimension of behavioral and cognitive activities, which refers to actively sharing of information, experience and knowledge. Another sub dimension of behavior is co-developing, which implies consumers assisting in the development of products, services, brand and brand meaning (Brodie et al., 2013).

Consumer engagement is anticipated to contribute to the understanding of consumer experiences (Bowden, 2009) and also consumer retention and consumer lifetime value (Verhoef et al., 2010). There is a need to focus on the individual's interaction with the brand beyond the decision making and purchase stage (Vivek et al., 2012). Consumer engagement is also expected to complement the S-D logic (Brodie et al., 2011).

3.4 Consumer journey

Lemon and Verhoef (2016, p.74) conceptualize consumer experience as "a customer's 'journey' with a firm over time during the purchase cycle across multiple touch points", where the consumer experience can consist of pre-purchase, purchase and post-purchase (Neslin et al., 2006; Puccinelli et al., 2009). All aspects of the consumer's interaction with the brand, category and environment prior to purchase is part of the pre-purchase stage, while choice, ordering or a payment is part of the purchase stage (Lemon & Verhoef, 2016). The third stage is the consumer's interaction with the brand and environment after the purchase, which for instance includes consumption, post purchase engagement and service requests (Lemon & Verhoef, 2016). During this stage, consumers can become active loyalties by sticking with the brand and even recommend it or they can become passive loyalists that are open to other brands' messages (Court et al.,2009).

Multiple touchpoints exist in the consumer experience and journey in the 21st century, which has made it increasingly complex to create, manage and attempt to control it (Edelman & Singer, 2015; Rawson et al.,2013). New technologies and platforms are established that alter the journey (Edelman & Singer, 2015; Kannan, 2017) and the way that firms interact with consumers (Bughin, 2014; Leeflang et al.,2014). This requires firms to integrate multiple business functions such as IT, service operations, logistics, marketing, human resources and external partners (Edelman, 2010).

Consumers are not systemically narrowing down their options, instead they are focused on adding and subtracting brands from a group under consideration and evaluation. After purchase is also different now. The focus nowadays is often on an open-ended relationship, where consumers share their experiences online (Edelman, 2010). The managers are shaping the consumers paths, hence leading and being proactive (Edelman & Singer, 2015). The focus should not only be on maximizing satisfaction in specific moments in the consumer journey, but also making the consumer journey seamless, because it will help to enhance consumer and

employee satisfaction, increase revenue, decrease costs and improve collaboration across the organization. In order to make a seamless the journey, the organizations need to go from a touchpoint orientation to a journey orientation (Rawson et al., 2013).

It has also become increasingly important to understand the context of the overall journey, in order to understand what consumers are trying to accomplish both before and after interaction with the brand, to provide even more value (Seybold, 2001). Hence, new technology pushes the firm to think about the consumer in multiple roles, like patient or producer during some parts of the journey (Hamilton and Price, 2019). The consumer experience is made up of these encounters, hence, to strategically design and manage this process is becoming a priority for top management (Lemon & Verhoef, 2016).

Furthermore, digitalization has put the consumer more in charge of the consumer journey and empowers them in the search, purchase, experience and evaluation of products and services (Labrecque et al., 2013; Thaler & Tucker, 2013). There is therefore a need to create value for the consumers, because of them co-producing and impacting the experience (Achrol & Kotler, 2012; Muñiz Jr & Schau, 2011). Furthermore, this will also help the organization with long-term performance (Srivastava et al.,1998). Consumers can co-produce in the entire consumer journey. For instance, they can co-design and recommend products in the search stage, participate in distribution and sales of products in the purchase stage and share and co-produce experiences in the reflection stage (Dellaert, 2019).

Hamilton and Price (2019) suggest that there are broadening opportunities to investigate how new platforms and technologies are interfacing with the different elements of a consumer journeys. That is because digital marketing channels such as e-mail, display advertisement and social media provide new ways to reach consumers and promote products and services compared to traditional media like print, radio and TV. These channels create value for consumers and create value for the firm such as acquisition, retention and profitability (Kannan, 2017). There has also been a growing popularity and increase in online engagement and digitalized WOM communication (Dellarocas, 2003). This together with the case of the music industry and consumption, which doesn't have a purchase phase per say, but instead focus on consumption at large, make it very interesting to see which platforms are used to build an engagement and a brand

3.5 Social Media engagement

In terms of social media engagement, it can also be measured from the perspective of ratings, comments, shares and expressions of agreements (Barger and Labreque, 2013). Even though the potential benefits of engagement on social media are increased consumer satisfaction, loyalty, retention, consumer lifetime value and profitability (Cummins et al, 2014), marketers sometimes over-rely on social media to deliver sales promotions to consumers, because they want short-term gains (Schultz and Block, 2014).

It's important to involve the audience in the co-creation process of the brand story (Singh & Sonnenburg, 2012). However, it's a two-way approach, where the firm also needs to engage with the consumer (Schultz and Peltier, 2013), but many brands still struggle with this. This is because they are using passive engagement, which is a push strategy. This means that the message is delivered by the consumer and the majority of the follow-up conversations is provided by the consumer as well, while active engagement is when a firm is part of both the delivery and response process (Dholakia et al, 2009). Active engagement from the firm helps to increase consumer engagement intentions (Schamari and Schaefers, 2015).

When it comes to music, channels such as radio, TV.billboards, printed ads and earned media attention were used before (Kask & Öberg, 2019). However, this has changed with the digital era. Music is now increasingly discovered through social media and consumed in digital versions as songs and albums, which impacts the consumer behavior (Dewan & Ramaprasad, 2012). Social media has a dual role as a platform for sharing information and opinions and also sharing the music itself (Dewan & Ramaprasad, 2014). Hence, instead of just focusing on the number of followers, artists should encourage participation on social media (Saboo et al.,2016). Therefore, consumer engagement becomes important in these channels, which needs further elaboration on how it's done.

3.6 Word of mouth

The consumers can be described as a marketing force (Phelps et al., 2004), which from the organizations view have the purpose of generating brand awareness or engagement (Ferguson, 2008). These campaigns consist of an engaging message that involve imagination (being fun or intriguing) but also encourage ease of use and visibility by combining technology and target credible sources. Moreover, it's also about the perceived value from the consumers perspective,

because they don't want to feel used in the process making it difficult to exploit WOM in an internet context (Dobele et al., 2005). Sincerity is therefore vital (Gamble & Gilmore, 2013).

Digital marketing that engages can be seen as the cause that creates awareness and enthusiasm, while WOM is the effect (Ferguson, 2008). WOM includes consumers' knowledge about the products, usages, experiences, recommendations and complaints. However, richer content and larger volume is more normal with online WOM (Kannan, 2017). Online WOM has its advantages such as exponential diffusion speed (Bampo et al., 2008; Helm, 2000; Welker, 2002), boost adoption speed and gives more effective targeting (Dobele et al., 2005).

3.7 User generated branding and content

There are also different ways of working with marketing in and across channels. For instance, by using user generated branding (Burmann et al., 2009), which takes into account the brand image and brand identity concepts (Burmann, 2010). It can be defined as "the strategic and operative management of brand related user generated content (UGC) to achieve brand goals" (Burmann & Arnhold, 2008, p.66). User generated branding can be both natural and sponsored. Natural means that it happens unprompted without interference of the marketer and sponsored user generated branding instead make use of the firm and incorporates asking for consumer contribution. It's often used for idea generation, consumer acquisition and consumer retention (Burmann, 2010). These consumers are creative consumers (Berthon et al., 2007) that do their own interpretations of the company brand (Pitt et al., 2006). Furthermore, this way of involving the consumer in the process through online platforms can be seen as a part of the sharing economy, where ordinary consumers can act as both buyers and sellers (Narasimhan et al., 2018) .

3.8 Synthesis of the theoretical framework

Literature exists about how the marketing landscape looked like before the digitalization in the music industry, but few have focused on marketing opportunities in the more stabilized industry, where streaming is the new normal. Digitalization has given the artists a choice of doing it themselves or signing with a record label. Because many artists are signed to record labels, the record labels have to show what they can bring to the table in order to stay in power. Hence, further investigation is needed into the artist and record label relationship, which is connected to the research gap in figure 3.
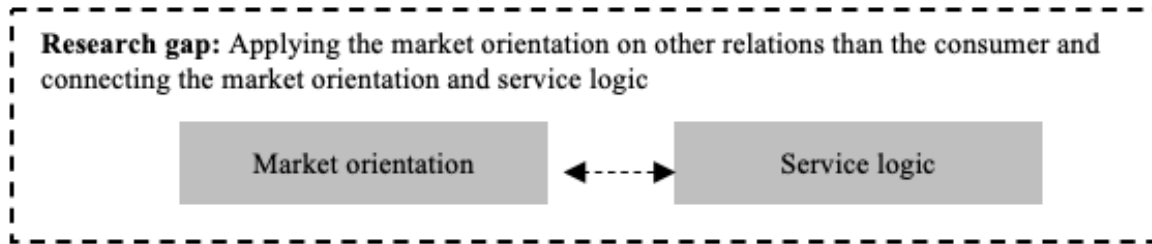
Figure 3: Research gap 1

40 000 songs are also released each day on Spotify, hence there is also a need to further investigate how record labels can help artists reach their audiences and how to engage the target group and create value. This thesis will be investigating how different dimensions of consumer engagement are connected to the renewed focus on consumer journeys and how this affects how value is created. See figure 4.
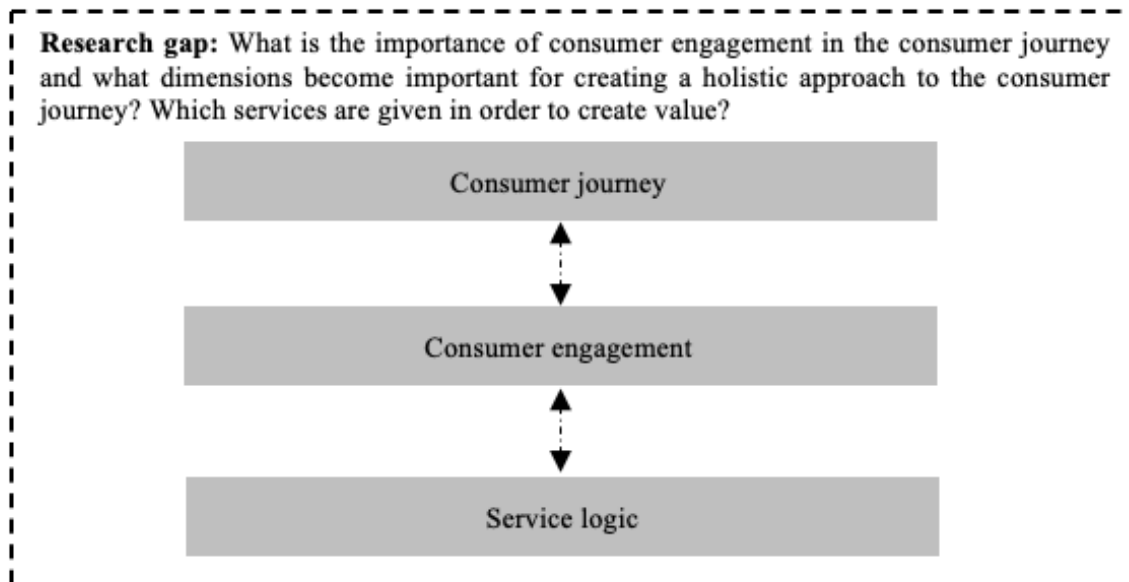
Figure 4: Research gap 2

4. Methodology
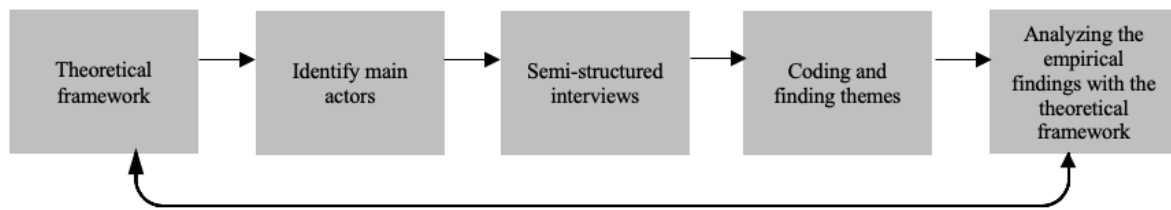
Figure 5: Abductive and iterative approach

4.1 Ontological and Epistemological Approach

This thesis will take the perspective of constructivism and have an interpretivist approach. Digitalization's impact in the music industry has been a big phenomenon and are being researched in interviews and qualitatively (e.g. Graham et al., 2004; Hracs, 2012). This thesis will investigate the relationship, which has a lot to do with the context the actors are in. It's accomplished by different social actors and is constantly changing, which is also the view when applying a constructivism approach (Bryman and Bell, 2011). This further implies that interview participants will be viewed as active subjects, who have their own view on social reality (Dundon & Ryan, 2010), making me needing to be attentive to their interpretations of reality, by being attentive to what they say, but also how they say it (Ellis & Berger, 2001). Furthermore, I also acknowledge that I as a researcher has a contribution to the specific version of social reality that is presented in this thesis (Bryman & Bell, 2011)

4.2 Methodology fit – Qualitative Study

The research questions are concerned with how record labels are tackling the business climate they are in, hence need a very open ended and qualitative approach to look into the how. A qualitative study is great for this purpose, because it enables richer and more detailed data (Edmondson & McManus, 2007). The research questions asked are also of explorative character, aiming to explore how record labels work and facilitate value, hence being anchored in the local and temporal context between record labels and artists. According to Flick (2009), it's exactly what qualitative studies do. They start from people's expressions and activities in their local and temporal context (Flick, 2009). It therefore allows investigation and interpretation of the meaning by looking at it from their understanding (Bryman & Bell, 2011).

The case study in this thesis was done by having an abductive approach, which is suitable for qualitative research in general, by having advantages of both the deductive and the inductive methods (Alvesson & Skoldberg, 2009). It was deductive because I used previous theories to guide my questions and analysis, but inductive because of open-ended questions and development of themes without having the theory in mind.

4.3 Data Selection

Employees at Swedish record labels were used as interview participants in order to go deep into the organization and the perceived value. The interview participants are part of the organization that have strategic and operational responsibility as well as have discussions with the artists, which can give a good direction towards what digitalization has done for the relationship and what record labels now can potentially give to artists. Because the Swedish music market is a global leader when it comes to streaming subscriptions per capita (Kask & Öberg, 2019) and that success of the record labels is shared across the industry, it makes it interesting to study a broad set of organization which Kask & Öberg (2019) also do. But I focus both on independent and major record labels with variation in sizes and roles that can enable comparison and contrasting data (Bryman & Bell, 2011). Moyon and Lecocq (2014) and Kask and Öberg (2019) look at the industry at large, but with a focus on the record label.

The thesis focuses on the value created between artists and record labels with a focus on facilitated and co-created value, hence the research is conducted with individuals in record labels and what they can do for the individual artist, which fit with the purpose of the research (Bryman & Bell, 2011). The participants in this case were from different positions within the company directly or indirectly involved in the promotion and marketing practices, which are important for answering the research questions. It involves people in positions within social media, brand partnership, sync, account managers, project managers as well as managers to give a hint on when record labels can facilitate and co-create value. The sampling method can therefore be described as purposive, because they were contacted on the basis of likely contribution (Bryman & Bell, 2011; Yin, 2011). However, this sampling method was also supplemented with snowball sampling and consisted of the researcher asking for further interview objects within the company in other positions connected to promotion and marketing (Yin, 2011), to find people that would be the right fit for the research. After 11 interviews from 5 companies (appendix 2), the analysis phase began. However, a follow interview was conducted in the end of May with one of the participants.

4.4 Data Collection and analysis

A total of 81 people was contacted for this thesis from 20th February to 1st April in positions such as CEO, Commercial Director, Head of Marketing, Head of Digital, Label Managers, Managers, Social Media Managers, Project Manager, A&R Manager, Promotion Manager, Brand Partnership Managers and Sync Managers. I contacted them through LinkedIn, email and also through my networks contacts that I have from work. I also contacted people several times throughout the process if they later had time for an interview, which made one of the record labels ask me to not contact them anymore. 5 of the 12 interviews were conducted face-to-face in order to also take notice of gestures, body language and facial expressions and therefore generate richer sources of knowledge (Brinkmann, 2013). The Corona virus made offices in Stockholm close down. Some interviews were therefore canceled, while others were done through skype or telephone. As far as possible, video interviews were held in order to still reap some of the benefits with face-to-face interviews. Two interviews were done by phone. All interviews were recorded and transcribed in their entirety within 48 hours in order to be able to code and see themes emerging from the data, but also to better recollect body language and atmosphere (Brinkmann, 2013). The interviews were held in the language best equipped for the interviews in order to make them more comfortable and feel that they could express themselves. If the interview weren't conducted in English, it was translated after transcription and quotes were sent to the interviewees for approval. This was made to enable the participants to clarify their statements or comment on sensitive information that should be excluded (Lincoln & Guba, 1985).

Individual interviews were conducted with a semi-structured approach, because of the need to have rich and detailed answers (Bryman & Bell, 2011) and to enrich the knowledge about how record labels operate and market the artist. But also, to be able to adjust the questions depending on how the participant answered and be able to pick up on themes that came up during the interview to permit flexibility (Bryman & Bell, 2011). The participants were introduced to the purpose and confidentiality, in order for them to appreciate what the research where about (Bryman & Bell, 2011).

With the research questions in mind, an interview guide was prepared with the semi-structure questions, in order to get exhaustive answers that covered them. The same key questions were asked to all participants to allow for some kind of triangulation (Bryman & Bell, 2011) see appendix 3. However, because of different job functions, some questions had to be added or changed in order to get new insights and angles. For instance, the Commercial Director got more questions concerning the organization, because that person had a more overview perspective and also had been in the business for more years, which can give a better perspective on the change. I also made short notes during the interviews, to capture the concepts used by the participants for follow up and clarifying questions.

Even though qualitative research normally has a high response rate (McBurney & White, 2009), the interviewees were going to be held during the beginning of March at first, which is a period of a lot of work for record labels. For instance, the Swedish Melodifestivalen is in its peak during that time of year. After that, there was the Corona virus that put a lot of constraints, if you could meet in person or not and were. Even though only 11 out of 81 people responded, I still argue that what the participants have said during the interviews are good enough to get a perspective of how digitalization affects the marketing function and to make a general picture of record labels. Graham et al. (2004) also had problems with finding respondents for research with record labels and states that it's a difficult target group to gain access to. Secondary resources were also used in the empirical sections to further see if what the participants had said could be seen in those as well, to strengthen my arguments.

When all data were transcribed and translated into English, I began by identifying recurring themes and convergences in the data and then organizing them into different patterns that fitted with the research questions by using excel and color-coding. Then I compared the themes with the literature review and the theory and had an iterative approach to see if the data supported or could provide a new approach towards the theory during the whole process of analysis. The competition between the different record labels tightened because of Corona, which made one person retract the citation from the first interview, but not from the follow up interview, and another delete half of the citations seven days before handing in this thesis. Appendix 4 is still coded for all of the things said during the interviews, but out of respect for the participants, I have deleted the citations that they wanted me to delete from this thesis. All interviews are also anonymized, because of requests from the participants.

4.5 Data Quality

The design of the study and the aim of this thesis is to make the reader confident that the findings and conclusions are trustworthy and can be applied to new situations and context. The following sections will therefore address credibility, transferability, dependability and confirmability, which is widely used criteria for evaluation of qualitative research (e.g. Beeler et al., 2017; Lincoln & Guba, 1985). For reflexivity see appendix 5.

4.5.1 Credibility

Credibility is a measure to assess if the result "appear to be acceptable representations of the data" (Beeler et al., 2017 p.69). This was tried to be achieved by interviewing people from multiple functions within record labels as well as managers in order to provide multiple data sources in the sample (Rheinhardt et al., 2018). The interviews were also transcribed, and the quotes were approved before published in this thesis, which is also one strategy according to Lincoln and Guba (1985). Excel was used for comparing the different interview answers and coding them into different themes, in order to see which themes that a lot of people talked about.

4.5.2 Transferability

Furthermore, the transferability was also considered in this thesis, which refers to if the result can be applied to another context (Beeler et al., 2017; Lincoln & Guba, 1985). The music industry works in a specific way than other industries, and transferability can therefore be questioned. However, even though transferability is limited in qualitative research, many processes and concepts are similar across context (Gioia et al., 2013; Morgeson & Hofmann, 1999). In this research, the marketing function has been under loop and marketing has been developed because of digitalization in many different industries. For instance, social media is often used in marketing plans across industries. Hence, the finding for this can be transferable. Furthermore, full description of the research method is disclosed above as well as thick description and consistent concept throughout the thesis, which enables other researchers to determine applicability and transferability to other contexts (Lincoln & Guba, 1985).

4.5.3 Dependability

Dependability, also referred to as reliability (Lincoln & Guba, 1985) were also considered in this thesis. It refers to if the study is replicable (Beeler et al., 2017) . The interviews were complemented by secondary sources in order to strengthen the arguments from the participants of the study and the interview guide were also shared when requested, in order for the participant to prepare. All interviews were recorded and transcribed word by word, by me listening to the recordings and then listening to them together with reading the transcript, to not miss any words. However, my pre-existing ideas and experience could still have influenced the end result (Finlay, 2002; Maxwell, 2013). I therefore also describe the research process as comprehensive as possible.

4.5.4 Conformability

Connected to dependability is conformability, which refers to if the result has been analyzed objectively, hence if it's grounded in data (Lincoln & Guba, 1985) and that researcher acted in good faith (Bryman & Bell, 2011). Firstly, different positions as well as people from different record labels were interviewed in this thesis, in order to gain input from different stakeholders and not towards a certain person's opinion that could affect the research. Furthermore, semi-structure questions were asked in order for the participants to give their opinion and take the question in the direction of their choice and quotes were given to the participants in order for them to confirm or change something if needed.

5. Empirical Findings

This section will begin by looking at the record labels change of different roles and functions (5.1), the value that it creates for artists (5.2) and lastly focus on marketing in the consumer journey and consumer engagement (5.3).
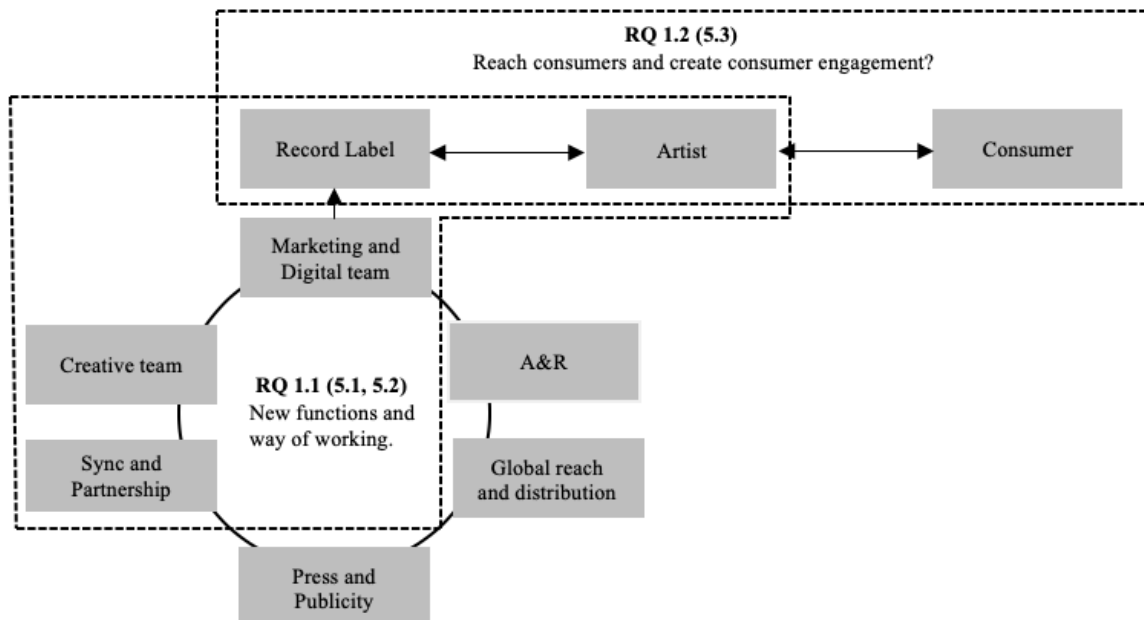
Figure 6: Visual representation of the connection between the empirical findings and the research questions

5.1 Same, but different

The change into a more networked value chain has an impact on the record label's activities. The core is the same, but what they do is different (Miller, 2019). "*All functions are there in order for us to provide the best service we can to all our artists regardless if it's a brand-new artist or if it's a superstar. The functions range from everything like royalty, finance, legal, A&R to marketing and sales*" *(Kevin).*

However, what some of these functions do are different, because the focus is now on fans and consumers, impacting what services that artist needs. "*I think the most significant change for us is that we are more fan and customer focused than we may have been before*" *(Jacob).*

This is because record labels are not competing for people to pay money for the products, instead it's about people spending time with the product. "*We are extremely data-driven today which we may not have been before and we release music in a very different way than we did before. Today, our currency is seconds and minutes*" *(Jacob).*

The digitalization of the industry had a great impact on the business model of the record labels, that also resulted in a name change to music companies. *"When the business was digitalized it was an incredible erosion of the business model because the industry was not tailored to the needs of consumers. Sweden had an incredibly high penetration of broadband and consumers needs were far ahead of what the industry was able to offer" (Kevin)*. It was then about finding the right way back to profit again. The music industry was among the first industries to become digitalized, hence a lot of partners that record labels worked with were not on the same page as the record labels, making record labels bring it in-house. *"Just because we were so fast in this process, that it entails being digitalized, many other actors that we worked with before, for instance advertising agencies, design agencies, they had not really developed at the same pace as we had done. Then we felt that we needed to set up that expertise ourselves in-house" (Jacob)*.

5.1.1 Project leader and A&R still key contact for the artist

All interviews have confirmed that A&R and project manager just as before, are the ones whom have the initial and core contact with the artists or manager and they also collaborate with each other. *"Although it's the A&R who is responsible for the music, I am still part of the process as early as possible, in order to base the marketing on the music and the artist "(Henric)*.

However, then the expertise functions also have contact with the artist or manager, depending on the campaign to ensure ideas and strategies that also fit with the specific function. *"Generally, the artist has an A&R contact and a key contact in the marketing department, but we try to get the number of contacts in the company as wide as possible" (Kevin)*. For instance, a social media specialist can be brought in early, to ensure fun ideas on what to do and what can create engagement. *"I am coming in early in the process to be able to participate in some parts of the decision making, usually around design, communications, and around what kind of fun stuff you can do on social media to get reach and raise awareness" (Anna)*.

The team around the artist consists of everything from social media managers, creators, brand partnership manager and partner relations manager, while the project leader and A&R are the link between them internally, that also add or subtracted functions when needed. *"You can imagine the tower at Arlanda that looks after all the central functions, that all the skills we have in- house works towards the same goal with the specific artist. It's also their (project leaders) task to go through the strategy and plan together with the artist and management "(Jacob)*.

It's more collaboration between the different functions with the A&R or project leader, that delegates the work, than collaboration between the different functions, even though that exists. For instance, sync work with them both, but not so much with social media. *"I collaborate a lot with our A&R's. I sometimes need the music very early, because of those I talk to. […] I get updates and such from the project managers, which is very useful for me when I sell a song" (Daniella).* However, within the specific function such as marketing and content there is a lot of collaboration, in order to create content that fits with the strategy and in order to have a coherent message. For instance, in the function brand partnership, they work with social media managers because *"[…] when we have a brand partnership it's used in X's channels and in the artists channels" (Eric).*

5.1.2 Data and analysis

Data is key for the transformation, because it makes it easier to forecast revenue and make smarter decisions. *"You can be smarter in all decisions and it's easier to invest money in the right things. You can treat it with a great deal more sensitivity in everything" (Daniella).* The data was previously focused on retail scans and radio spins, while it now exists infinite amount of ways to collect data. For instance, tracking social media engagement, to localize hotspots for tours or other marketing activities (Miller, 2019).

The interviews are also showing a broad span of what to do with the data that the record labels get, in order to facilitate and co-create value. Even for other partner relations that the record labels have. For instance, Spotify data can help with the strategy of which cities to visit on a tour. *"[…]on Spotify you can see that there is for instance 10 000 people listening to the music in London, so you can know that, if I book a venue with a capacity of 500, it will probably be fully booked, because it's already 10 000 people in London listening to the artist" (Bertil).*

However gut feeling still plays a part (Miller, 2019). It's important to not follow it blindly, in order to be more creative and focused on the long-term. *"We always take data into account but don't work blindly with data. This is because it's an emotional industry and there are opportunities to go beyond data. Moreover, it's important to know that the data says one thing today based on current consumption, but we can market and position the artist in a way that will change the consumption" (Kevin).*

It has also enabled transparency towards artists that have requested more control and visibility over their career and fan base (Miller, 2019). The artist can get the data if they want to, however most artists don't want it, because it makes what they have created more of a commodity. *"I have many instances, where I have tried to explain the data to an artist, and they have become disappointed and felt that what they have created is just all about 1 and O, skip rates and engagement." (Jacob)*

Digitalization has therefore enabled the creation of a new department, focused on analysis and digital marketing. *"Insights teams and creative teams have been one of the services we internally have been allocated more resources to and something our artists and their management have come to expect in our offering to them" (Ceasar).*

5.1.3 Partnership with digital music platforms

A lot of different partnerships have surfaced because of the transformation of the industry. Today digital music platforms and service providers together handle thousands of tracks from the record labels forming commercial partnerships between record labels and digital music platforms. The teams that manage these partnerships are taking a more merchandising role to position the songs on the most popular playlists (Miller, 2019).

The interviews confirm the view that the sales department still exists, but the partners are changed and also the size of the sales force. *"When the digitalization happened, it affected the physical sales. The number of physical outlets has been reduced which in turn leads to a smaller need for on-the-ground salespeople. We more or less have the same type of functions but today they're focused on the digital accounts" (Kevin).*

Focus in the beginning were playlists. *"Internal functions aimed at creating ways for our artists to break through are always key. In the early days of the digital business model one of those ways was to focus on playlists where the major labels owned and controlled large playlist brands" (Kevin).* However, consumers and digital partners evolved, and playlist are now assembled more by AI, leading to the record labels having lesser control over the buying space, making it important with data and analytics, and getting organic listeners. *"anything organic is great, because it's a 'real customer', rather than someone that would listen to it from a playlist" (Bertil).* The artist therefore needs help with these sales platforms, both in terms of having the songs and album on the platforms and how to be visible on them.

5.1.4 Online is the new in marketing, but traditional media are still important

Miller argues that the marketing function has changed focus from traditional PR methods, to innovative digital marketing initiatives. For instance, having social media management and people that are good at interpreting data (Miller, 2019).

The biggest change isn't between record label and artist, but between artist and consumer. "*Previously, there was always an intermediary, for instance a newspaper or TV or radio. […] Nowadays, they can reach out with their own words, write with the fans and have a relationship" (Daniella).* It also helps to target the right consumers in a less expensive way.*" Before you had to buy an ad on TV and that is extremely expensive, today with 10 000 SEK you will reach maybe like 100-500 people in Sweden and really target those people "(Bertil).*

Traditional radio and TV-performance is still important for building a brand in order to build a fanbase and get streams. *"Some partners remain. Radio for example is at least as important today as it was before. Further, TV is something that we continuously work with both in regard to promotional activities and with advertising though advertising is today more skewed towards on demand TV rather than broadcast TV" (Kevin).*

5.1.5 Social Media managers

Social media is important for distribution, to get traffic to the sales platform and to build a strong fan base that can share and recommend the artist (Leurdijk & Nieuwenhuis, 2012). It's part of the marketing function because of society development and because brands can be built on the platforms. "*That is where most of the marketing takes place as well as where branding plays a big part today" (Anna).*

Even though social media existed 5 years ago, there is a big change in attitude towards the platforms today. Before, it was something that someone did on the side of their normal tasks or an outside agency, while it is core now. "*I don't need to motivate to our artists or project managers why we should advertise digitally" (Inna).* It has become one of the most important channels for reaching the consumers with the artists values and views, helping the artist reach out with the music. *"It has become much more important than before. It's a way to know more about the artist. […] You can show your values, who you are etc."* (Fanny).

A record label can help with ideas on what to publish, how to publish as well as execution, which is especially important for many younger artists, because social media is a platform where their fans are active. *"It's often difficult to come up with what, when and why to post, hence that is the added value that a social media manager can create. That you're a person they can brainstorm creative ideas with as well as help them with the creation and execution of content" (Anna)*. It's strategies both for paid and organic posts.

5.1.6 Brand partnership and sync have grown with digitalization

Brand partnership as well as sync provide additional ways for fans to discover the artist, the song and also provide income for the artist. It's therefore now rarely any artist that declines to be associated with a brand. According to the Executive Vice President, Head of Universal Music and Brands USA brand deals have more than tripled since he began in late 2014. The focus today of brand partnership is to have something that provide a great impact for all three actors (artist, brand, label). It has become a great way to expose up-and-coming artists to new audiences (Miller, 2019). *"For up and comers, it may be positive to be associated with a particular brand, to reach new fans and strengthen an artist's image, but for more established acts that have been in the business for a longer time, it may be, this pays well, this is worth it" (Eric)*.

Brand partnership gained importance with the digitalization because new revenue streams were needed, which were done by looking at other industries. *"For artists in Sweden, brand partnership is relatively new. In the sports world it has been around for a long time, but in the US, it's probably a little more established. This whole industry has grown at the same time as digitalization" (Eric)*.

Sync has also grown in importance, because it influences both income and exposure of the artist (Miller, 2019) Sync opportunities can be both within television and movies, UGC, video game and social media platforms such as TikTok and Snapchat (Miller, 2019). *"It's a great window to get the music out there. […] It may be comics and movies that don't pay much at all, but I think it can be worth it, especially if it's a current song and a debutant artist" (Daniella)*.

Sync works both with future songs and catalogue to increase revenue, while brand partnership is working with the current song. "I *work a lot more with the future than radio. […] There can also be a lot of catalogs that will be used, which don't work on the radio or Spotify at all like a song from the 70s" (Daniella).* While brand partnership works with the here and now. *"I work mostly with the artists who are hot right now and are streamed a lot currently" (Eric).*

5.1.7 Content strategy

More resources are allocated towards content creation, which has developed to be its own function. *"The creative team is something that didn't exist in the same way in the old business model. We have videographers, art directors, planners, all in an in-house department that is dedicated to create campaigns that make the artists stand out" (Kevin).* They are an in-house communication/advertising agency that is fully dedicated towards the artists, which makes them involved in the vision and the content strategy. *"It's their job to take the artist's vision (how the artist looks at reality and itself) and try to find a good way to bring it to reality and it involves everything from content, to video, covers, to photography in a way that fits with the world that is built around the artist" (Jacob).*

5.1.8 Relation with the manager has evolved

The number of actors and partners involved in an artist career have increased with digitalization. *"Say almost 20 years ago when I started management. Then, I had a very small number of partners. I was a partner with an agent who booked gigs, a record label that released the music on CD and then I had contact with a publisher who worked with copyrights. Now, partners around an artist can be around 30-40 different companies, where we (manager) are the spider in the network for that communication" (Greg).*

This means that the structure between record label and manager has somewhat changed and also especially with the contracts that artists get. Managers can be both the strategists as before, but also executioners, because they can through deals with partners do the core functions that record labels give if the artist has an artist deal. *"Today, an artist will bring songs to me, where I say, 'these we should optimize in another way', or 'you should work with these people'. Then we develop the song, in order to get the sound as good as possible and maybe set up a deal with a distributor, a YouTube agency, a digital marketing agency, radio pluggers and other partners to make sure that the music reaches fans" (Greg).*

However, artists still have contracts with record labels both in terms of licensing deals, distribution deals and artist deals, where the managers are the one that optimizes the artist career, hence the party that is on the artist's side that speaks with the different partners. *"It's very nice for the artist to have a person who in turn talks to many. However, it's still important that the artist gets to know the team"* (Daniella).

5.1.9 Learned to re-evaluate

The record labels that were part of the digitalization have learned to question the status quo sometimes in order to stay relevant for the industry and the artists. They have neglected the threat before, and therefore need to be mobile now to stay relevant. Record labels know that tomorrow may not look the same as today, having a humbler attitude. *"Artists and managers should be able to trust us and know that when they come to us, we do the job better than anyone else. To be able to meet that trust we must stay at the forefront when it comes to our services and what we offer. [...] I think it's important to learn from the industry and from other industries to constantly be up to date of what is happening in the world. One thing to remember is that just because something works today it's not certain that it will work tomorrow. I think that with a curious approach, a humble attitude and a willingness to test new things you will be able to keep up with the development and be a part of driving it"* (Kevin).

5.2 Value creation

5.2.1 Complex set of actors

There are a lot of different actors and giants that record labels collaborate with for instance digital music platforms, social media platforms, producers, music supervisors and brands. This is something that's difficult to get access to without a team. For instance, both account managers and social media managers can work with Spotify that give an extra push in that channel. *"I work with other social media teams, for example Spotify, if our artist is going to get featured or do takeovers in other channels that aren't their own (artists) or ours"* (Anna). And digital partners are becoming commercial partners as well. *"If you look at other partners that we have been working with like Facebook and other social platforms, the relationship has changed. They are commercial partners to us; where we can earn money"* (Jacob).

5.2.2 It´s a people's business

The artist is still in the center and managing the relationship with the artist is therefore important from the first meeting and going forward. The personal relationship builds up trust, which makes the job easier for the record label, because they can get to know the artist and its vision, to enable a strategy that fits with the artist and fans. *"As soon as we know something is going to happen, we take a meeting with the artist, make plans together and see which visions they have and where they want to go. It can be music vise, social media vise "(Bertil). "The more I learn about an artist's style, dynamic, humor etc., the easier it's for me to help them with their strategies and communication" (Anna).*

However, the artist is the one taking the final decision. *"I would say that the artist is more or less included in most of the steps we take, because in our world, it's we that work to realize the artist's dream and that also means that the artist have the last word, because it's their decision" (Jacob).* However, the record labels come up with suggestions and initiatives to facilitate value for the artist. It's about *"[…] giving suggestions on what to do going forward, getting them to try something new and if that doesn't work try another thing" (Jacob).*

Furthermore, the people's perspective is also important in terms of royalty and administration, where the people in those positions have responsibility for collecting the money and to explain it to the artists. *"Their job is to make sure, in a pedagogic way, to explain to the artist what kind of money that has been received and what kind of money that has been deducted" (Jacob).*

5.2.3 The team, competences and relationships are key

A team is extremely important, for letting the artist do what he or she is good at. *"You don't need a record label today if your goal is to get your music distributed, but you need a team of people if your goal is to actually establish yourself and have this as a profession where you can make money" (Jacob).*

The record labels point to them creating a relationship and giving the artist added services if they want to have them. *"We are creative sounding boards, not only in terms of music creation but also in terms of campaigns and artist branding and we are a big team working for our artists. You should not forget that a distribution solution is a mechanical solution, it's not a*

relationship which could be just fine, but when you go to a music label you get these added services that the DIY-distributors don't currently offer" (Kevin).

Then it's also about the expertise within different areas that the record labels have. *"The difference between the major labels and DIY distributors is that we (the major labels) offer full-service help, from A&R to sales and marketing, legal and royalty. Anyone can put their music on the digital streaming platforms but with us you get a partner in the creative journey" (Kevin)*. The record labels are also having more power to take the fight with the different partners that are needed for releasing the music. *"We dare to take the fight for our artist when we think that they aren't fairly compensated or fairly treated by other actors in the music industry" (Jacob)*.

A record label also has the funds to do big things if something is happening. *"A record label can if a song starts to happen, invest quite a lot in that song. They have a lot of resources purely financially to put into it" (Greg)*. A record label also has the capital to invest or create new platforms, that give the artist an extra push. *"We can also create new platforms for our artists, it can be to create new YouTube formats or a television series" (Jacob)*.

The access to the network, the relationships with vendors, and money together with format and knowledge are strengths of record labels, which gives the artist new possibilities within the platforms to reach out to fans. *"We might be able to access decision makers that have a finite amount of time and resources where we can present and highlight relevant parts of the artists music and plans to secure exposure" (Ceasar)*. The access also gives opportunities for an international career. *"International exploitation is a very important part when it comes to artists with potential international careers where major labels have a completely different platform and possibility to be able to maximize that potential than both indie labels and DIY-distributors "(Kevin)*.

It's also a symbiotic relationship with other parts of the artist network like management, booking companies and publishers that live in symbioses with the record labels. *"We will take the first recording cost, the first marketing cost and the biggest financial risk. Our job then is to build up such a high demand that the live and booking companies can bring the artist to a stage in front of people and hopefully that will lead to more and more people knowing of the*

artist that will stream it. We work in symbiosis all the time but in different types of rights areas. I would say that the last 5 years or maybe 7 years, that relationship between the various players in music industry has become tighter than before" (Jacob).

5.3 Marketing

5.3.1 Brands get importance in a world of noise

Record labels have always needed to understand the artist's vision and how to market the artist. However, it has become more important today than when the focus was on album and sales (Miller, 2019). New touchpoints can be leveraged by a focus on CRM and data, to build innovative approaches (Miller, 2019).

Therefore, it's important to learn from previous marketing efforts and make refinement. *"It's a constant refinement of past learnings and a constant challenge to everyone in the team to come up with the next step, what can we do that has not been done before or what can we do that has not been done for this artist or this song?" (Kevin).*

Furthermore, a record label still has its own goals to get a stable profit during the year, by for instance having X amount of songs on top-10 on Spotify. However, many of the interviews are pointed towards having a long-term view for each individual artist, to get to the ultimate goals of streams and radio hits that give revenue. *"I always stress the importance of long-term thinking. […] If you have a long-term collaboration with an artist, it's all about building the brand and fan base to get more people to listen to the music" (Anna).*

To build a brand is significant to build a long-term career for the artist. *"It's also key for us to build artist brands. […] All different types of communicative channels are possibly artist brand-building, as are promotional set-ups even though there might not be a direct effect on sales in all channels" (Kevin).* It's about creating story and connection. *"Most often it's about advertising and marketing to create awareness about the artist, its history and brand as well as creating a consumer - music relationship" (Anna).*

Hence, it's very important to not only focus on the distribution platforms, but instead build the brand on different platforms. "*In the digital age, you follow many people, see a lot of content, listen to a lot of music. Therefore, I think a great deal of our work is to create value and a relationship with artists and with songs, which makes them stand out in the crowd" (Henric).*

5.3.2 Building recognition and authenticity by being in the right context

Connected to familiarity is also recognition, which is important to get consumer engagement. *"Recognition in the text of the music, or perhaps personal history of the artist [...]. Basically, it's about finding some kind of relating factor between the artist and the consumer. [...] The purpose of marketing is to put a name and a face to the music so that you can create a relationship between the listener and the artist" (Anna).* This can for instance be done through using YouTube by releasing behind the scenes videos and interviews to help the fans get to know the artist behind the music and feel that they are part of an artist's life *"For each of our artist we have a YouTube channel where we post music videos and that is important, but we also try to have a lot of behind the scenes videos, interviews and have also tried vlogs" (Bertil).*

It's very important to make the marketing efforts become organic and a credible part of people's dialogue (Frick, 2018). It should feel genuine that the artist is publishing the content. *"However, it is also about enhancing the artists' brands as well as a way to connect with their fans. It is important that you do it in a way that is credible" (Anna).*

The focus has therefore changed from one recipe that fits all into a focus on context and format that is right for the artist. *"We constantly aim to create engagement by looking at who the artist is, how the music sounds. With that in mind we create unique campaigns for each release to engage both existing fans and potential new fans" (Kevin).* The context in terms of finding the emotional connection, but through the music and convey it on other platforms, in other types of visual motives (Frick, 2018).

5.3.3 Consumer journey more important, than the specific touchpoints

The first part of the consumer journey is extremely important, for reaching fans and a prerequisite for engagement. *"Where we place the biggest focus right now is how to reach out with good music, how to create an interest and how to get the first-time listener to listen to an artist" (Henric).* The record labels have little control over the purchase experience. However, there are some things that record labels can do in terms of marketing. *"With Spotify, we can have a canvas (a moving image material for the song), a cover, a bibliography, however, we are very limited in the listening experience itself" (Henric).* In order to create a fan or some person that is interested to listen to the artist again, data is key. *"We work a lot with retargeting, and how we can use data to find new, potential fans" (Henric).* In the end, it's about a holistic

consumer journey, in terms of keeping momentum and creating an interaction between fans and artists. *"It's important to maintain momentum, when the release is done and then it's good to do it for example with a video released a little later, another single release or that the artist can express why they released this song"* (Inna).

However, the strategy of how to get there depends on the artist and target group. *"The strategies and plans are always different depending on the artist, but the overall strategy is to create a campaign for a release that is engaging to the consumer"* (Kevin). It's a mix of channels used that build engagement and long-term brand for the artist. *"We constantly aim to create engagement by looking at who the artist is, how the music sounds. With that in mind we create unique campaigns for each release to engage both existing fans and potential new fans"* (Kevin).

The owned channels, in terms of the record label and the artist channels are more focused towards building a brand, while paid advertisement is more done to get streams. *"All the marketing that we buy whether it's a digital ad or if it's reach on a platform are more driven towards streams. We build brands more in the platforms we own, because you can tell the artist's story to a much greater extent, provide a context and build your own little world"* (Henric).

5.3.4   Letting fans be part of the marketing process

As Leurdijk & Nieuwenhuis (2012) argue, consumers have access to more music and devices than before, which make it easier for them to share and recommend it to others, as well as be part of the marketing and music production. One example is the marketing campaign for Afro B's new single, where the team did a remix of the previous single, made a dance video with popular dancers in the afrobeat community, leading to the fans creating their own dance content on social media and sharing their work (Musically, 2019b).

Another example of involving the fans, where when the artist Amir release his new single, by providing the fans with an app and a hologram of Amir, which the fans could use to produce their own videos and share on social media. The fans were also incentives, by Amir, because they could get a chance to be featured in an alternative video that he was going to share, with the fan created content. The campaign took advantage of paid marketing on Instagram and YouTube, as well as TV-shows (Musically, 2019b)

A third example is Bastille, that made use of Snapchat to re-engage the fans when the video was going to be released. The challenge was to locate the different letter from fourteen different Snapchats, like a scavenger hunt in the op 14 streamed cities. These letters together formed the right phrase of the lyric. If enough people handed in the correct phrase on a site, a release date would come up. The fans were involved post-release. They could use a bot, were fans could make bad decisions to get one of the characters in the video and they were encouraged to share the results on social media. Instagram stories were also used, for the same thing (Musically, 2019b).

Consumer engagement is important, because it can create a desire to listen to the music. *"Our strategy is to always try to create good content and advertising material, so to speak, which means that the end customer doesn't perceive it as advertising material, but that is something that you voluntarily get involved with" (Jacob).* This desire can be created in different ways. It can be because it's exciting, creates feelings, fits with the image of the consumer. However, engaging fans can help to build ambassadors, because they can spread the word, which is done by creating a relationship between the two parties. It can be both online and offline, such as meet and greets or physical events *"[…] artists can communicate in the form of a live stream on Instagram, go out after a gig and sign stuff and connect with fans or respond to messages on social media" (Greg).* Live streaming is especially important during these times, when nobody can tour. *"I would like to say that it's generally an important thing but especially now that we cannot have our gigs as usual. Then it's very important to keep engagement with the artist in that way, that you actually show that you want to perform for your fans" (Inna).*

User generated branding is also used to create engagement and get to the ultimate goal of sales for the artist and record label. For instance, competitions where the consumer can win merchandise, but it may not fit all artists. *"We sometimes work with competitions and activities that fans have to actively be involved in" (Anna).* For instance, Sony Music Sweden created a competition where consumers could win the merchandise of Nicky Jam, by sending in a part of the lyrics that they liked best in the new song (Sony Music Sweden, 2020) The consumer can also be engaged by taking part in music choices as well *"We did a campaign were fans could do covers or choice a version of a song and could win a pair of tickets"* (Bertil).

It can be both on YouTube and on other platforms. For instance, AR filters and lenses on Snapchat. *"We* work a lot with AR filters which can be good for marketing the artist organically and let fans get something out of it" *(Inna).* It can also be through TikTok, which Warner Music uses in the campaign with Viktor, Samir and Tix, were the consumers can become part of the campaign and the music video, by filming themselves when they act upon the lyrics of the song and then tags it with [@warnermusicswe](#) and [#KarantänChallenge](#) (Warner Music Sweden, 2020).

Universal Music are even taking this a step further, by teaming up with Society Icon, were fans can become influencers and get paid or invited to exclusive gigs, events and competitions. (Universal Music Group, n.d). Warner Music Group instead, did a contract with Songkick in 2017, which is a platform for event discovery and live music market, where fans can be rewarded VIP, fan pre-sale or become parts of fans clubs (Miller, 2019).

6. Analysis

The analysis will begin by untangling the market orientation of record labels, the value facilitated and created and then focus on what record labels can do to facilitate value for artists and fans. Consumer will be used for end consumer, while artist will be used for artists.

6.1 Market orientation by record labels

There exist two different marketing orientations closely connected to the marketing organization, market-driven and market-driving. Market driven refers to being reactive and implying incremental adjustments as well as acceptance of the present as given (Jaworski et al., 2000). The record labels are being reactive to the bigger environment and do incremental adjustments, by adjusting to the norms of the bigger society, such as include roles as social media managers and project managers. They are also including data and make adjustments according to what the data implies, hence market driven.

The constructionist approach was applied by Spotify and other digital music platforms, that modified the players in the industry value chain, which build a new web of players (Jaworski et al., 2000). This meant that artists can now go directly to digital music platforms and distribute their music without a label. The record label when the digital shift happened had an active market approach. They had their own playlists, changed the salesforce, added the content

functions and began with brand partnership, hence worked to shape the new way of working together with Spotify. By taking control over the playlist, I argue that record labels were trying to shape the behavior of the end-consumers, especially by removing end-consumer constraints (Jaworski et al., 2000), which helped the artist get more revenue.

The record labels are also taking a more market-driving approach in terms of the future. They talk about being mobile, re-evaluations and staying in the forefront, hence taking a generative learning approach (Baker & Sinkula, 2002). They work more proactive with evaluations, have close collaboration with the rest of the industry and have a humble approach towards the future, which increases their chances of becoming market-driving. Some record labels even invest in other formats and projects to help the artist reach more consumers, hence modifying the players in the market and taking a constructivist approach (Jaworski et al., 2000). The value that record labels think they give the artist is the network of contacts, were record labels have a really close contact with different partners for instance with Spotify and YouTube, which fit Day (1994) perspective of market-driven firms having great relationships with channel members. These partnerships can help getting the artist to be seen as well as become commercial partners (e.g. YouTube or brands), helping the artists with their revenue stream.

Record labels also have horizontal relationships with partners such as booking companies, because they live in a symbiotic relationship, where if one does a good job, the other has a probability of getting higher value. This view fits with Achrol (1997) who argue that both vertical and horizontal partnership are becoming more important.

Market orientation also consists of three basic approaches (consumer orientation, competitor orientation and inter-functional coordination) and a focus on long-term and profitability (Narver & Slater, 1990). When the attention is focused on the consumer, the organizations need to change in response to their needs (Achrol, 1991; George & Freeling, 1994). In terms of record labels, this is exactly what has happened. The record labels are more consumer focused, which make them indirectly more focused on the artist. It has always been a people's business, however the focus before where on pushing people to the retailers, while it now includes a bigger focus on the brand and the entire consumer journey. In order to build the brand, you need to know the target group and how to communicate with them, hence data and analytics has become its own function. Because of the need to find the right format, the content function has

gotten more prominent and can give the artist value because they know what works in the industry. Brand partnership and sync have also gotten more prominent roles, where brand partnership builds the brand and sync creates interest around the song. Furthermore, social media channels have become relevant for the artist to communicate with their consumers, hence the record labels offer social media management as well.

Kohli & Jaworski (1990) argue that organizations need to be able to generate, disseminate and use information about consumers, which Slater and Narver (1994) argue is done by spending time with the consumers and trying to find new ways to satisfy the need. The record labels are spending a lot of time with the artist in different functions, in order to get to know the artist and the artist's vision, which helps to find the right context and format that fits with the vision. This is facilitating better strategies. The artist is also part of the process from the start and has the final say. Hence, even though official research isn't conducted about the artist, information is still generated, disseminated and used for marketing and promotion purposes as well as in the music production. The record labels also see their position as someone that should be trusted in the sense that they should also come up with recommendations, being advisors and ask the tough questions to help the artist find a way to reach their audience.

The record labels have also understood that coordination of personnel and resources create superior value (Narver & Slater, 1990; Slater & Narver, 1994). They have project managers and A&Rs that have a lot of contact with the artists and managers and coordinate internally the projects in order to get the right functions together and working towards the same paths to find ways to market the artists and the songs in a credible way. The artists then have some contact with these functions when needed, in order to find out the best strategy and solution for the artists. Record labels also have the data and insights function that gather information from different sources to develop the project further. This ability to generate and disseminate information as well as the gut-feeling are part of the marketing capabilities that each record label has (Möller & Anttila, 1987). The capabilities they have within product development is also becoming important (Möller & Anttila, 1987).

6.2 Added value creation for artists

Because of the market driving approach that the record labels have, additional value can be added. For instance, if analyzing it from the provider sphere, where the firm facilitates consumer value (Grönroos & Voima, 2013), one can see that the consumer focus lead to an artist focus, which has made the functions more adapted to the artist's needs. For instance, the foundation of the data and analytics functions, which facilitate value by providing insights on which way to go, what target group to choose and what context to be in. However, employees with expertise are still important to know whether to act on the data or not.

Record labels have the right expertise, which makes the artist trust the decisions and facilitate the artist to find ways to communicate with the consumers, whether normally on their social channels or during releases. Furthermore, the data has also provided a way to forecast revenue, hence facilitating value for the artists because they forecast it. The record labels are also providing royalty and financial services, that helps the artist know what the different money comes from. Furthermore, sync and brand partnership also facilitate value by finding opportunities for the song or artist to be seen in different contexts, which the artist then get and can decide whether to do it or not. Because of the market-driving perspective, the record labels are evaluating themselves, in order to be able to provide these services, which offer the artist time to focus on things he or she is good at. The important facilitator of value is hence the team, that can provide a network of contacts, that otherwise would be difficult to get without a team. The record labels can be that team, by having the expertise and creative knowledge.

If then looking at the joint sphere, where value generation and co-creation is created (Grönroos & Gummerus, 2014; Grönroos & Voima, 2013), the team invests a lot of time with the artist. Even though the artist has close contact with project managers and A&R, they also have contact with the different functions.

It should support consumer's everyday practices and facilitate value creation (Grönroos & Gummerus, 2014). The record labels are very consumer-driven and artist-driven, hence invest time getting to know the artist in order to build a brand and not just buzz around a song in terms of marketing, which is different from before. More time is invested in marketing around the artist and not just towards the retailer, hence more focus on supporting the consumers everyday practices. Because they invest a lot of time, they can understand the artist and provide an

atmosphere where challenging the artist becomes a good thing. They can therefore with more precision fit the strategy with the artist and co-create value in the marketing campaigns that build a connection between the artist and fans. The record labels become sounding boards. The co-creation of what to present to the fans also helps with what kind of content that should be produced.

The artist provides knowledge of its history and what it stands for, and the record label provides strategies and help to execute them. Some artists may not need help with this, which the record labels also accept. However, if they need help with this, the record label becomes a great partner. The value facilitated in the provider sphere, helps with ideas in the co-creating stage and the opposite also occurs. The more consumer orientation approach is hence providing the record labels with more ways to co-create value and be part of the joint sphere, becoming more collaborative both internally and with the artist. This enables better value creation for the artist and make the collaboration smoother.

Driven towards the artist means that these two spheres are done in symbiosis in order to enable value creation for consumers

Provider sphere *The different functions offered has a network and expertise that the artist get access to*	**Joint sphere** *Interaction artist and record label*
Data and analytics – basis for more informed decisions and better forecast of revenue. Social media management – strategy and execution. Brand partnership and sync – extra revenue and reach of the artists and song. Content strategy and management – creating strategy and material of the artist vision. Royalty and finance – Give the artist time to focus on what they are good at.	Dialogue with the artist, to understand the artist in all functions, that enable better delivery of the provider sphere. The artist gets more customized strategies that fit with a lot of channels because of the cross-functional collaboration, which give the artist value when it interacts with the fans and target group. Employees at record labels become sounding boards with a lot of knowledge in the back of their heads. The artist can lean on the record label to get tips and tricks on how to reach the fans or who to contact to get value when they create music, market themselves or interact with the target group.

Figure 7: Value creation in the relationship between artist and record label

6.3 Holistic approach of the consumer journey

The focus should be perfecting the entire consumer journey and going from a touchpoint orientation to a journey orientation (Rawson et al. 2013). All of the participants have said that there is no specific recipe on which touchpoints to use during a specific part of the process, but that it's instead dependent on the artist image and the fans. For instance, social media is used both in terms of awareness by paid social media, and organic in terms of the artists and record

labels social media channels, while organic reach is very important in the post-listening phase. TV and Radio are used for creating a broader awareness, while social media is targeting specific groups. A mix of channels are therefore used to build a brand for the long term. It's about building engagement during the entire consumer journey, by creating awareness towards a broader audience and specific target groups defined by data and human gut feeling to create traffic to the listening stage and partnering with digital music platforms in order to get the songs on those platforms and be able to influence this stage. Then it's also about refining the target group by looking at data and working with engagement to get them to the listening phase again. The record labels marketing team are therefore proactively trying to enable artist-fan interaction by finding the right way to interact and involve the target group, which is what Edelman and Singer (2015) suggest as well, that the manager should be proactive. It also involves different functions such as data and analytics, social media, content, brand partnership, sales and external partners in order to have a holistic approach of the consumer journey, which support Edelman (2010) thought of integrating multiple business functions.

Seybold (2001) is arguing that understanding the context of the overall journey is very important. This is also highlighted in the interviews, in terms of building the right formats and context that fits the artist and the fans. It should feel authentic and organic through the whole consumer journey, to make it fit with what the fans want and expect. Making the relational connection, by for instance having behind the scenes content and vlogs. Record labels are constantly evaluating the campaigns and looking at the desires of the consumers, for instance if they listen to the artist and the song because it fit with their image, their feelings or moods, giving the consumers different roles as Hamilton and Price (2019) suggest, which becomes even more importance in the music industry context. That is why it's difficult to say, which channels or touch points should be used, because it has to fit with the fans and the song and the artist.

Consumer engagement has been something that the record labels considered and acted upon in the consumer journey when it fits with the artist image, both in the pre- and post-phase. They build it around authenticity and fan participation. Edelman (2010) shares this thought of having an open-ended relationship, where consumers share their experience in the after-purchase phase. This priority of consumer engagement throughout the consumer journey puts an emphasis on the consumer, which the society at large have shown have become more in charge

of the consumer journey, where they are more empowered in the different phases. (Labrecque et al., 2013; Thaler & Tucker, 2013).

6.4 Consumer engagement

Brodie et al. (2011) argue that consumer engagement is subject to a context and specific stakeholder expressions. In terms of artist and the song it becomes very important to firstly think about how to engage the consumer. From answering DM, to playing live or using UGB in order to engage the fans. Then, it's also a choice which channels that should take advantage of UGB to get reach, awareness and creating a relationship. Hence, it's very important with familiarity, authenticity and credibility when engaging the fans. The context and formats used are therefore becoming even more important. However, when it comes to engaging the fans and spreading content, social media have opened up new possibilities for the artists to actually involve the fans more than before. The involvement, which is one of the antecedents of consumer engagement (Vivek et al. 2012) are hence helping to create consumer engagement.

The cognitive dimension has a focus on attention (Rothbard, 2001), but also absorption of being concentrated and engrossed in what you do (Schaufeli & Bakker, 2004). A lot of focus was before on promotions on radio, TV and newspapers, which were bought to grab the attention of the consumers, but the absorption was missing for some, because the fans could not really interact, hence could do other things while listening to an interview. Absorption was however, accomplished by having booklets in the CD sleeve. The behavioral dimension was also used, in terms of motivating people to go and buy the CD.

Record labels are still using the cognitive stage but incorporating more of the absorption of getting the consumers fully concentrated and engrossed in what they do (Hollebeek, 2011b; Schaufeli et al., 2002) and finding the intrinsic motivation of the consumers (Rothbard, 2001). For instance, by using YouTube and other social media channels to spread behind the scenes videos, vlogs and interviews in the right context for the target group, to get the attention and get the consumer to absorb the content and wanting to get involved in the artist's life, creating a closer relationship with the artist. TV and radio are still used to create a story around an artist for the broader audience, but absorption is enabled by really targeting the audience that has the potential to absorb the content. These become important whatever stage or part of the consumer journey they are used in, which fit with the more holistic approach as well as Vivek et al. (2012) thought that it's important to go beyond the purchase intentions and decision making. It's

instead focused on creating consumer engagement of the brand both in pre- and post-listening stages, in the hopes of reaping the benefits of consumer engagement such as loyalty (Bowden, 2009) or even more commitment (Hollebeek, 2011b).

The behavior dimension is also increased in society today with a lot of focus on social media and the possibilities it facilitates. Van Doorn et al. (2019) suggest that behavior can be that consumers are complaining, participating in brand communities or events as well as giving suggestions to other consumers or staff members. Record labels are doing events like small gatherings for invited fans or meet-and-greet after the show, where fans can take part and interact with the artist.

In terms of day to day engagement, the fans can interact with the artist, for instance by liking, commenting or sharing posts of the artist (Barger and Labreque, 2013). It enables a conversation, instead of a dialogue. They can also interact with the artist, if the artist is livestreaming, but also interact with other fans, creating a community feeling. The live streaming gets increased importance in times like these, when an artist isn't allowed to play live in front of an audience. The focus is on brand and long-term engagement, hence trying to circumvent the negative outcome of trusting social media's power for sales too much (Schultz and Block, 2014).

Involvement and creating a platform for consumer engagement, like the co-creation process is a two-way approach, hence both firm and consumer needs to be involved (Schultz and Peltier, 2013). The record labels are really good at this. For instance, using a platform like an app, with an augmented reality hologram of an artist, which fans could then use to record a video and share on their social and then giving an incentive to the fans by challenge them to produce the best video, which would be shared on the artist social media and used as a music video for the new single (Musically, 2019b). It's hence active engagement by both artist and fans, to co-create it together and letting the fans of the artist see that the artist cares and wants to be engaged with the fans content as well (Dholakia et al, 2009).

Record labels are thus, using the consumers as a marketing force (Phelps et al., 2004), to create brand awareness around the artist (Ferguson, 2008), but also consumer retention by using user generated branding (Burmann, 2010). For instance, giving the fans small phrases or letter that the fans can assemble to create the song title or lyrics of the song pre-release. This increases awareness and engagement, which can end in a huge engagement for the song, which one of the examples from the interviews showed. Teasers are used, such as small video clips, phrases together with sponsored user generated branding, such as building a challenge around the teasers, to make the fans want to take behavioral steps and engage with the content. Hence, sponsored user generated branding, which refers to the firm asking for contribution (Burmann, 2010), is therefore used a lot by the record labels.

Furthermore, voting on which songs that the artist should play on the next concert, remixes and version of a song, as well as which song should be the next single can also be asked to consumers by the artist, enabling a closer relationship between them. Hence, co-developing of the product and brand also becomes a big part to build engagement (Brodie et al., 2013). Social media channels and other digital marketing tools such as apps, with involvement features, make it easier for consumers to take part in the marketing of the artist, letting them be both buyer and seller (Narasimhan et al., 2018). It can be interacting with filters and lenses on Snapchat, which the fans can play with and share on their own platforms, making them become marketers on their own terms, getting higher perceived value, and not feeling used by spreading the content through WOM (Dobele et al., 2005). This helps to make the marketing efforts stay alive for longer, building up a more holistic approach towards the consumer journey. The campaigns fit both for acquisition and retention. The record labels have even started to think of the fans as micro influencers, where for instance Universal Music are teaming up with Society Icon, giving fans exclusive gigs by spreading the content, hence fits with the goal of the consumers.

Sharing of content by the consumers are therefore becoming a big part of the record labels strategy, which is a behavior by the consumer. But also built up attention and absorption, hence cognitive activities (Brodie et al., 2013), because the fans are spending time with the artist brand on their own terms. This makes organic content and diffusion an important part of the marketing campaigns, where having a user generated branding strategy really fit. The consumer has options for taking a behavior that reflects their goal, giving a benefit or value that the consumers seek (Van Doorn et al., 2010). They can listen to the song or be involved in the

process of creating the brand that the artist represents or be involved in the artist brand and having a close relationship with the artist. Fans are given incentive but aren't required to be part of the campaigns if they don't want to, because the most important thing is to make it credible and genuine. Just like Gamble & Gilmore (2013) argue sincerity is vital. Furthermore, these campaigns are built to move beyond the purchase stage and to build a more holistic approach towards the consumer experience, which is what Van Doorn et al. (2010) advocate because of motivational drivers. The content produced should have a feel of familiarity, recognition and credibility, which should enable user generated content as well, that the consumers want to spread on their own (Burmann, 2010). However, the record label can only provide the right tools for the consumer in terms of this but have no control over what the specific consumer wants to do.

Lastly, the affective dimension is also used, which is the process mechanism for feelings and emotions (Oliver, 1993; Sojka & Giese, 1997). User generated branding strategies done right by the record labels can make the fans want to become involved. These campaigns should for instance involve imagination, the feeling or fun or intrigues but also make it easy to use and be visible as well as leverage technology (Dobele et al., 2005). The record labels are trying to incorporate this by especially using AR, like filters and lenses and apps, to find new ways of connecting with the fans. It can also be to incorporate both on and offline channels. For instance, by having a scavenger hunt with a QR-codes, which fans can find on specific locations leading to a lyric that fans can assemble.

Pre-listening

Listening

Cognitive, behavioral and affective aspects are all used in the consumer journey, enabling customer experiences.

The behavior dimension is of specific importance for record labels, in order to get diffusion of organic content, which paid marketing can enable in the pre-listening phase.

It is about building the campaign around previous engagement and building momentum and a relationship. For instance, using AR filters, which can get diffused and create awareness in both pre-release and post release stages, by people that have been through the post-listening stage. Then in the post-release stage of the campaign, incentives them to share it, to build momentum for the video, were fans own content can get displayed.
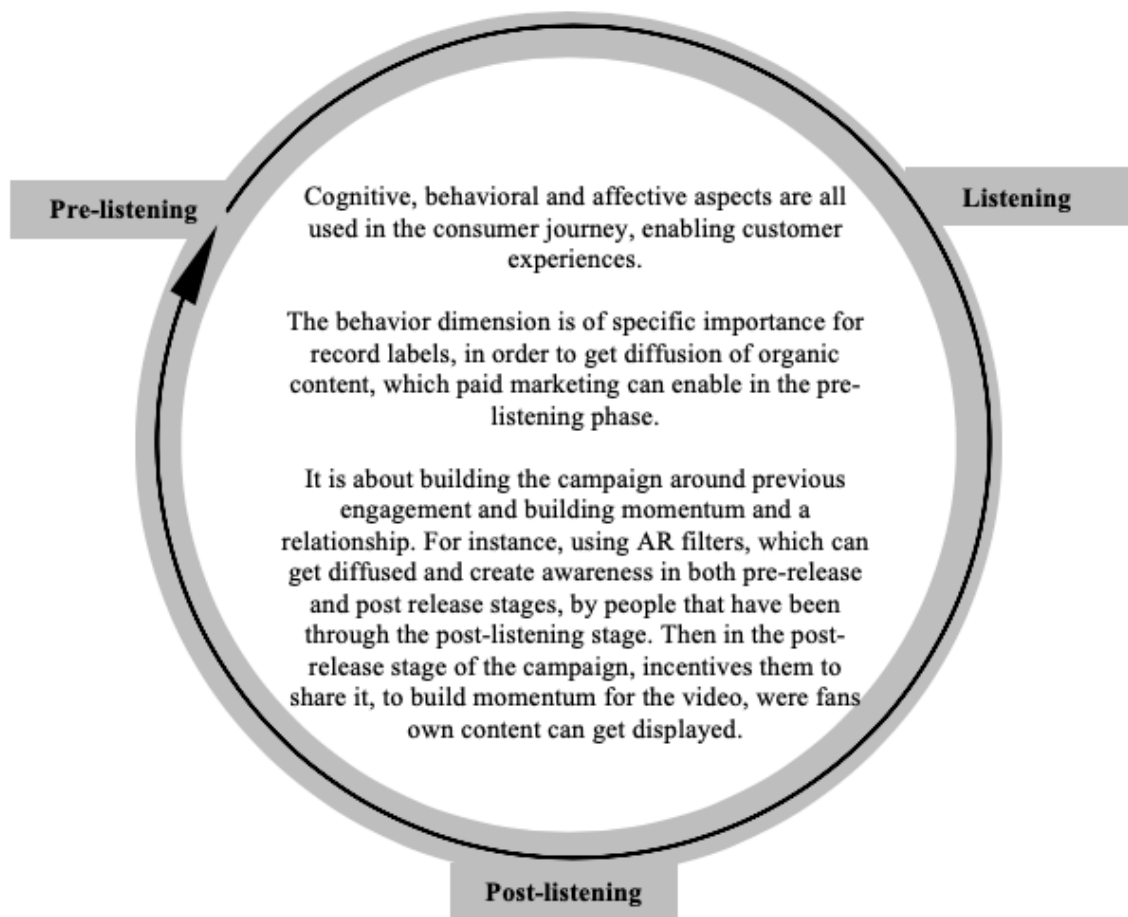
Post-listening

Figure 8: Holistic approach towards the consumer journey and consumer engagement

6.5 Value creation for artist-fan relationship

Record labels have changed their view and are becoming more consumer oriented. The society are also providing new marketing tools that enable closer interaction with the fans. The record labels are providing the network and functions in order to facilitate value and also co-create value together with the artist, see 6.3. This enables the artist to facilitate consumer value as well. The provider sphere, which according to Grönroos & Voima (2013) is closed to consumers, where value facilitation is created (Grönroos & Gummerus, 2014), is where the artist is working with the record label in order to come up with the music and the marketing campaigns that engage the fans and build a brand. The focus on consumer engagement and user generated branding, however, is helping the artist facilitate value creation for the consumers, hence interaction is key.

In the joint sphere, value creation by the consumer and value co-creation is present, when the different partners interact and engage themselves (Grönroos & Gummerus, 2014; Grönroos & Voima, 2013). The artist is giving the fans incentives of becoming marketers by helping them create value for themselves, in terms of their goals and building their identities. As previously stated, the behavior dimension of engagement becomes very important, in order to enable co-creation of value, where the artist takes an active role, instead of a push strategy of content, making it more genuine. The fans can get involved in the music process by choosing which version should be released for instance, hence influencing what is produced in the provider sphere. The fans can take it even one step further, by sharing the co-produced product, moving into the consumer sphere, by integrating new resources with existing ones (Grönroos & Gummerus, 2014), and interact with others in the ecosystem providing social value co-creation (Grönroos & Voima, 2013). The consumer interacts with the app or AR-filter, producing their own value-in-use, and then shares the products with other fans or family and friends.
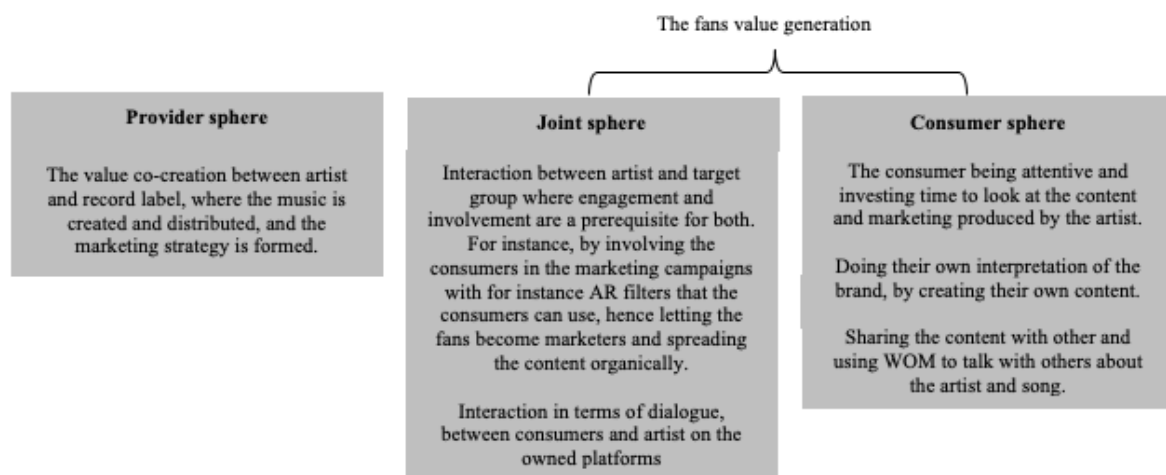
Figure 9: Value creation in the relationship between artist and consumer

7. Discussing

In this section, the finding and analysis will be connected to the research gaps.

7.1 Market orientation and service logic

Firstly, this thesis has tested what a market orientation implicates for the relationship between supplier and buyer, and how it takes form. Mostly, by using Jaworski et al. (2000) definitions of market driven and market driving. It's shown that because the record labels are applying a market orientation towards the consumer, they indirectly also apply it to the record label-artist relationship as well, because that will enable a better product. If the artist gets the help they

need, they will have a chance to get through to their fans, which gives the record labels more profit in the end. This specific case shows that now, when the roles blur between who is the supplier and who is the buyer, having a market orientation towards the end consumer, will impact other relationships in the supply chain, that will move towards a common goal, ending up facilitating value. The record labels are having a closer relationship with horizontal and vertical relationships, like the booking companies and record labels that work in a symbiotic relationship, giving the artist more value in the end. By challenging the artist and having functions that really work towards giving the artist the right tools, resources and skills, it enables both parties in the relationship to be consumer oriented.

The second aim towards contributing to theory was connecting the market orientation theory with the service logic, to see what it meant for consumer value. The record labels by their market orientation towards the consumer has enabled new functions to emerge that help to facilitate value for the artist, hence get them the tools to reach and connect with their audience. Some new roles have emerged in the function such as data and analytics, social media management, brand partnership, content function and an extra focus on royalty and financial assistance. These roles would give nothing unless having an artist focus and working closely with the artist in the joint sphere, where the artist get to tell the different marketing functions in the record label about the vision and their history, which help the record label to customize the solution in the different function to make it authentic and credible for the target group. By also having a cross-functional team, it becomes easier for A&R and Project Managers to have a holistic view of the strategy, to make the best campaigns and plans. The expertise that the record labels have together with the network that can get the artist into different contexts are what makes up the core to facilitate value, while the functions can be different depending on the needs of the artist. Hence, the market orientation makes the company work more with the joint sphere and value co-creation.
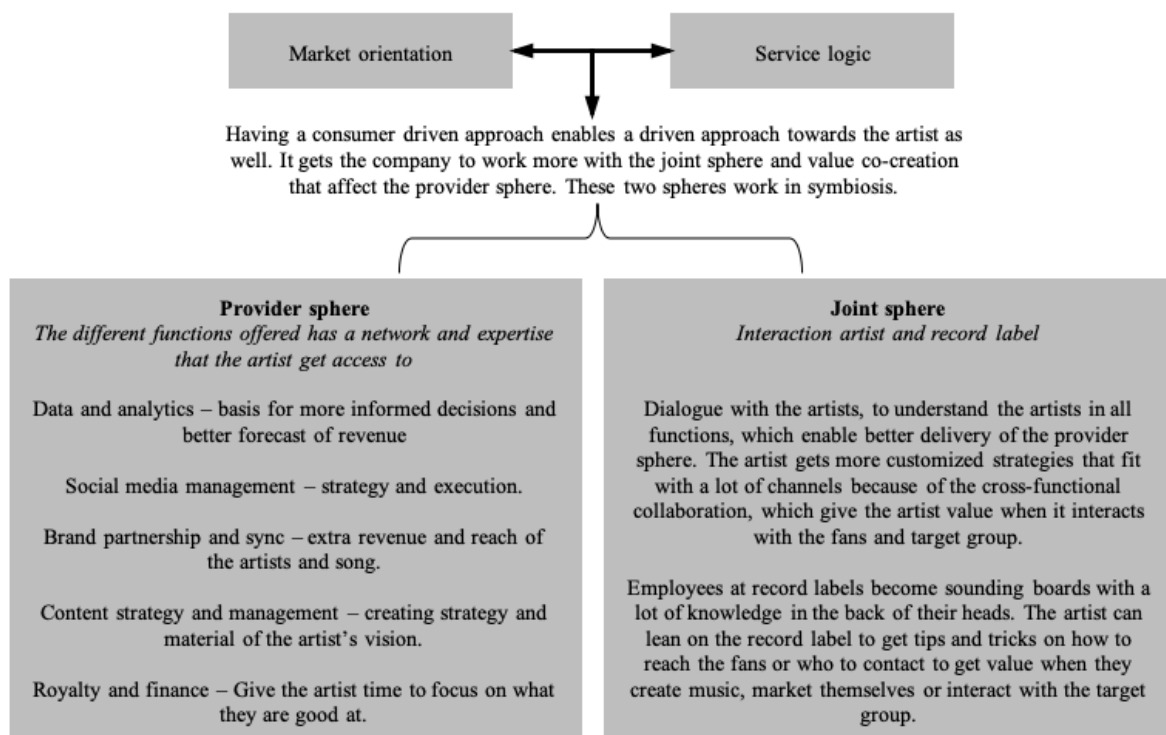
Figure 10: Outcome of analysis combining market orientation and service logic

7.2 Consumer engagement and consumer journey

Another connection is between consumer engagement and consumer journey. Firstly, there is a focus on context and format, which make the record labels have a holistic approach towards the consumer journey. The strategy is to produce a consumer journey with no end. Hence, record labels are not focused on specific touchpoints or channels for a specific part of the journey. What decides which platforms are used as well as what touchpoints to use are determined by the vision that the artist has and what kind of target group that implies. It's also about understanding who the fans are, and that they take different roles and have different needs of being involved. Then a more holistic view of the journey is made by combining different platforms in different parts of the journey that create awareness and relationships with the consumer, in order to build a brand. The data and analytics function is playing a big part in this, however the expertise in the record labels are important for getting advice whether to act on the data or not. What stands out in order to build this more holistic view of the journey is the focus on organic reach, where social media channels play a big part. It's about creating the right content that engages and makes the consumers want to spread it on their own, which is done by proactively designing opportunities for interaction between artist and fans. It's also about

constant refinement of the target group and marketing plans and involving different functions that can build a holistic vision by using different channels.

The focus on consumer engagement, when having a journey-oriented view is the focus on building brand ambassadors and the people in the post-listening phase and the day-to-day interactions, who can help market the artist in the pre-listening phase for new listeners. It can be that the artist answers DM or have live-streaming on social media and so forth. What is important when interacting are familiarity, authenticity and credibility. The platform that is used for such interactions are often social media, which make it easy for consumers to interact by reacting, commenting and sharing. It has therefore opened up the way to engage fans better than before. Organic reach and sharing are thus becoming important strategies for getting a holistic approach towards the consumer journey, which is done by consumer engagement.

In terms of the different dimensions in the consumer journey, the cognitive dimension is used both in the pre and post phase, by the record labels, in order to not only get attention, but also absorption, to get the consumers engrossed and concentrated. It can be to use YouTube to spread behind the scenes videos, vlogs or interviews, that create a story, where consumers can also interact with it by commenting or liking the videos.

The biggest focus is the behavioral dimension, which is used also in a more holistic way. It goes beyond the purchase, to include a dialogue and a close relationship between artist and fans. It's in terms of day to day interactions that enables conversations to make the fan feel appreciated. It's also about having emphasis on co-creation, enabled by the two-way communication, which often involves a UGB strategy incentivizing the fans to take action both pre and post release. It can be by competitions or voting and even in the product development stage, where the consumers can get involved, enabling a close relationship and letting the consumer decide whether to interact or not, instead of pushing a generic message onto them. Tools such as AR filters are used to also create engagement in terms of affection, like feelings and emotion. The song is doing a great job at it, but with the right tools and content, it can build up affection even more. It's, hence, a combination of all three that makes up the best consumer engagement, where different platforms are combined, and different dimensions of consumer engagements are applied. It therefore needs to grab the attention, which is done by closely

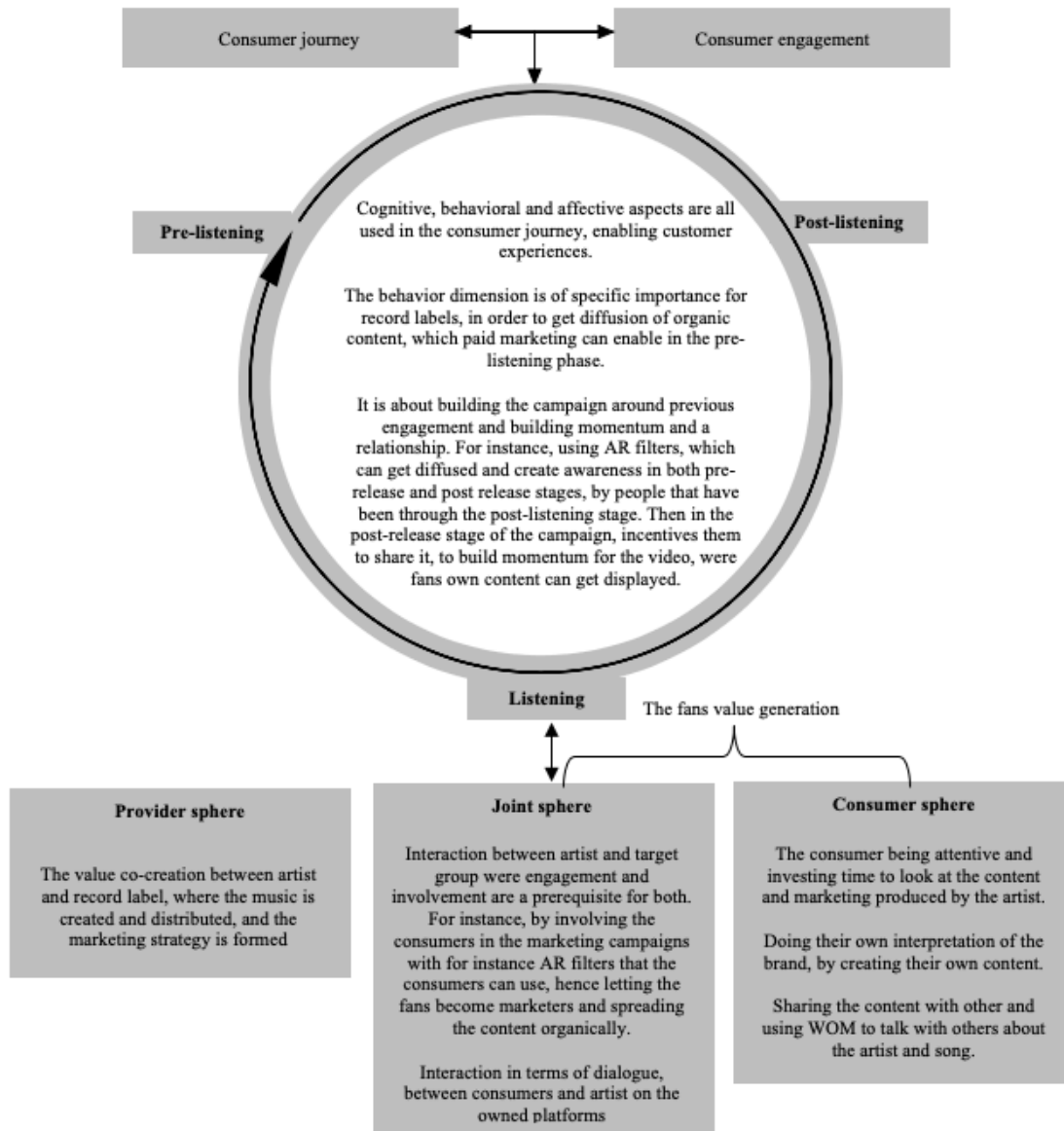looking at data to see what the target group could like and then look at what campaigns has worked or not and why.

Figure 11: Outcome of analysis combining consumer journey, consumer engagement and service logic

8. Conclusion, contribution and future research

8.1 Conclusion

This thesis had two research questions that related to how record labels have handled the changing options for artists. The first research question investigated was: *How has digitalization affected the orientation of the record label and its different marketing and sales roles, that enable value-creation in the relationship between record label and artist nowadays?*

The record labels are more consumer oriented towards the end consumer, enabling an artist-orientation as well. By working cross-functionally and spending time with the artist to understand its visions and needs, a more holistic view on the consumer journey is enabled, which helps in the artist's value creation. It's about investigating in functions and roles that helps the artist get attention and engagement from consumers. This has also led to a market-driven approach by adapting to the different actors in the industry, working together both vertically and horizontally. But also having a market-driving approach towards the future, by putting more emphasis on brand partnership, new formats etc.

The consumer-oriented approach makes the record labels have a more long-term view and focus on brand. This has made some functions more prominent such as brand partnership, sync, social media management, content function, data and analytics and a renewed role for sales, while the core of what they offer is the same. The value co-creation is also key, which is enabled by the different roles in the company having a dialogue with the artist to understand the vision and come up with strategies that fit both artist and target group, which makes the facilitation of value easier. See figure 9.

The next research question was: *How do record labels market artists and create consumer engagement in the age of increasing digital noise?*

The record labels are looking at the consumer journey in a more holistic way, customizing the marketing strategy and consumer journey to fit with the artist, target group and vision, making context and format important. Engagement is created both in the pre and post-listening stages, with the same kind of tools and channels. The record labels are nowadays focused on finding a momentum and keeping it. Cognition is important, hence creating content that fans want to

invest attention on and become absorbed with. For instance, having behind the scenes videos, or vlogs on YouTube. However, TV and radio interviews are still important.

The most prominent dimension is the behavioral dimension, where social media are used for a reaction such as likes, comments and shares as well as for sharing UGB content. UGB is especially important for marketing purposes, may it be competitions, voting and consumers doing their own content. The most important things are:

- Having a dialogue and two-way communication to let the consumers know who the artist is
- Content that is easy to interact with and share, which enables engagement by the consumers and awareness from new consumers
- Incentivize the consumers and letting them get something because of their behavior
- Organic reach
- Having a momentum by letting fans co-create value during the whole consumer journey

8.2 Managerial Implication

The record labels have become more consumer focused by adapting to a market orientation, and therefore indirectly also more oriented towards the artists. Therefore, it stresses that a consumer focus is key for firms, which helps them make closer relationships with other stakeholders involved in the process.

This thesis is also showing that a market orientation makes it easier to be part of the value co-creation for the other parties and make it easier to facilitate value for artists. The market driving approach is also helping them to stay relevant and finding the right skills and tools that fits with the artist's needs.

In terms of marketing, it's simply not enough to only release a song and get it distributed on a digital music platform for fans to listen to the music. To break through the clutter, the team around the artist has to think about the entire consumer journey, which is helped by having a long-term and brand focus, enabled by having a market orientation. There are no size fits all. Context and format are key!

Focusing on consumer engagement, especially behavior dimension is key. This is enabled by having a dialogue with the consumers, making it easy for them to interact, and become involved in the artists lives, by giving them the tools to create their own content and be able to share it. Hence a lot of focus on WOM and organic diffusion. This is because authenticity and credibility matters for fans.

Value co-creation is something that is key, in both the relationship between artist and record label and artist and fans. It makes it easier for the record label to facilitate value for the artist, but also to come up with market strategies that fit with the artists and the target groups needs and challenge both parties to new heights, hence giving the artists a chance to facilitate value creation for the fans. Value co-creation is also especially relevant for the artist-fan relationship, because it enables diffusion with almost no cost, except time.

8.3 Theoretical Contribution

This thesis has contributed by looking at how market orientation and consumer focus affect the orientation for other stakeholders, where the focus was on the artist, that has a dual role of being both a supplier and a buyer. It has also shown the connection between market orientation and service logic and has provided a view of what becomes important for value creation.

It has also contributed by connecting consumer engagement with a more consumer journey theory, and how that is connected in a digital landscape. It has contributed by looking into which different aspects of consumer engagement are important and what kind of platforms that are used to enable a service offering that can facilitate value creation for the consumer.

8.4 Limitations and future research

One of the limitations with this study has been that fewer people were interviewed than one could hope. This made the analysis become on a combined firm level, instead of comparing cases such as major vs independent label, which is an idea for future studies. However, I still argue that the 12 interviews conducted together with the secondary sources were enough to provide an analysis on a combined firm level with enough depth. Nevertheless, it's up to the reader to decide, which is why I have provided a method section with the different method choices.

Another limitation in this study has been that the interviews were done in Sweden and also in a specific industry, making the results rather context specific. I would however argue that the consumer engagement can be applied to other contexts such in the creative and entertainment industry. For instance, how to build engagement and especially get the consumers to share the content voluntarily. It would therefore be interesting to look at for instance the TV industry, that have gone through a similar journey.

Another interesting view, which one of the interviews suggested, is to compare the music industry, which was forced to digitalize, versus an industry where digitalization happened over time, hence organic. In the music industry, not all parts are digitalized. Is that the same thing, when it happens organically? Are there different approaches and decisions taken in these different industries?

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Appendix

Appendix 1: Supply chain and value chain of the relationships between record label and artist

Digital streaming services changed the dynamics in the music industry by introducing a new path for the artist (Bockstedt et al., 2006). The traditional value chain for the music industry consisted of creation (composition/arrangement), selection (signing of artists and promotion), production (recording, mixing, mastering) , distribution (shipping to retailers and seller) and consumption (listening to music), where the the record labels is part of the selection and certification (record labels risks their own money and pick commercially viable creations, filter out unpromising ones, quality control, try to have better products and improve consumer guidance), production (manufacturing process) and distribution (delivery of goods to market) (Clemons & Lang, 2003).

The main functions have hence been the same for record labels since the 1950 and consist of searching for talents by A&R managers, production and manufacturing, marketing and promotion and distribution, which all work together. The A&R manager position assumed new roles in the music industry when the fusion of black R&B and white C&W sounds popped up on the radar, which still exist in its basic form and shape today. This new way of working involved developing young and unknown musicians, which they noticed in their local surroundings or by demo tapes, promoting them to local radio stations and making them stars. Because of the success and growth, the A&R function became its own department, which allowed commercial achievements to increase because of standard and routine forms, but at the expense of innovation. Even though the independent/small labels used different options and in that way were more open to innovation, the industry at large had lesser potential for creativity and innovation. A&R manager is also part of the collective process, because they are part of a network consisting of managers, music agents, concert promoters whom want new acts. Creativity and talent don't exist until it is realized, recognized and accepted, hence a collective process (Tschmuck, 2006).

In history, the record labels have held most of the power and the artists have had to rely on them for getting access to production and distribution capabilities (Bockstedt et al. 2006). The signing of contracts has had the same purpose since the early days of the phonographic industry and consist of completing a specific number of recordings during a specific time period. In the

phonogram industry, it was centered a lot around royalties and newcomers received 12% of each record sold with a non-binding retail price, then this became lower in the end because of packing cost, research and development and returned merchandise, hence it can be at best around 3% (Krasilovsky & Shemel, 2000). They were valid for five years and the label could activate an option for additional recordings if it were successful, while if it failed, the label could decline the option and instead get a one-time compensation payment. Hence the commercial risk was on the artist (Tschmuck, 2006).

However, the technology advancements and the internet, changed the landscape, where artists can decide to produce, record and distribute music themselves (Bockstedt et al., 2006). Bockstedt et al. (2006) further propose that artists will form their own online direct distribution capabilities as well as contract with digital music retailers for online distribution and focus on singles. Artists can now use platforms such as Spotify to directly distribute the music on that platform, hence a shorter supply chain from artist idea to consumer(Bockstedt et al., 2006). Top artists gain more power as the barriers to production and distribution are reduced. They are less willing to cross-subsidize for other artists at the label which rely on the selection value and are not as profitable, hence established artists demand a larger share of the profit margin (Clemons & Lang, 2003). Research suggests that in vulnerable markets with strong differences in profitability among consumers and prices, that do not reflect this, the most famous creative acts for instance could negotiate for better contracts or bypass the existing distribution system, hence service providers are vulnerable for opportunistic pickoff (Clemons, Croson & Weber, 1996).

Furthermore, by determining production budgets and maintaining the right to decide if the production is accepted, record labels can indirectly exert influence on the production stage. This stage concludes with the production and mass manufacturing of the master tape or CD (Tschmuck, 2006).

Another department within a record label is the marketing and promotion. With the goal to increase sales, repeated airplay by radio stations became the most important instrument to promote new artists, putting DJs at the center of power for commercial success from 1940s, but TV shows also became important after the Rock´n Roll revolution (1950s) as expanding the performance with radio shows and tv-shows performances. To reduce the commercial risk, a push strategy was used, which involved releasing a great number of productions at the same time and then influencing gatekeepers like DJs to provide the public with music in the hope that

some of the productions turned into hits. The principal was thus to release a single in the charts and then create a hype. Furthermore, if the artists were successful, they were sent on concert tours to promote even more. The push strategy was abandoned from the beginning of the 1970 and was replaced with a pull strategy, which established a music concept as a brand that have been appealing to consumer taste and therefore can't be ignored by radio stations, retailers and music television stations. This resulted in superstars' brands, making only a few artists last, while the rest served the short run to exploit the market, but have no commercial or artistic effects. The record labels desire to know more about the consumers, hence restrict the creative potential (Tschmuck, 2006).

The fourth core function of a record label is the distribution where majors in history have their own distribution channels, while independent firms rely on independent distribution companies or the majors to deliver the product to the marketplace. For instance, majors could terminate their contract with an independent label or buy them, which makes the majors having the power and becoming the gatekeepers of the market, being able to prevent radical musical innovation by boycotting distribution. However, this power advantage lessened with the internet and file-sharing (Tschmuck, 2006).

In terms of the overall structure, the internet enables record labels to engage other parties to add value to their product, hence the business activities in the music industry take advantage of a network structure that replacing sequential ones. Furthermore, this also has implications on the value chain, where record labels lose power because of less upfront cost for artists as well as lost control of the main distribution channels (Graham et al., 2004). Hence record labels will have to focus more on providing services such as promotion or marketing management, production consulting services, copyright enforcement services (Clemons et al., 2002). Record labels will invest in alliances with digital distribution services and will find new ways to add value to the music production (Bockstedt et al., 2006; Graham et al., 2004).

This is exactly what record labels have done. They have introduced 360° deals, commercial exploitation of artist's brand name, concentration on niche markets to increase the amount of revenue streams (Galuszka & Wyrzykowska, 2015). With a 360° deal, the record label not only gets revenue from the recordings, but also artist's earnings from for instance touring, songwriting, merchandise, fan clubs, sponsorship money. The record labels normally have a

passive interest in the deals, with no control over the rights, hence the artist makes the deal with a publisher as long as the record label gets its part of the revenue. However, there also exist record labels with active interest, for instance insisting that the artist be signed to the same publisher and record label within the group (Passman, 2011).

The record labels hence get money when they sell record, or nowadays when people stream the song on different platforms. They get what is called royalties when a record is played on radio, sold in a record shop or sold online. These are then shared between the artist, writer and record label. If the artist has a 360 deal, the major can earn money from the artists different actions that involve an income. A record label also get money when the song is licensed for usage (e.g YouTube and Sync) (Recording Connection, n.d)

Record labels have been very supportive towards services like Spotify, which Marshall (2003) argue is because it fits with the pre-digital industry in terms of having a consumption-based logic. The thinking of a small number of successful songs will outweigh the losses of the remaining still fits in the digital era (Marshall, 2003). Hence, major labels have an advantage over independent labels in terms of majors having a bigger catalogue/financial reserves and therefore have longer time to recoup the cost of an album if that is necessary.

To get the song on a popular playlist is today something that is very important in the market strategy developed by record labels, because inclusion on a popular playlist is crucial for an artist. Spotify has been focused on automatically generated playlists and commercial playlists, where the most popular ones have a million followers, hence will with most probability mean that the song will still get attention and spread. Consequently, record companies are redirecting resources to create subsidiaries specialized in commercial playlists and acquiring independent playlists with many followers. The playlists are affecting the number of streams, which in turn affects chart position and will help to capture radio broadcasters' interest, instead of the old times where record labels had to persuade radio broadcasters directly (Kask & Öberg, 2019). Radio has been considered for a long time to be an efficient way to promote songs (Peitz & Waelbroeck, 2005).

There has been a commodification of music and bundling of music, because of digitalization of music and of subscription-based streaming. For instance, a user's price on Spotify is the same whether the user listens to 1 or 100 songs, hence the user has no economic incentive to limit its music listening. Because of the pricing model, record companies or independent artists can't offer their music at a discount and compete in that way. This is then making Spotify a commodity producer more than a distributor and therefore implying a less symbiotic relationship with the record companies(Fleischer, 2017).

There is also a paradox between commercial and creativity. Artists are unfree masters, because they enjoy some sense of freedom in their working life, but record labels have great corporate power over artists. The central conflict is what role the different players should have. For instance, the artists can be viewed as employees of the record company with submissive character or contractor, with the power to influence what work is produced and how it is produced. These roles are present in varying degrees but are simultaneously true (Stahl, 2013). Clemons and Lang (2003) describe it as the role of a supplier of music creation and another role as buyer of production and distribution capacity, were value propositions needs to be adjusted to serve different customer segments of the record label.

Appendix 2: Interviewees

Interview	Interview	Role	Label	Company	Interview length	Interview type	Date of interview	Follow up interview
1	Anna	Social Media	Indie	1	55	Face-to-Face	2020-03-02	X
2	Bertil	Head of Digital	Indie	2	60	Face-to-Face	2020-03-05	X
3,12	Ceasar	Commercial Director*	Major	3	55	Face-to-Face	2020-03-06	2020-05-04
4	Daniella	Sync/Manager	Major	3	35	Face-to-Face	2020-03-09	X
5	Eric	Brand Partnership	Major	4	30	Face-to-Face	2020-03-10	X
6	Fanny	Digital Marketing	Indie	2	30	Telephone	2020-03-12	X
7	Greg	Manager	X	5	55	Skype	2020-03-17	X
8	Henric	Project Manager	Major	4	60	Skype	2020-03-17	X
9	Inna	Digital Marketing	Major	5	30	Skype	2020-03-23	X
10	Jacob	Managing Director	Major	4	45	Skype	2020-03-24	X
11	Kevin	Marketing Director	Major	3	55	Telephone	2020-03-31	X

*Follow up interview via email 2020-05-04

Appendix 3: Interview guide

I have been very interested in the music industry and the change of digitalization that the industry has been through. This thesis has its focus on the relationship between artists and record labels and how record labels facilitated the relationship and what kind of activities, capabilities and processes that the artist gains by having a record deal instead of going independent. It looks at the organization and teams and what every part of the team gives in the relationship.

The interview will be recorded in order to code the messages and do an analysis. The interview will be anonymous. It will take around 30-60 minutes and will start with some fundamental questions about the role, then go into the structure of the team and then marketing.

Position

- Tell me about your position and what it entails?
- How has digitalization influenced your position?
- Any partners that you come into contact with or collaborate with directly or indirectly? Have these relationships changed?
- What value do you think your position gives to the relationship with the artist?
- What do you see in the future for your position?

Organisation

- Who has contact with the artist?
- What is the team around the artist? How do they different team members collaborate with each other?
- How important is the collaboration with the artist and why?
- Why should an artist choose a record label? Is that different from before?

Marketing

- What is your strategy when marketing the artist and what is the goal?
- How do you fit the strategy with the pre-purchase, purchase and post-purchase phase?
- Who is part of the marketing process both in terms of strategy and execution?
- What touchpoint/channels is used when marketing the artist and when are they used?

- How do you build interests and engagement in the consumer journey?

- How do you enable consumers to contribute to the marketing of an artist?

- What is important to think about when marketing the artist?

- How is data used for decisions?

- How does AI and Voice Assistants change the marketing of an artist? *(This question was not asked after 5 interviews, because it didn't seem relevant in terms of marketing)*

- What are the future trends for the industry?

Appendix 4: Extract from coding

All names are fictional, because of anonymous interviews.

	Anna	Bertil	Ceasar	Daniella	Eric	Fanny	Greg	Henric	Inna	Jacob	Kevin
Positive attitude towards social media	X	X				X	X	X	X		X
Content	X		X			X			X	X	X
Close collaboration	X	X	X	X	X	X	X	X	X	X	X
Learning about the artist	X	X	X		X	X	X	X	X	X	X
Personal contact	X		X						X		X
Expertise within the team	X	X	X	X	X	X	X	X	X	X	X
Contact with different actors	X	X	X	X	X	X	X	X	X	X	X
Building a brand	X	X	X	X	X	X	X	X		X	X
Radio &/or TV	X		X	X		X	X	X			X
Recognition	X	X	X								
Dialogue with fans	X	X				X	X	X	X	X	X
Fan generated content	X	X					X		X	X	X
Long term	X	X	X	X			X	X	X		
Playlist	X	X	X								X
Organic fan-base	X					X			X		
Flexible	X							X	X	X	X
Finance, royalty			X					X		X	X
Authentic			X	X	X				X		
Context	X	X	X	X	X	X	X	X		X	X
Data helps to make decision	X	X	X	X	X	X	X	X	X	X	X
Trusting the stomach			X	X	X						X
Project leader/A&R key contact	X	X	X	X	X	X	X	X	X	X	X
International		X	X						X	X	X
Live streams						X	X		X		
Building streams	X	X		X		X		X	X		X

Appendix 5: Reflexivity

I recognize that I as a researcher can possibly affect the participants' answers, and the end result (Gabriel, 2015). It was therefore important to transcribe the quote and send them to the participants, in order for them to be able to change something if I hadn't understood it correctly. I had one advantage of being a Digital Executive at a media agency and have taken a course in music management, which helped me build trust and rapport in terms of marketing, because I am familiar with the setting of the industry (Bryman & Bell, 2011). However, even though it's marketing, it still works in a different manner. In order to not fit the answers to my understanding of marketing, I listened to the records and transcribed everything word-by-word and also talked with students in other disciplines to see what their thoughts were during the whole process of data collection, to analysis and theorization, which fits with what Finlay (2002) argue that you should do. I also tried to be aware of the deep values, needs and insecurities that may surface while conducting the research, even though that can be difficult, hence tried to be a conscious reflective researcher (Gabriel, 2015).