

From Major to Minor

How Digitalization and Business Models Support the Democratization of the Music Industry

STOCKHOLM SCHOOL OF ECONOMICS

MASTER THESIS

Spring 2022

Thesis Within: Business & Management

Number of Credits: 30

Programme of Study: Business & Management

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Acknowledgements

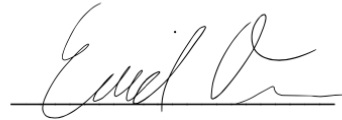
We would like to express gratitude towards our supervisor Per Andersson for his constructive feedback and guidance throughout the research process. With his expertise and connections, we have managed to gain useful feedback and avenues of exploration for our topic.

Secondly, we want to express gratitude towards the participants who provided us with their time and valuable insights: Emelie Olsson from Corite, Ankit Desai from Snafu Records, Erik Ohlsson from Jubel, and our two anonymous interviewees.

Lastly, we want to thank each other for inspiring and helping each other throughout the research process.



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Master Thesis in Business & Management

Title: From Major to Minor: How digitalization and business models support the democratization of the music industry.

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Date: 2022-05-13

Keywords: ‘Democratization’, ‘Business Model’, ‘Music Supply Chain’, ‘Digitalization’, ‘Power-Dependence’

Abstract

Background: With a long history of oligopolistic practices within the music industry, the major labels have upheld their traditional business model and benefitted from the high barriers of entry of working as an artist. Digital technologies have disrupted the supply chain of music by lowering entry barriers, which has allowed for the new forms of business models to gain a footing within the industry.

Purpose: The purpose of this study is to explore how the digitalization of the music industry has democratized its supply chain, and analyze the role played by business models in this process.

Method: This is an exploratory qualitative study inspired by Hesmondhalgh’s (2019) democratization conceptualization, power-dependence relations as well as a practice approach towards business models. Semi-structured in-depth interviews were held with industry executives and relevant informants. Qualitative content analysis was thereafter used to fulfill the purpose of the study and develop a revised model of the recorded music industry’s democratization.

Conclusion: The findings suggest that digital technologies significantly contributed to the recorded music industry’s democratization by increasing artists’ access to the supply chain. Beyond the functional availability, digital technologies have also vastly reduced their cost barriers, thereby increasing access further and presenting artists with alternatives to the traditional record label structure. Both of these developments mitigate the artists’ dependency on major labels, which have created a more equalized power-dependence relationship. The democratization has enabled new firms’ business models to exist by providing them with infrastructure and process technologies on which their market offerings are built. In turn, business models have the capacity to support the industry’s democratization, highlighting their performative role as they both reflect and shape the democratization process.

1.0 Introduction

1.1 Background

The recorded music industry is a creative industry that has undergone transformational changes quite often throughout its existence as a result of technological innovations. The industry accelerated in the late 1940's to early 1950's with the spread of vinyl recordings. Technological advancements have then changed the form of consumption to cassettes, to CD's, to MP3's, and now streaming platforms such as Spotify, Apple Music, Amazon Music, Deezer and more. Each new format has its own challenges and implications for the industry. When the CD/MP3 formats came into fruition, recorded music became easily replicable and shareable. This created a gloomy scenario for the industry incumbents who, for the first time ever, experienced a decline in revenue as people were sharing and 'burning' discs (Hracs, 2012). With the industry in disarray, digital streaming platforms (DSP) emerged as a legal way to easily distribute music for a price competitive to piracy. Thereafter, DSP's quickly became the dominant form of music consumption. However, the price of DSP's had to be low enough to compete with the free alternative of piracy, which had the effect of lowering compensation to artists. As long as the recorded music industry has been around, controversies and disputes regarding the economic split of revenues generated by music have been subject to heated, industry-wide debates (Marshall, 2015). While economic literature has extensively covered the link between the digitalization of the music industry and its relationship to piracy and decline in sales, it remains only one aspect of the emergence of business models in the industry (Bourreau et al., 2012). The music industry itself is going through transformational changes, with new business models often highlighted as trailblazers by industry media (Millman, 2020; Andersson, 2022). However, little academic research has been done to explore how technologies have democratized the industry landscape and shifted control of the supply chain. Historically, artists were highly dependent on major labels for getting their music out as music production and physical distribution were capital intensive activities (McLeod, 2005). In short, major labels were in control of the complete supply chain of music, from production to distribution and marketing. With the introduction of new technologies that alter the roles and capabilities of music industry participants, a larger debate around the topic of power-structures, democratization and control in the industry has never

been more central than it is today. Artists are no longer ultimately dependent on major labels, as new firms emerge with business models that support unsigned artists.

The current dominance of streaming services can be seen as a reflection of a broader economic shift towards a “service economy” (Buera & Kaboski, 2012). Today, the access to producing, distribution and marketing tools in the music industry has shifted from an oligopolistic position with the major labels due to capital intensive initiation fees, to a position where artists are provided a more even playing field as a result of technological innovations (Mcleod, 2005). This has lowered the barrier to entry and dispersed both opportunity and income across the industry and given rise to the expression “artist as entrepreneur” (Thomson, 2013, p. 516). Artists and musicians are taking on multiple roles in this new music industry. The means of producing, distributing and marketing music has shifted to the individual artist, postulating that major labels are no longer innately necessary for launching a successful artist career.

1.2 Problem

The music industry has been subject to a lot of fundamental changes as a result of technological innovation and the digitalization of society. Research into the recorded music industry has illustrated the impact of technology on market actors and their functions (Hracs, 2012; Negus, 2014). Central to these discussions is how revenue structures have changed as a result of technological innovations. However, research about changing power structures within the supply chain of recorded music, i.e. from writing and production to consumption, has remained scarce. Through probing interviews aimed at exploring relevant problems within the industry, the researchers have found this topic of discussion to be just as important to the discussion whilst still being heavily underrepresented in academia. For a long time, the major labels have embraced the change in the recorded music industry and in certain situations forced it, because their dominant market position has allowed them to steer the industry in their favor (Mcleod, 2005). Now, for the first time ever, technological changes in the music industry is creating a more even playground. Previous research describing the impact of digital technologies on power structures in the music industry has been limited. Therein lies the main research gap targeted by this study. A related research gap is found in examining the role of business models in enabling these power structure changes. It is evident that business models are connected to these changes, since digitalization has spawned a

plethora of new firms whose business model practices affect both artists and incumbents (Bourreau et al., 2012).

1.3 Purpose and Research Question

In view of the problem discussion, the purpose of this study is to explore how power structures in the recorded music industry have changed as the industry has become digitalized. It is evident that the entire supply chain of recorded music from production and distribution to marketing has changed significantly, thus impacting the power positions of market actors. Instead of ambiguous references to an “artist independence trend”, viewing this as a democratization process provides opportunities to systematically examine the changing power structures in the industry. The second purpose of this study is to fill the research gap of connecting business models to changing power structures within an industry. The research gaps postulate two related research questions which this thesis aims to answer:

Research Question 1: How does digitalization contribute to the democratization of the music industry’s supply chain?

Research Question 2: What roles do new firms’ business models play in democratizing the recorded music industry?

1.4 Delimitations

The music industry involves a plethora of sub-industries, each with wide ranges of product and service offerings. As a delimitation measure, this thesis will focus on the recorded music industry. Based on Larson & Rogers (1998), we define this as the efforts and activities involved in financing, producing, marketing and distributing recorded music. Unless otherwise specified, references to the supply chain of music in this thesis will therefore pertain to these four activities as they subsume the “journey” that a recording typically undergoes. This thesis also maintains a strong artist-centered perspective by focusing heavily on the relation between democratization of the supply chain and artists’ capabilities and opportunities.

1.5 Definitions

Artist and Repertoire (A&R): A record label division that normally works with the scouting and signing of new artists. Moreover, A&R representatives typically function as contact persons between the artist and the label.

Crowdfunding: A method of raising capital through small donations from a large number of individuals.

Digital Audio Workstation (DAW): Computer software platforms with music recording and production capabilities.

Digital Streaming Platform (DSP): Digital internet-based platforms where media is delivered to and consumed by the user.

Independent record label: A record label that is not affiliated with major record labels.

Major record label: A record label whose market share in the recorded music industry exceeds 5%, and is not owned by major labels. The current major labels are Sony Music, Universal Music Group and Warner Music.

Master recording: The original recording of a song.

Master rights ownership: Ownership of a master recording, which gives control over how the recording is used in commercial and other purposes.

2.0 Literature Review

2.1 Structural Changes in the Music Industry

2.1.1 The Oligopolistic Music Industry

The market structure of the traditional music industry is characterized by oligopolistic markers, as a large majority of the industry's market share belongs to the major labels (Guichardaz et al., 2019). As a large section of the literature within economics and management focused on the music industry in the 2000's points out, the traditional market structure underwent major changes due to "illegal newcomers, followed by legal ones". Beyond the issue of piracy, these studies highlight the positively adopted perspective of consumers on a decentralized industry (ibid.). For the first time, supply and demand of recorded music could now meet without limitations placed by record label's policies (Sen, 2010; Bernardo, 2013; Benkler, 2006). However, even though major labels were amongst the first to be heavily impacted by the digital offerings that enabled these shifts, they maintain their oligopolistic share of the recorded music industry. While estimates differ, the three major labels held a combined 70% share of the recorded music market between 2016 and 2017 (Guichardaz et al., 2019). Literature seems to explain that after some initial difficulty, major labels have been able to shift their business model towards a '360-deal-strategy' (Karubian, 2009; Marshall, 2015), and subsequently uphold their oligopoly. The 360-deal strategy relies on a growing number of synergies between industries, businesses and projects. However, current literature about the major labels' maintenance of their dominating status remains scarce.

Moreover, previous literature has explained the severity of the majors' decline by highlighting the existence of cognitive bias as they face disruptive effects (Guichardaz et al., 2019). Deeply rooted routines inherited from the pre-digitalized industry have hampered the major labels' adaptation into the digital era, as they first tried to counter the disruptive effects of digitalization before replicating their traditional business model online (ibid).

2.1.2 Structural Changes and Democratization

Historically, musicians signed to the major labels model of music production enjoyed a certain degree of job security. As labels signed artists, they were supplied with financial, technical and business resources. In doing so, musicians gave up much of their autonomy and artistic independence (Hracs, 2012). High entry barriers to production, distribution and marketing left musicians in a precarious situation in which they were oftentimes given no other option than signing deals that gave up much of their own artistic aspiration and potential earnings. Without a large upfront investment, there was no product. However, emerging digital technologies challenged this market structure:

“As digital technology developed ... things became more affordable. \$3,000 will buy you a really good computer, software and a bunch of equipment. Technology has made recording more affordable. More people are able to do it on their own” (Hracs, 2012, p. 455).

Essentially, in the context of music production, digital technologies simplified a production cycle that was traditionally complex, expensive and inaccessible. This pattern was seen throughout the supply chain of music, where technology has had a “flattening effect” on the barriers to entry.

As evident, structural changes in the music industry and their consequences for industry actors have been covered in previous research. A dominant theme in research as well as popular media is the ever-occurring rise of “artist independence” - a music industry reality in which artists can create their own success rather than relying solely on record labels. While these references to an increasingly “independent” music industry are abundant, they are oftentimes vague and lack coherence. The commonly accepted definition for independence in the music industry is any activity that does not involve a major record label (Mall, 2018). This introduces ambiguity when the roles of major labels evolve, or when their market shares fluctuate. It also poses the question, is an artist independent if he or she is signed to a record label with a 4.9% global market share (i.e. just under the 5% “major label threshold”)? Instead of independence, the authors argue that the concept of *democratization* brings clarity and coherence to the recent structural changes in the music industry. As the forthcoming section will show, the democratization concept effectively targets the shifting power structures within the industry as well as the increased capacities and opportunities for artists

and non-major firms. Previous research has neglected the view of structural changes in the music industry as a process of democratization.

2.1.3 Artists' Independence and Changing Roles

The opportunity to stay independent is much more realistic today than it has previously been. Independent musicians are able to keep full creative control over their direction regarding their music and related products. The autonomy required to produce, distribute and market music from virtually any location was virtually non-existent prior to the “era of digitalization” (Hracs, 2012). However, this comes with a new set of challenges as the nature of artistic work has changed from being *music as an art* into *music as a business*. Table 1 illustrates that the breadth of skill set required by artists in order to remain independent is extremely vast.

Activities of the Independent Artist			
Creative Tasks	Business Tasks	Technical Tasks	Managerial Tasks
Songwriting	Merchandising	Maintaining equipm.	Publicity
Performing	Financing	Recording	Media relations
Rehearsing	Grant writing	Engineering	Legal
Artwork	Accounting	Mastering	Booking
Graphic design	Investor relations	Video editing	Project management
Website design	Marketing	Manufacturing	Music licensing
Product development	Promotion	Packaging	
Merchandise design	Branding	Distribution	
Video	Networking	Website maintenance	
Image		Acquire knowledge	
Collaboration			

Table 1: Activities of the independent artist (adopted from Hracs, 2012).

An obvious consequence of this is that staying independent necessitates a redistribution of time and energy into activities artists may not be intrinsically associated with their artistry. Still, the number of independent artists is consistently growing year after year (Hracs, 2012). McRobbie (2002) wrote critically about the changing experiences of fashion designers,

discussing the processes of despecialization as a result of increased access to supply chain activities, and thus argues that there has been a shift towards more entrepreneurial aspects of creativity. The traditional notions of skills within the fashion industry are thereby eroding. Although the two industries are highly different in many aspects, this image of eroding artist specialization in lieu of independence is a commonality. During the researchers' pre-study, the rise of independent artists was discussed as a central part of the structural changes within the industry. Music industry researchers and practitioners commonly state that the industry is increasingly characterized by “independence”, but few have engaged in a more in-depth analysis of what this actually entails and how it came to be. The few that do exist are from the early 2000s (e.g. Pfahl, 2001; Kretschmer, 2001), and the rapid changes occurring in the industry call for more current research that explores this topic beyond just the introduction of new technologies.

2.2 Democratization

2.2.1 Defining Democratization

The use of the term “democratization” can posit a variety of interpretations depending on its context. The most foundational definition of the term undoubtedly comes from its Greek origins (*demos* meaning people and *kratos* meaning rule), and within the school of *industrial democracy* it refers to the influence and power held by workers or their representatives over organizational decision making (Poole et al., 2001). In general, democratization can be said to involve a process by which participants of a group acquire a greater capacity to exercise collective decision-making (Christiano, 2018). Democratization thus signifies more than merely lowered barriers to entry or bottom-up governance, but also that the capability for agency becomes more evenly distributed across participants. Focusing on media industries, Hesmondhalgh (2019) describes this aspect of democratization as participants having increased access to the making or consumption of media products. He also argues that democratization involves an increased potential consequentiality to participants’ concerns (i.e. participants “having a greater say”). Some academics have recently started to use the concept of democratization to examine the music industry. For instance, Hodgson (2021) used the term to examine the relationship between digitalized music distribution and artist creativity. Moreover, Jones (2021a) described the “mashup”-genre as a result of the Internet’s democratic characteristics. However, as evident, these insights are mainly driven by

ethnomusicological research purposes. The link between music industry democratization and market participants from an economic or managerial perspective remains scarce.

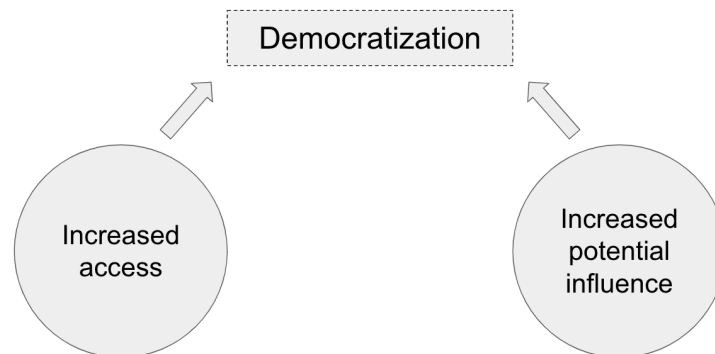


Figure 1: Democratization model adopted from Hesmondhalgh (2019).

2.2.2 Potential Influence and Power-Dependence

As market participants adapt, compete, transact, and in other ways interact with each other, influence and power is not attributed to them as individual actors. Instead, power is a property of their relations (Emerson, 1962). That is, democratization processes do not signify that market participants at the lower hierarchies gain *inherent* power, but that the market participants' *relations* become more balanced. The power characteristic of an actor in a reciprocal relationship resides in the other's dependency. Figure 2 illustrates examples of balanced and unbalanced power-dependence relations. A balanced power-dependence relation signifies that actors A and B are equally dependent on each other.

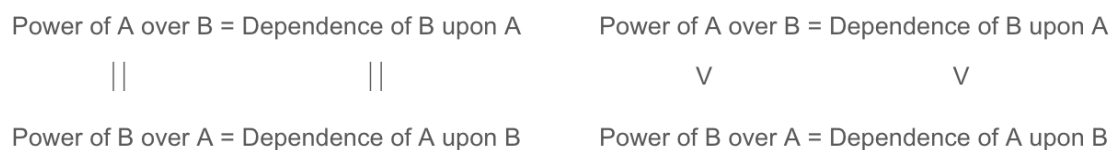


Figure 2: A balanced relation (left) and an unbalanced relation (right) (Emerson, 1962).

There are three factors that lead to high dependency in a business relation: when the value of the outcome of the relationship is high; when the outcome is better than from alternative relations; and when other sources of exchange are low (Heide & John, 1988). Regarding the third factor, Heide & John (1988) differentiate between *available* and *potential* exchange relations; the availability of other exchange relations pertains to the number of alternative exchange partners, whereas other potential sources of exchange concerns “the difficulty of

replacing the incumbent exchange partner”. As greater dependency entails greater vulnerability, a central concern for economic actors is to reduce their dependence upon others and increase the dependence of others upon themselves (Huo et al., 2017). Moreover, as an inherent characteristic of relationships, power characterizes markets and marketing in a multitude of ways. In a supply-chain context, power-dependence increases predictability in buyer-seller relationships (Kasulis & Spekman, 1980; Tangpong et al., 2008). Exploitative use of power by the “power holder” in a supply chain may hurt both the performance and relationships of that agent (Maloni & Benton, 2000).

2.2.3 Power-Dependence as a Dimension of Democratization

Hesmondhalgh’s (2019) description of potential influence mainly targets formal reforms as vehicles of equal distribution of influence. However, the authors of this study argue that potential influence in the music industry is better explained by power-dependence relations. The main reason is that formal hierarchies and reforms are only one of many sources of power to exert influence (French & Raven, 1959; Kotter, 2008). Likewise, nothing about Heide & John’s (1988) dependency factors suggest that dependence must be rooted in formal structures. Thus, the concept of power-dependence relations allows for an analysis that stretches beyond formality, which is widely accepted in sociological research but is yet to be connected to industry-wide democratization processes. This thesis will therefore employ a modified version of Hesmondhalgh’s (2019) definition of democratization (see Figure 3). Firstly, the “increased access” component is modified in order to define what music industry participants gain access to. As this thesis focuses on the supply chain steps including production, distribution, promotion and marketing of music, the supply chain is specified in the model. Secondly, following the logic of power-dependence, the “increased potential influence” is specified to target power-dependence relationships of music industry participants. This results in a model that follows the purposes of our thesis, and provides a foundation for analyzing the previously neglected role of power-dependence in democratization processes.

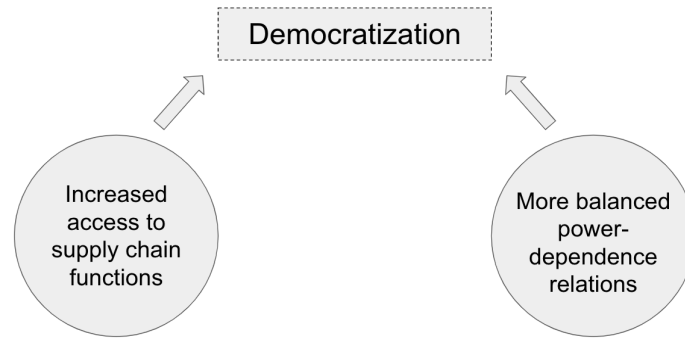


Figure 3: Democratization framework modified from Hesmondhalgh (2019).

2.2.4 Business Models and Democratization

While the research linking technology to political democracy is abundant (e.g. Fischer, 1999; Lidén, 2015; Bennett et al., 2018), the link between new technologies and the democratization of an industry remains scarcely researched. However, some academics have tied new technologies to the aforementioned democratization components without explicitly discussing democratization. A famous example is Ford Motor Company leveraging assembly line technology to deliver affordable cars, thereby making cars more accessible for a wider population (Alizon et al., 2009). Henry Ford is often quoted as saying “we are going to democratize the automobile”; a vision which Collins & Porras (1996) argue was realized by making cars affordable.

Moreover, the digitalization of the music industry has led to a “big bang” of business models (Bourreau et al., 2012), many being service-based (Waldner et al., 2012). Apple’s introduction of iTunes and the proliferation of streaming services such as Spotify are often used as examples of market offerings in which an innovative business model played an equal, if not greater part than the technology itself (see Amit & Zott, 2012 and Rayna & Striukova, 2016 respectively). Moreover, the last fifteen years has seen an abundance of entrepreneurial activity that explicitly targets self-production (Walzer, 2017), self-distribution (Hesmondhalgh et al., 2019), self-promotion (Salo et al., 2013) and self-financing (Martinez-Canas et al., 2012; Bannerman, 2020) of music. These firms’ business models facilitate the artist’s ability to launch, grow and maintain their careers without the need of major label support. This indicates that business models have the potential to support the functions that drive the democratization of the music industry, since they provide artists with access to music industry functions. Although previous research has neglected the linkage

between business models and the democratization of an industry, it is evident that such a link exists. Thus, business models will be incorporated into our analytical framework.

Previous business model research has yielded a plethora of definitions and conceptualizations which sometimes lack coherence (Zott et al., 2011). However, the prevailing perspective is that business models reflect the “business logic of the firm” (Osterwalder et al., 2005). Business models realize the economic value of a firm’s technologies (Chesbrough & Rosenbloom, 2002). Moreover, Chesbrough (2010) adopts the concept of “dominant logic” from Bettis & Prahalad (1995) by arguing that re-framing the dominant logic via business models is a significant source of innovation. This thesis will adopt business models as described by Mason & Spring (2011), who define business models as bundles of *technology*, *market offering* and *network architecture* practices:

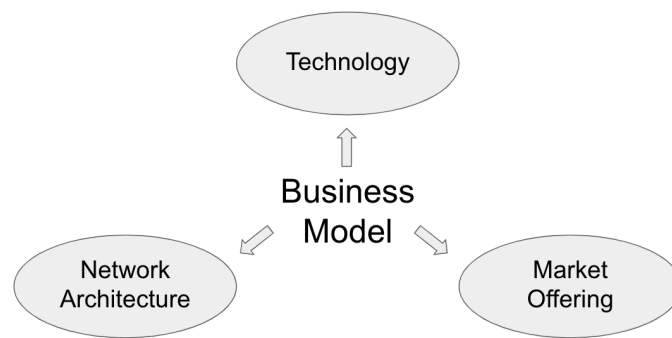


Figure 4: Business model dimensions (Mason & Spring, 2011).

This framework is chosen, firstly, because a practice approach describes business models as performative, connecting what business models do with what they are (Doganova & Eyquem-Renault, 2009). This perspective fits well with the research purpose of this thesis because it provides an explanation for how business models shape and are shaped by the democratization process, as opposed to being separate from the democratization process. In addition, Mason & Spring’s (2011) framework is chosen because its technological dimension covers more than just product technologies (Debo et al., 2005), but also *core*, *process* and *infrastructure* technologies. Core technologies are those that underlie product technologies (e.g. integrated circuits), process technologies are used to manufacture products or deliver services, and infrastructure technologies are those that enable connections. This allows us to explore digital technologies that are contextual to firms, and not just those that are inherent to products. Moreover, Mason & Spring (2011) emphasize market standards as integral to

business network practices, which has two main implications. First, they act as frames by which managers pursue opportunities. Second, they steer market-making practices as managers attempt to influence standards (Arthur, 1989). This bears relevance to this thesis because the “rise of artist independence” constitutes a new market standard that music industry managers relate to in differing ways. Lastly, while many other academics incorporate a network perspective into their business model conceptualizations (e.g. Chesbrough & Rosenbloom, 2002; Osterwalder et al., 2005), Mason & Spring (2011) specifically *network pictures* as integral to the network dimension of business models. This concept concerns the managerial technique of creating and using representations of their business network in order to realize and legitimize their business models (Leek & Mason, 2010). Pre-study interviews revealed that music firm executives have differing views concerning the roles and capabilities of industry participants, which in turn steered their business practices. This suggested a prevalence of network picturing in music managers’ business modeling and supports its inclusion in this thesis.

2.3 Summary of Analytical and Theoretical Framework

The first purpose of this thesis is to analyze how structural changes in the music industry can be explained as a democratization process, which previous research has neglected. Secondly, this thesis aims to clarify how business models both affect and are affected by this process. Moreover, the authors argue for the theoretical relevance of including power-dependence as a democratization dimension. Thus, this literature review firstly covers previous research on structural changes in the music industry. This is followed by the theoretical underpinnings of the democratization of an industry, as well as theoretical linkings of power dependence and business models to this process. This synthesizes into the analytical framework illustrated in Figure 5, incorporating Mason & Spring’s (2011) three business model dimensions. The processes and components outlined in the framework are all underpinned by the music industry’s digitalization, and guides the empirical findings, analysis and conclusions towards answering the research questions:

Research Questions	Is addressed in the model by...
<i>How does digitalization contribute to the democratization of the music industry's supply chain?</i>	...incorporating the adopted democratization drivers outlined in Figure 3 into the framework. The analysis explores how digital technologies within each supply chain function (i.e. financing, production, marketing and distribution) affect these drivers, and thus the democratization of the industry at large.
<i>What roles do new firms' business models play in democratizing the recorded music industry?</i>	...adding new firms' business models as a component of the analytical framework, adopted from Mason & Spring (2011). The analysis contains an exploration of how each business model dimension affects the access to supply chain functions as well as power-dependence relations in the music industry.

Table 2: Connecting the research questions to the analytical framework.

The main theoretical contributions facilitated by this framework are threefold. First, it helps to clarify the previously ambiguous “independent shift” of the music industry as a democratization process. Second, it establishes a link between the democratization of an industry and the balancing of power-dependence relations. Third, the model allows for an examination of how business models affect and are affected by the democratization process. This is highlighted in the model through the bidirectional influence of new firms' business models on industry access and power-dependence relations. In other words, with business models being performative (Mason & Spring, 2011), the framework seeks to unearth this performativity in relation to access to supply chain functions, and power-dependence relations between industry actors in the recorded music industry.

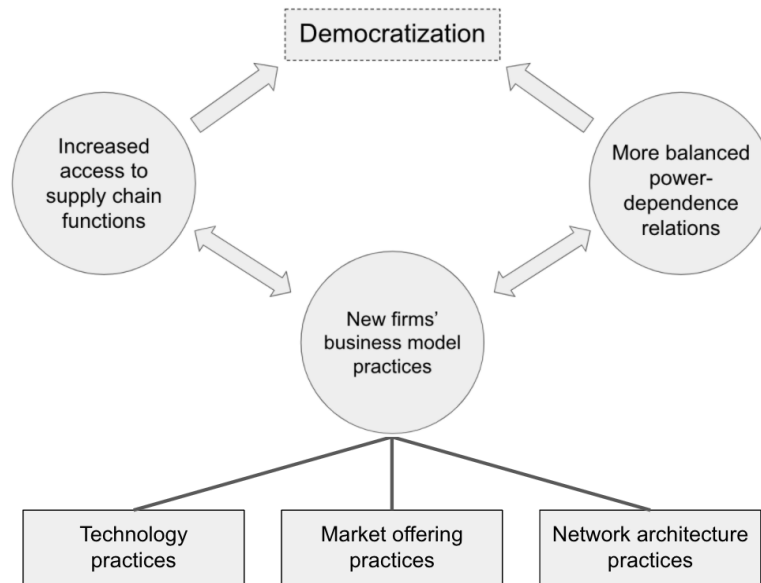


Figure 5: Analytical framework.

3.0 Methodology & Method

The research methodology chosen by the researcher has a direct influence on the generalizability and validity of their study, which in turn plays a fundamental role in the practical implications generated (Yang et al., 2006). In order to ensure the study's transparency and validity, the following section therefore serves to explain the chosen methodology and justify how the research was constructed.

3.1 Methodology

3.1.1 Research Paradigm

The research paradigm describes the philosophical essence of how the research is to be carried out. As a tool for learning, paradigms are used as a heuristic device. A scientific paradigm can be understood as a distinctive view on reality, and methods used by scientists in a dialogue about knowledge and development. The two most frequently used paradigms are interpretivism and positivism (Collis & Hussey, 2014). The interpretivist view assumes a relativist ontology by seeing that the context for which people exist cannot be separated for

independent study, and will be employed in this thesis. According to this view, descriptions of reality exist as results of our highly subjective lens. The chosen paradigm will allow the research team to create impactful and rich understandings of answers given during interviews about the music industry's democratization as well as the role of business models. This is especially relevant for the business models-as-practices approach employed in this study, since this perspective has a high focus on the managers' own views and enactments of the music industry. Interview results devised through an interpretivist research philosophy are expected to be subjective and dissimilar, since the interviewee provides an in-depth representation of their individual worldview. It becomes evident that the research team must consciously separate themselves from a pure positivist paradigm, as this study aims to take a phenomenological approach rather than one to seek meaning (Collis & Hussey, 2014).

3.1.2 Research Method

In view of an interpretivist point of view, an abductive approach will be used in data collection. An abductive approach uses data to "explore a phenomenon [...] to generate a new or modify an existing theory..." (Saunders et al., 2019, p.160). Since the study at hand seeks to understand the implications of democratization in the music industry and its impact on business models, the researchers' aim is more about understanding the experience of their world, or *lebenswelt*, rather than finding out whether they are right or wrong (Aspers, 2009). The study seeks to analyze how structural changes in the music industry can be explained as a democratization process, as well as clarify how business models both affect and are affected by this process. Thus, it is more concerned with transferability and coherence rather than generalizability or causality. Abductive reasoning utilizes theory building based on observations from inductive inferences, as well as theoretical viewpoints that are deductively inferred. Along with the researchers' goal, this research seeks to understand how models of power dependency and democratization affect business models in the music industry. The researchers thus use a theoretical framework established through the literature review to approach the research question, and attempt to build upon the theoretical framework in a new context - an approach inherent to abductive research.

3.1.3 Research Design

The design of the research evidently plays a key role in answering the research questions. For this exploratory study, a qualitative approach has been deemed the most appropriate in

answering the research question, as to how digitalization has democratized the supply chain of the music industry, and how business models affect this process. As the research approach is targeted towards understanding a complex phenomenon and its underlying triggers, a quantitative study would be unfit. In contrast, a qualitative approach allows the researchers the ability to use in-depth interviews to generate a deeper understanding of the complexities and underlying mechanisms that have changed within the industry and allowed for new firms' business models to emerge. Since the method chosen is that of a multiple case-study, multiple cases were used to draw learnings across the industry and identify commonalities experienced irrespective of operational similarities. As with multiple case studies, they seek to do a number of case studies as if greater numbers, by and of themselves, increased the explanatory power of what they have been doing. Researching a greater number of cases, with the same resources, means more breadth, but less depth (Easton, 1995). Thus, three key companies and informants were chosen to balance breadth and depth, with additional interviews conducted to contextualize the findings. As with multiple case studies, generalizability is limited as primary data for the study is based on highly subjective findings from a smaller sample size.

3.2 Method

3.2.1 Primary Data

Since the study is oriented around a qualitative framework, the research team sought out to create meaningful data from empirical findings through individual in-depth interviews with a total of five participants: three music firm founders and two artists. Since the case study centers around three key informants from Corite, Jubel and Snafu with supplemental interviews from experienced artists, the chosen method of interviews invites deep discussions surrounding the chosen research question. All interviewees are founders of their respective firms and operate in executive positions, making them well-suited to provide in-depth answers about their firms' business model practices and how they view the changing structures of the recorded music industry. In order to create an effective interview framework and ensure the relevance of the interviewees' responses, pilot interviews were conducted which allowed the researchers to test, probe and tweak their interview structure. After completing the pilot interviews, the researchers concluded their research question to be highly relevant and the interview structure to be applicable.

3.2.2 Secondary Data

Seeing as the nature of qualitative data is normally transient, that is, understood only through context, secondary data was used to build out the context of the research at hand. Since the nature of the industry is ever changing, integrating secondary data also contributes to a deeper understanding towards contextualizing the key interviewees as well as the current challenges they face (Collis & Hussey, 2014). In addition, as researchers, working with contextualizing the true issue at hand further builds a sensitivity towards the qualitative research data collected and interpretation of it. This further drives richness and depth to the findings. To build out the contextualizing framework of the research, secondary sources sprung from industry media outlets such as *Music Business Worldwide*, *IFPI*, *Rolling Stones* and more, helps to expand the context for which the research is placed in. Having multiple types of secondary data, ranging from market reports to news articles and academic articles, also contributes to the study's data triangulation. By having a variety of types of sources, the intrinsic biases of solely relying on interviews are mitigated.

3.2.3 Sampling Approach

In order to ensure that the chosen firms would be relevant for answering the research questions of this study, this study used a set of criteria in order to identify potential firms. The overall description is “new firms challenging traditional structures in the music industry”, which were selected for different reasons. Firstly, the definition of “new firms” in this context is firms that emerged in the midst of the music industry's digitalization - maybe even *because of* digital technologies. By selecting such firms, the authors ensured that the firms would have an in-depth understanding of digital technologies, as well as business model practices that made use of new digital technologies. Moreover, this study sought firms that challenged the traditional, major label-dominated structure of the recorded music industry. These could therefore be firms that, in different ways, reduce the necessity of major labels in the supply chain of recorded music. Other than that, the sampling criteria was consciously left open-ended. This was done in order to avoid too much similarity between the firms. On one hand, shared similarities between firms may solidify the generalizability of those similarities. However, as evident from this study's ontological approach, transferability and coherence is more central to the aim of this paper than generalizability. Moreover, analyzing firms who repeat each other's answers may be less insightful than having firms whose differing business

model practices can be attributed to our analytical framework. Table 3 showcases the case study interviewees.

Name	Company	Role
Erik Ohlsson	Jubel	Founder and CEO
Emelie Olsson	Corite	Co-founder and Director of Artist Relations
Ankit Desai	Snafu Records	Founder and CEO

Table 3: Case study interviewees.

In addition, two artists were interviewed in this study. The purpose of these interviews was to gain a deeper understanding about the changing nature of the music industry from an artist's perspective. This is in line with the research purpose and the delimitation choice of having an artist-centered perspective throughout the study. Although the case study interviewees in Table 3 may very well hold well-grounded insights about how artists view the structure of the recorded music industry, gaining first-hand descriptions from actual artists provides more richness to the data as they can unearth differing views from the case study firms. The inclusion of artist interviewees contributes to the study's validity since descriptions from the case study interviewees in Table 3 may be skewed in accordance with their corporate affiliations. The criteria were to have experienced artists who have remained active for more than 15 years, and who subsequently have first-hand experience of the digital technologies and changing market structures that have emerged since. Moreover, both artists have released music independently as well as through well-established record labels, and have therefore deep knowledge about the different possible routes that artists may take in their career. Both artists have also been involved in managing smaller record labels, giving them insights about the industry both from the artist's perspective and the record label manager's perspective. These artist characteristics significantly limit the number of potential and available artist interviewees, as opposed to interviewing artists in general. However, the characteristics and backgrounds of the interviewed artists made them highly suitable for this study since they have been able to experience and observe the impact of longer-term music industry dynamics on both artists and record labels. The authors therefore prioritized their suitability higher than the inclusion of more artists with less fitting backgrounds by doing multiple, in-depth

interviews with the artists in question. Both preferred anonymity due to ongoing affiliations with record labels, allowing them to speak more in accordance with their lebenswelt.

Lastly, as the chosen interviewees' nature of work is inherently very international, as well as the Covid-19 pandemic putting restrictions on face-to-face interviews, all interviews were conducted online. The final sample for the study was obtained through a mix of using the researchers' network, finding interview subjects through other interviewees, as well as cold-emailing people of interest. Thus, a combination of purposeful sampling and voluntary sampling was used to obtain the most relevant people.

3.2.3 Semi-structured Interviews

In reference to the above, video-conference interviews became the natural second-best option, as it would still allow the research team to get a holistic response. While interviews may lead to a smaller breadth of answers compared to focus groups, with a multiple-case study, the researchers are not primarily seeking breadth, but rather depth of data. As the nature of the music industry's democratization is difficult to understand in its entirety at a glance due to the multitude of actors and aspects involved, a semi-structured open-ended question format was chosen to allow the conversation to transpire beyond the superficial. Open-ended questions allow the researchers to dig into relevant findings that may have gone undiscovered during the literature review.

Interviews were held both in Swedish and English in accordance with the interviewees' preferences in order to allow for the interviewee to fully express themselves. As mentioned, nine interviews were held with three people in various positions at the three focal companies, namely Corite, Jubel and Snafu Records. In addition to this, the researchers interviewed two artists within the music industry, who asked to remain anonymous due to their record label affiliations but have experience of working in the music industry pre- and post digitalization. Details about the interviewees as well as the date and length of each interview can be found in Appendix B. All interviews were recorded after the participant had been made aware of the study's focus, implication and their involvement and agreed to be recorded. Interviews were also followed up on with artists to gauge the relevance of the findings. Examining the lebenswelt of the artists allows for an in-depth understanding of their opportunities, preferences and perceived values of different firms' offerings. The interviews ranged between

42 to 72 minutes in length. Prior to the interview itself, interviewees were briefed about the topic on a macro level, as to get them thinking about the intricacies of the topic whilst not creating an inherent bias in their answers. The topic was introduced topline as a means of preventing the researchers from placing ideas, thoughts or feelings towards what was to be discussed prior to the interview. Additionally, the researchers had small talk with every participant prior to the interview to establish rapport so that participants felt comfortable talking about potentially sensitive topics. Finally, it was established that if at any point they felt uneasy, they could withdraw with no other obligations.

3.2.4 Interview Questions

The main purpose of the interview questions is naturally to answer the two research questions. Therefore, the questions were developed to answer the gaps of knowledge discussed in the literature review. The interview started with broader open-ended questions about democratization of the music industry, and business models in order to allow the participants to speak freely and for the researchers to obtain deeper insights which may have otherwise gone unearthed. Thereafter, the researchers used the analytical framework in Figure 5 in order to operationalize the democratization concept further. This was done through questions that specifically addressed artists' access to production, distribution and marketing of music, as well as changing power dynamics across different industry participants. Case study interviewees were then asked general questions about their firm's business model in order to initiate a discussion. The business model concept was then operationalized by questions that target their firms' technology uses, market offering and network architecture in accordance with Mason & Spring's (2011) business model framework. While the interview followed a structured list of questions, the researchers chose to make the interviews semi-structured, as to allow for interjection for a deeper discussion. To ensure fruitful findings, probing questions were used to get the participants to elaborate further. The full list of interview questions can be found in Appendix A.

3.2.5 Data Analysis

When approaching the research from an abductive approach, the analytical framework is of great importance in the systematic combining process. According to Miles & Huberman (1994), there are two types of frameworks that can be used. One is classified as loose and emergent, while the other as tight and prestructured. Too much structure prior to the analysis

might “blind the researcher to important features in the case or cause misreading of local informants’ perceptions” (ibid., p. 16). Contrasting this, Miles & Huberman (1994) highlight that a framework that is too loose might lead to “indiscriminate data collection and data overload”. These two frameworks fit the description that deductive and inductive approaches battle with in the pursuit of an optimal analytical framework. However, when using systematic combining, the evolving framework becomes an essential pillar of the research framework and design. Thus, abductive ontology paired with a systematic combining approach will allow the researchers to effectively approach the research questions with an established framework and build upon it in a new context to explore unearthed relevancies. As Bryman (2006) highlights, the use of a theoretical conceptual approach allows researchers to create a set of guidelines for how research is set to be analyzed.

Thus, content analysis was used in analyzing the data. By using content analysis, the researchers were able to sift through rich data to identify meaningful interpretations and themes (Erlingsson & Brysiewicz, 2017). This meant following a systematic approach outlined below. Firstly, the recordings of the interviews were transcribed. This was done in the language that each respective interview was held in order to avoid losing valuable meaning through translation. Following this, the researchers read through the transcripts and highlighted relevant information found in order to develop the ‘meaning units’. Thereafter, descriptive labels, referred to as codes, were created for each meaning unit. The coding tables are illustrated with an extract in Appendix C.

For the analysis, the researchers then sought to group similar codes to create overarching categories. Once these were in place, the categories were juxtaposed with the literature on democratization, power-dependence and business models outlined in the literature review. By identifying similarities, clear gaps and other underlying connections between the topics, the categories helped the researchers create a better framework for understanding the interaction with ‘increased access to supply chain functions’, ‘power-dependence relations’, ‘new firms business models’ and democratization as a whole. Deriving from these findings, the revised framework serves as a conceptual description for market actors in understanding the shifting industry.

3.3 Data Quality

As with all research, the aspects concerning the quality of the data are important to consider in the pursuit of a quality study. With this in mind, the researchers have taken precautions and worked towards increasing the reliability of the findings. This was achieved by focusing on anonymity and confidentiality, credibility, transferability, dependability, and confirmability of the data.

3.3.1 Anonymity & Confidentiality

As the study at hand is built on a multiple case study approach, ensuring anonymity and confidentiality was not considered as important as the other ethical implications. Anonymity was purposefully left out in the case study interviews of the key informants as the importance of correlating specific quotes and findings to experts directly increased the confirmability of the findings themselves. Since the interview subjects were highly influential people at their respective companies with deep knowledge about the industry, transparency about the sources of the answers contributes to an increased reliability. However, the researchers are aware that having one's name published in print may cause some participants to not fully divulge their lebenswelt or the unique selling points of their firms, while others may take a sense of pride in the publication of their achievements and disclose more information.

3.3.2 Credibility

The credibility of a study is directly correlated to the trustworthiness of research. As such, credibility, validity, reliability and consistency are all quality indicators for a study (Golafshani, 2003). In the pursuit of a quality study, to give the findings the best chance possible to hold their weight against close scrutiny, the researchers took action in ensuring that the findings were truthful and grounded in reality as opposed to the researchers' own biases. As mentioned, the researchers worked with triangulation, peer examination, follow up interviews, clarifying questions, as well as presenting the findings and analysis to the interview subjects. The peer examination consisted of open review discussions and critical evaluations of the study's parts as well as its entirety. These were conducted continuously throughout the writing process by class colleagues who held no personal interests in the study. The purpose of these examinations was to minimize "home blindness", improving the quality and validity of the study by incorporating external constructive feedback. In addition,

during the analysis of the findings, the researchers adopted a systematic approach to further reduce the weight of findings against others.

3.3.3 Transferability

The transferability of a study describes the degree to which findings may be applied to similar contexts (Collis & Hussey, 2014). Therefore, having a high degree of transferability allows for the findings of a study to be generalized across contexts. Qualitative studies tend to use smaller sized samples, as was done in this multiple case study. Thus, it is important to be transparent in that while the study aims to create highly relevant findings in regards to new firms' business models within the music industry, the weight of the study's transferability is not prioritized. Additionally, as part of the interview used questions based on Mason & Spring's (2011) business model framework, the transferability of the findings is again reduced to the wider scope of literature surrounding business models. Instead, this was done as the importance of credibility and dependability superseded transferability. In short, the findings may only be viewed for what they are and in the context of which they have been placed in.

3.3.4 Dependability

The strength of findings over time in previous research is referred to as dependability (Bitsch, 2005). Dependability seeks to scrutinize the research process to benchmark if it is systematic, rigorous and well-documented (Collis & Hussey, 2014). For a study to be considered dependable, one needs to involve the participants in the process of evaluating the findings and interpretation. This is done to ensure that both the interpretation of the findings and subsequent analysis is truthful and appropriate (Cohen et al., 2011; Tobin & Begley, 2004). In the pursuit of dependability, integral process such as, stepwise replication, triangulation, audit trail, a code-record strategy and peer examination need to be implemented (Ary et al., 2010; Chilisa & Preece, 2005; Krefting, 1991; Schwandt et al., 2007). Therefore, to increase the dependability of the study, all interviews were recorded and carefully transcribed. In terms of an analytical approach, the data was initially interpreted individually by each researcher and later triangulated with one another as well as the participants of the study. Peer examination was used by utilizing other researchers during the process to ensure all parts of the research were probed and effectively evaluated from different perspectives. Additionally, since the findings are centered around the facts and opinions of a few companies, no guarantee can be

said as to how these companies adapt over time and thus their respective opinions may change. Finally, with new forms of technology expected to heavily impact the recorded music industry, there is no guarantee as to how these business models will change in the future.

3.3.5 Confirmability

Confirmability closely correlates to the degree at which results of a study can be trusted by other researchers, (Baxter & Eyles, 1997). In the pursuit of confirmable results, minimizing inter-subjectivity of the data is key in letting the interpretation be grounded in data and not the researcher's own biases (Korstjens & Moser, 2018). Thus, confirmability in the methodology is centered around establishing that the researcher's imagination is not part of the understanding of the findings, but solely derived from the gathered data (Tobin & Begley, 2004). Thus, the researchers made sure to confirm with the interview subjects that any extrapolation, interpretation or conclusion was not based on the researcher's own point of view. Moreover, confirmability can be increased using an audit trail, reflexive journals and triangulation (Bowen, 2009; Koch, 2006; Schwandt, 2007). These three activities were thus systematically implemented. As triangulation has been discussed as a key component in the increase of confirmability, the researchers want to highlight the importance of the process placed in analyzing the findings to prevent personal biases.

4.0 Empirical Findings

The overarching structure of the empirical findings follows the two research questions at hand, where section 4.1 and its subsequent subcategories mainly targets the first research question pertaining to the industry's democratization from the artists' perspective. Section 4.2 and its subcategories target the second research question by covering the multiple-case study, focusing on the firms' business models.

4.1 Being an Artist in the Digitalized Music Industry

The first section of the empirical findings describes the recorded music industry from the artist's perspective, providing a summary of the authors' interviews with practicing artists and musicians. The section starts with a description of the various skills needed to launch an artistic career in the digitalized music industry, followed by how artists perceive major labels and other industry actors.

4.1.1 The Multi-Tasking Artist

A commonly seen title for a certain type of artist in the digitalized recorded music industry is that of the “bedroom artist”. The archetypical bedroom artist is equipped with a laptop with one or more digital audio workstations (DAW’s), basic recording equipment, and a small selection of instruments sometimes confined only to a synthesizer - all situated in the person’s bedroom. This person uses social media channels such as SoundCloud and YouTube to release their music and interact with fans and like-minded musicians and artists. The musical output is often associated with a certain type of stripped-down and underproduced sound. More than a pastime for hobby producers, many have achieved substantial international success which solidifies the bedroom-based artistry as a legitimate career strategy for artists.

“Bedroom music has lept from an underground thing into the mainstream. I think this development directly reflects the do-it-yourself opportunities artists have these days.” -

Interviewee 2 (April 13, 2022)

Although the bedroom artist is just one of many examples of career strategies based on a do-it-yourself approach in the digitalized music industry, most demand the artists to develop a multitude of skills beyond songwriting and/or performing. Firstly, whether or not affiliated with major labels or other industry actors, virtually every artist today has at least one social media channel through which they market themselves and their music. Interviewees describe it as the first step towards “becoming an official artist”, similar to the formal registration of a company.

“Artists these days do not start by recording demos - they start by creating an Instagram account.” - Interviewee 1 (April 8, 2022)

Artists emphasize that the motivation behind this career initiative is not to enable a marketing strategy, but rather to initiate their career and lock themselves into committing to their artistic ambitions. After a social media presence has been established, few artists have a prepared marketing strategy for their channels, but rather extemporize as they go. At this stage, artists may encourage friends and family to engage with their new social media channels. Artists who remain unaffiliated with record labels may or may not develop strategies for their social media use. However, artists who are put on other labels’ rosters often co-develop branding

and image concepts with label personnel that are then communicated via the artist's own channels. In some cases, social media-specialized marketers have extensive autonomy in managing the artist's social media channels, having their own access to login details. This is motivated by the sheer amount of social media content competing for the consumers' attention, increasing the need for conspicuous social media strategies. However, the case remains that the artist's own social media accounts constitute highly poignant marketing channels for artists and labels alike.

Moreover, one interviewee whose career spans the pre-digitalized music industry asserts that digital music production tools have not only made it easier for artists to acquire production skills; it has made it necessary for artists to do so. The motivation is easier to grasp for unaffiliated artists, since self-production is often included in their do-it-yourself career approach. However, artists seeking record label affiliations are benefitting more and more from acquiring production skills.

“Record labels are less and less interested in picking up artists from ‘square one’. Your chances of signing are significantly higher if you are already the complete package.” -

Interviewee 1 (April 8, 2022)

Interviewee 1 states that record labels prefer to sign artists whose music is already ready for release, as the label will not have to spend as much money on production themselves. Artists who comply with these preferences by having already-finished productions thus have better chances of securing a record deal. The proliferation of digital production tools as well as online educational material about production has created expectations among labels that artists should acquire production skills to some extent. However, interviewee 1 also states that artists are not motivated to learn production solely because they aspire to become more attractive to labels, but because they find enjoyment in it. Thus, as artists do this, they simultaneously become more well-equipped for remaining unaffiliated with record labels, since access to external production capabilities no longer becomes a strict necessity. Artists can also use third-party services that place the artist's music on DSP's without scrutinization of the artists' commercial promise. Thus, whether it lies in the artist's ambitions to find a record deal or not, acquiring production skills may prove to be highly beneficial for artists.

4.1.2 Artists' Perceptions of Music Industry Actors

A recurring theme in the interviewees' responses is a high awareness about the advantages and disadvantages with signing to a major label. One central concern for artists is the retainment of master rights. Highly publicized conflicts between artists and record labels regarding master rights, in which artists have publicly criticized label executives for mismanagement of their catalog, have contributed to this awareness about rights ownership. One such conflict unfolded in 2019 when globally renowned artist Taylor Swift clashed with the owners of her master recordings, prompting her to re-record her album in order to create and retain ownership of new master recordings.

“These days you hear a lot about the cons of giving away your master rights, the big one right now being the Taylor Swift case.” - Interviewee 2 (April 13, 2022)

The points of contention in the Taylor Swift case are the master rights owners rejecting her to perform the songs in certain live environments, as well as the owners' release of a Taylor Swift live album without the artist's approval (Théberge, 2021). Other points of contention generally include loss of creative control over the recordings pertaining to distribution, marketing and other uses, as well as low royalty splits (Jones, 2021b). This awareness is attributed to popular artists communicating via both news media and their social media channels about their experiences with major labels. It is also attributed to the availability of information about disadvantages of signing to major labels. Moreover, artists' views on major labels are also affected by a new marketing paradigm in which the artist's individual social media channels constitute a principal marketing channel for artists and labels alike:

“The artist's social media is everything. Even the major labels' marketing of an artist happens via that artist's own channels, which I think contributes to the majors being perceived as increasingly redundant.” - Interviewee 1 (April 8, 2022)

However, major labels are still seen as providers of funding, touring opportunities and access to other more capital-intensive marketing channels such as radio coverage and advertising. That is, the potential of major labels to launch and manage successful careers is still seen as significant:

“I still think that major labels may be the right way to go for some artists if they’re given the opportunity. It’s not like they’re obsolete.” - Interviewee 1 (April 8, 2022).

4.1.3 Artists’ Access to Music Production

The proliferation of DAW’s is central to artists’ access to music production capacities in the digitalized industry (Rödblom & Nyman, 2020). DAW’s provide artists with access to production and distribution in multiple ways. First, they are easily obtained as they often contain a full range of production services and can be installed in the same manner as other computer software.

“A lot of computers these days have pre-installed DAW’s that are free to use, and the more professional ones that cost money are not very expensive.” - Interviewee 2 (April 13, 2022)

Obtaining production equipment in the pre-digitalized music industry had significantly more barriers, as production equipment was physical and modularized. A traditional user would therefore have needed access to selling points of production equipment, as well as knowledge about how to put together the various components needed for a functioning production studio. Today, artists are accessing music production tools and educational material not only because digital technologies have made it available for them, but because it is inexpensive and sometimes free.

Moreover, digital technologies have provided artists with access to information and learning tools (IFPI, 2021). This has the effect of mitigating the record labels’ role as “gatekeepers of knowledge”. For instance, record producing in the traditional music industry was a highly specialized profession, and its training required hands-on experience with scarcely accessible, expensive equipment. Learning the profession in the pre-digitalized music industry often required access to working practitioners willing to provide training.

“My production career started in the mid-90s. I had the privilege of going to a music school with good connections to record labels with fully equipped recording studios, and got my foot in the door that way.” - Interviewee 1 (April 8, 2022)

The current readily available DAW’s combined with online information, on the other hand, have amplified the opportunity of acquiring music production skills through “learning by

doing” and gathering knowledge individually from online sources. This, in turn, increases their capacity to engage in the industry.

4.1.4 Artists’ Access to Music Distribution

The fundamental shift from physical to digital music sales, driven by the capacity for digital storage, the proliferation of the internet and social media as well as the new paradigm of DSP’s has given artists the direct capacity to make their music available to the public (Musiksverige, 2020).

“Anybody can put their music on any digital platform, which for me is one of the most significant shifts. Back in the day, it’s not like we could go to every record store and put our CD’s on all of the shelves.” - Interviewee 1 (April 8, 2022)

In the traditional music industry, this would be somewhat comparable to artists placing their own physical records on record store shelves. Artist respondents stated that intermediary services are often used for digital distribution of music to DSP’s, but that these generally approve all music that fulfill certain technical specifications (Bakare, 2021). On the other hand, a traditional record label on the other hand would not accept and distribute any music recording provided by any artist. They would instead go through a scrutinization process by which the label ultimately decided whether and where to distribute the work. Thus, record labels no longer constitute gatekeepers for music distribution as virtually all industry participants have access to distribution functions. Moreover, the digital format itself has made it easier to self-distribute because access to the supply chain of physical recorded music is no longer needed. The hassles pertaining to physical distribution on a large scale, such as the logistics of physical supply chain management as well as maintaining relationships with agents along the chain, are mitigated.

“Even though self-distribution was possible with CD’s and such, it was much more of a hassle. I mean, you could burn your own CD’s and either hand them out or try to sell them yourself, but that’s small scale and takes a lot of work.” - Interviewee 1 (April 8, 2022)

Digital distribution also entails a potential cost barrier mitigation. Artists can place their music on popular social media platforms such as YouTube and SoundCloud for free, and

most of the digital distribution services that place music on popular DSP's such as Spotify and Apple Music have "freemium" pricing models (Ingham, 2022). By virtue of being potentially free, the threshold for self-distribution is lowered:

"I think that a lot of artists early in their career are either unwilling, or outright cannot afford to spend a lot of money on their music. Removing cost barriers definitely affects their access to distribution channels." - Interviewee 2 (April 13, 2022)

4.1.5 Artists' Access to Marketing of Music

Digitalized marketing through social media provides artists with direct access to individual marketing channels, resulting in most artists having a "social media presence" (Musiksverige, 2020). Social media as marketing channels are also less hampered by monetary and spatial constraints compared to more traditional marketing channels such as newspaper or television advertising. During the pre-digitalized era, the marketing reach of new musical releases was highly contingent on being signed to major labels who, in turn, relied on capital intensive marketing channels such as televised or newspaper advertising.

"Artists used to be at the mercy of the record labels when it comes to their marketing reach. This might still be true to some extent, but social media channels have definitely put artists more in the driver's seat when it comes to marketing." - Interviewee 2 (April 13, 2022)

On the other hand, such an increase in access to marketing channels has created obstacles opposite those of marketing in the traditional music industry. While successful marketing in the traditional music industry typically required access to exclusive channels that were often enmeshed in the major labels activities and their partners, the current marketing activities are so widely accessed that "cutting through the noise" becomes challenging:

"When starting out as an artist, it's quite easy to reach your friends and family with your marketing efforts. The challenging part is going beyond that, and it's not like every artist has an elaborate marketing plan to achieve marketing success." - Interviewee 2 (April 13, 2022)

Thus, access to marketing functions may also create obstacles for artists - in this case an abundance of music marketing that makes it difficult for individual artists to succeed with their marketing efforts.

4.2 Case Introduction

The forthcoming empirical sections comprise the case details of this thesis, depicting the firms Jubel, Corite and Snafu Records. Table 4 summarizes the firms and their characteristics. Jubel is a self-described “artist agency”, providing full services to artists including services in artist management, booking, marketing and music production. The company was founded in 2016 and currently employs 21 people. Corite is a crowdfunding platform providing the opportunity for artists to raise capital for services such as music production and marketing. Corite was founded in 2019 and currently has 18 employees. Snafu Records is a record label that leverages artificial intelligence in their identification of promising artists. Snafu Records was founded in 2018 and has a current employee count of 18.

Firm	Market Offering	Strategic Vision(s)	Challenging Industry Structures By...
Jubel	A full-service firm for artists, including label services, marketing, management and other artist-centered services.	Gathering all artist-related services “under the same roof”, and providing them to artists without compromising their creative preferences.	...removing the necessity of record label contracts to access professional artist-related services.
Corite	An online crowd-funding platform that allows for artists to seek funding for their projects from fans and other potential investors.	Decentralizing the financing of music projects, and deepening artist-fan communities.	...removing the necessity of record label affiliations to secure funding for music projects.
Snafu Records	A record label that uses artificial intelligence to discover promising artists that are overlooked by traditional means of artist scouting.	Leading the music industry’s transformation into artificial intelligence, and being the first to discover future music stars.	...replacing multiple human functions with algorithms, redefining the traditional roles of A&R representatives, record label executives and others.

Table 4: Introductory summary of case firms.

4.3 Jubel

4.3.1 Structure and Strategic Positioning

Jubel operates in three divisions: “Artist Agency”, “Festivals & Concepts”, and “Brand Experience”. The Artist Agency division constitutes the core of the business and was the sole division during the firm’s inception, while the latter two divisions emerged shortly thereafter. The division encompasses a number of artist-centered services, including label services and services in marketing, management, booking, music production and promotion among others. Strategically, Jubel aims at bringing together artist-related services that are typically performed by separate entities.

“Cumulatively, we want to offer a full set of services for artists. They consult with us what services fit their needs and goals, and we provide them with a team to make it happen” - Erik Ohlsson (March 4, 2022)

The range of services are provided on a case-by-case basis in consultation with each artist; some partner with Jubel for full services while others may, for instance, employ Jubel for management and booking services while releasing music through an external record label. The company’s current ambition is to “work more with fewer artists”, and has 23 artists or bands signed to their roster. The “Brand Experience” division operates as a branding agency, providing services related to the creation, managing and measuring of branding strategies for clients. The main focus within this division is to communicate clients’ brands through the organizing and managing of company events. Lastly, “Festivals & Concepts” is Jubel’s division for planning and arranging music festivals and conceptual live music events.

4.3.2 Business Network

The value chain of Jubel’s music-related activities always starts with the artist, whom Jubel views as clients rather than customers. The rationale behind their client-based approach is to reinforce Jubel’s positioning as a supplier of advice and consultation for artists, as well as instilling a longer-term relationship with them. In return Jubel receives a percentage of the revenue generated through the artist collaboration:

“As an artist agency, we provide the artist with everything and receive a percentage of everything.” - Erik Ohlsson (March 4, 2022)

The revenue source depends on how the artist chooses to employ Jubel. For instance, when offering record label services, the percentage is based on revenues generated from the master recordings. The commission typically lies in the range of 15-30% depending on factors such as what type of services the artist requests, the size of Jubel’s monetary investment as well as risk factors connected to the popularity of the artist.

Following the initiated artist collaboration, Jubel uses its network of partners to perform the artist collaboration. For digital distribution, Jubel has ongoing partnerships with digital streaming platforms such as Spotify and Apple Music - a collaboration which states Jubel as a “content provider” of the artist’s music to the platforms. Jubel also utilizes partnerships with event organizers and tour promoters in order to organize live concerts for their artists as well as for placing them on various festivals and other live events. For the concerts and festivals organized by Jubel themselves through their “Festivals & Concepts” division, the firm strives towards filling the spots with artists from their own roster. Moreover, through a partnership with digital agency Dramatix, Jubel utilizes the advantages of Real-Time Messaging Protocol (“RTMP”), a communication protocol for streaming audio and video, to livestream their own concerts and festivals. This provides concertgoers with the opportunity to attend their shows digitally.

4.3.3 Perceptions of the Music Industry

Much of Jubel’s *raison d’être* is rooted in their view of major record labels as having an increasingly diminishing status in the music industry. One such sentiment is related to the major labels’ function as record producers and distributors:

“The traditional role of major labels has largely been that of a record factory, communicating to artists that ‘we are the ones spreading your records to the world’. We see this as outdated. Records should emanate from the artists, period.” - Erik Ohlsson (March 25, 2022)

This sentiment results in a view within Jubel that major labels impose an excessive amount of ownership and control over the artists' musicianship. By describing themselves as necessary for the artist's success, major labels assign themselves a negotiation position through which they attempt to steer the creative direction and artistry of each individual artist. However, Jubel sees that the proliferation of social media means that artists have reached a significantly improved negotiating position in relation to major labels, as they are able to build marketing channels that oftentimes surpasses the reach of the majors' own marketing channels. Moreover, Jubel acts on the premise that artists are much more concerned with retaining the master rights to their recordings after the proliferation of music streaming services. The major label's practice of seeking the artist's master rights is seen as a contributing factor to their diminishing status. During the one-year period following Jubel's inception, the firm had experimented with artist agreements that affirmed Jubel as master rights owners in exchange for artists gaining a larger share of revenue streams generated by their music. This practice was later abandoned as artists on Jubel's roster started to become increasingly persistent in retaining their master rights, expressing desires to maintain their creative freedom. This made Jubel abandon their practice to gain master right ownership and instead favor licensing deals through which the artist retained their master rights. Moreover, Jubel's CEO perceives that major labels will have a severely difficult time generating "superstars". This conviction guided the firm to adopt a more "quality over quantity" approach towards working with artist-fan engagements:

"Instead of global superstars, I think that we are going to see a diverse pool of artists with their own 'cliques' of fans." - Erik Ohlsson (April 12, 2022)

Given Jubel's view of the major labels' diminishing status, there is still a conviction that the ability of newly released music to "cut through the noise" depends heavily on the investments committed to its marketing. The ease by which artists can produce and distribute music leads to an increasingly larger plethora of music being released on a daily basis, fueling an over-supply of music. Concurrently, marketing is becoming an increasingly important tool for differentiation and increasing the reach of each artist. Jubel sees that any actor willing to invest in marketing, and not just the major labels, have the potential to "cut through the noise".

“Monetary investments are still essential for increasing the artist’s reach. Anyone can make those investments, which is good, but you still need the money.” - Erik Ohlsson (April 12, 2022)

Based on this conviction, Jubel has a strong focus on managing the customer relationships of each artist and avoiding competing with the major labels’ monetary firepower for external marketing. Thus, Jubel engages in CRM practices including building and utilizing customer mailing lists as well as using third-party CRM systems to manage existing customers.

4.4 Corite

4.4.1 Structure and Strategic Positioning

Corite is structured around three operational foci: financing, marketing and distribution. The financial part constitutes the firm’s core business, and consists of their online crowdfunding platform through which artists can raise capital for their new music releases. The investors, or so-called “backers”, are typically fans of the artist whose investment gives them a share of the revenues generated by the music release they invest in. Thus, Corite’s strategic target is enabling artists with yet-to-be-released music. After a crowdfunded musical work has been completed, Corite distributes it to streaming platforms and takes a 5% share of the subsequent streaming revenues as well as 5% of the crowdfunded capital. At Corite’s inception, crowdfunding musical projects was the firm’s sole business. However, when artists started raising capital they started to request consultation regarding how to employ this capital. Consequently, Corite developed offerings for added services to the artist, such as marketing, PR and creative work, thereby positioning themselves more towards a full-service capacity. The overarching strategic aim, as described by Corite's co-founder Emelie Olsson, is to be the “artist-first company” and to enable independent artists.

4.4.2 Business Network and Music Industry Perceptions

Similar to Jubel, Corite’s offering starts with consulting with the artist about their needs and preferences, and the project that the artist wishes to realize through Corite’s financing platform. The subsequent crowdfunding campaign is then actualized by Corite internally. The marketing of each campaign is primarily carried out by the artist of each campaign, with some marketing performed by Corite. Regarding external partners, Corite is a proponent of

staying independent and decentralized, which they exemplify by their current development of a blockchain-based platform for artist-fan engagements. Moreover, a strongly held belief in the firm is that successful artist careers in the current music industry are highly contingent on fan engagement, i.e. community-building between artists and fans. One reason is that fans who feel a commitment to the artists beyond the stature of “casual fans” are more likely to support the artist from multiple directions, such as by purchasing albums and merchandise and by attending concerts.

“Some artists reach success mainly because one of their songs finds its way onto a popular playlist or things like that. But as an artist, there is a lot of power in having engaged fans backing you up.” - Emelie Olsson (March 23, 2022)

Consequently, Corite has a strong belief in the propensity for fans to function as marketing channels for the artist by sharing the artist’s music and wearing their merchandise. If a fan chooses to support an artist via Corite’s platform (i.e. becomes a “backer”), the firm reasons that that fan will develop a higher propensity to market the artist’s music. This is because the fan’s co-ownership of the musical work creates an even deeper personal connection with the artist, with an added monetary incentive to facilitate the revenue-generating capabilities of the song(s) in question. Furthermore, there is an affirmation within Corite of the major labels’ dominant position in the music industry, but that their practices are problematic in various ways. One such aspect is the creative control imposed by major labels on artist output, such as directives on production choices, targeting certain end-consumer segments or following certain formulas. This can oftentimes contradict the artist’s own creative intentions.

“Major labels impose too much control onto artists. It is a real practice, and it is a creativity-killer.” - Emelie Olsson (March 4, 2022)

In turn, Corite perceives this to be a main driver of artists wanting to develop their careers without the interference of major labels, more so than the practice of losing master rights ownership. The basis for this perception comes from the firm’s own artists, as some of them have been previously signed to major labels. These artists have expressed that the major labels’ practice of giving creative directions that diverge from the artist’s own ideas is what ultimately led the artists to discontinue their major label affiliation. There is also a perception that the awareness about major label disadvantages have increased on a more general level

among artists. Emelie Olsson attributes this to an increased focus on contract law among music-related higher education programs, making aspiring musicians aware about disfavorable contracts at an early stage of their careers.

4.5 Snafu Records

4.5.1 Structure and Strategic Positioning

Snafu Records (hence referred to as Snafu) has a team-based structure consisting of A&R, marketing, technology and data science teams, as well as in-house music producers and songwriters. When artists are signed to the firm, they gain access to the functions provided by the teams which comprise the label services offered to the artist. Moreover, Snafu estimates that major record labels stand for only 1% of all music released globally in a given year but 70% of all music consumed globally. The firm aims at targeting this disparity by capturing artists from this plethora of unsigned music. Strategically, they are aiming for a position complementary to the major record labels rather than head-to-head competition:

“We are targeting a pool of music that requires deeper digging than what the major labels are committed to.” - Ankit Desai (March 9, 2022)

This process is enabled by artificial intelligence, as Snafu uses algorithms to scan digital streaming platforms and other sites of artist-fan interactions for promising songs. Key measures in the search scan include the song’s growth rate in terms of stream counts as well as a sentiment analysis (Zhang et al., 2018) by which the affections and emotions expressed by music consumers in comment sections are analyzed. All measures are synthesized into a “Snafu score” which functions as the comprehensive indicator of the song’s promise. Snafu then judges the score and decides whether or not to proceed. If they proceed and the artist accepts, Snafu generally signs the artist by four songs with options to do more. Revenue-wise, Snafu typically buys artist rights in a 50/50-split, earning revenue each time the song is played. In their early start-up phase, Snafu experimented with different label service offerings once the artist had been signed, but eventually settled with the more “traditional” label services including marketing, promotion, distribution and sales.

4.5.2 Business Network and Music Industry Perceptions

After identifying promising artists through their algorithm and reaching a subsequent contractual agreement through the artist's representatives, Snafu works with different external stakeholders to realize their services for the artist. These stakeholders include the Sony Music-owned distribution firm AWAL.

“We also have major label connections so you can get the feeling, or firepower of being on a major while being in a small team.” - Ankit Desai (March 9, 2022)

Snafu also engages a network of “creatives” providing services related to album artwork, press pictures and PR. Internally, Snafu's operational teams are broadly divided into artist and repertoire, marketing and data science, whose combined activities compose the firm's label services.

Moreover, there is a strong conviction within Snafu that data and artificial intelligence will become increasingly important drivers of business decisions in record labels that, traditionally, have been influenced by the “gut-feeling” of music industry managers (Seifert & Hadida, 2006). This was the foundation of Snafu initial commencement in 2018, with the goal of gaining a first-mover advantage and be “ahead of the game” when the rest of the music industry adopts similar AI-driven philosophies.

“What sets us apart is our strong conviction in the power of facts and data, and how that compares to decisions driven by gut-feeling. Almost everything we do is driven by that philosophy.” - Ankit Desai (April 11, 2022)

Snafu perceives that major record labels still have a “powerhouse” status in the music industry, and will continue to do so in the foreseeable future. A principal reason for this perception is the size and strength of the major labels' back catalogs that continuously generate substantial revenues for them, while smaller actors lack such monetary security.

“At the start of every year, major labels are the ones with the biggest bank account - ammunition - to invest in new artists. So they can afford to have artists that fail, and the few that massively succeed become the next year's back catalog.” - Ankit Desai (March 25, 2022)

At the same time, Snaflu perceives that the increasing rate by which new music is released globally will dilute the major record labels' share of consumed music, and that they will have to adapt in spite of their investment muscles in order to mitigate this dilution. Algorithm-based talent discovery would entail such an adaptation since it facilitates a wider and faster scanning of unsigned music. Another reason for major record labels needing to adapt, according to Ankit Desai, is the artists' improved negotiating position enabled by the increase in available options for producing, distributing and marketing new music releases. This is because current artists have greater opportunities to dismiss the prospects of signing to a major label, and instead favor other paths such as marketing and distributing music through their own media channels. A consequence of taking the latter route is that more and more artists will see themselves as "artist-businesses", and develop their own business models for monetizing music through practices such as selling non-fungible tokens ("NFT's") and sending personalized greetings to fans.

"I think that we will see an explosion of artists that do music on the side, and I think that it is only good for the ecosystem." - Ankit Desai (March 25, 2022)

Thus, although stating that major labels still have a "powerhouse status" in the music industry, Ankit states that they are not strictly necessary for launching artist careers anymore - especially for those disinterested in becoming full-time artists. The principal adaptation measure needed by major labels to attract the increasing number of doubtful artists is to compete in "artist friendliness" by adhering to artist interests to a greater extent.

5.0 Analysis

This section will apply the analytical framework (see Figure 5) in order to gain a deeper understanding of how digitalization has democratized the music industry, and what roles business models play in the democratization process. Instead of strictly separating the two research questions in the analytical section, these will be intertwined by basing the structure on the components of the analytical framework. The analysis starts with a summary of the artists' access to the music industry and how it contributes to the industry's democratization. Then, following the business model components highlighted in the analytical framework, the connection between increased access and the role of each business model component will be

explored. The impact of digitalization on power-dependence relations in the industry is then examined, followed by the role played by new firms' business model components. Finally, the analytical framework will be revisited and revised, as interdependencies between the framework components are discussed. This is followed by a concluding section in which the research questions are untwined and separately addressed. Figure 6 illustrates the structure of the analysis.

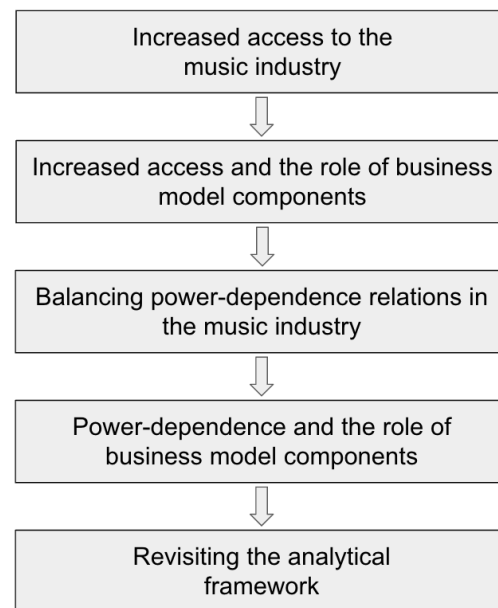


Figure 6: Structure of the analysis.

5.1 Increased Access to the Music Industry

The empirical findings make it evident that artists have seen a vastly increased access to the supply chain functions encompassing production, distribution and marketing of music. This is, in turn, closely tied to the digitalization of the recorded music industry. As highlighted, both artist interviewees emphasize the importance of the proliferation of DAW's in this process, and how they have removed cost, skill and availability barriers to the production step of releasing music. In addition, digitalized distribution has made this step both easier and more inexpensive for artists, and social media channels have put artists more in control of their marketing output. Thus, digital technologies have widely heightened the artists' capacity for agency (Hesmondhalgh, 2019), contributing to the democratization of the recorded music industry.

5.1.1 Increased Access and The Technology Dimension

Firstly, our findings suggest that digital technologies that increase music industry access are essential for the emergence of new firms' business models, rather than being essential components of the business models themselves. In other words, digital technologies have provided new firms with technologies that underlie their market offerings, akin to what Mason & Spring (2011) label *infrastructure* and *process technologies*. This also reaffirms their argument that the technological dimension of business models should not only subsume the firm's product technologies. Snafu practices their business model through the employment of artificial intelligence, which constitutes an important process technology since it actualizes their market offering. Likewise, Corite is experimenting with blockchain technology to give artists improved control over their revenues. Jubel uses livestream technology to provide digital experiences of their concerts. In other words, the business models by which these new firms provide artists with access to the music industry, are themselves underpinned by new process and infrastructure technologies. This supports the bidirectional influence between increased access to the music industry and new firms' business models, i.e. the performativity of business models (Leek & Mason, 2010; Mason & Spring, 2011; Callon, 1998). That is, digitalization has provided new firms with access to a technological foundation on which they develop business models that increase artists' access to the industry. The fact that our case study firms emphasize different technologies indicates that their managers frame the technological aspects of the music industry differently. Snafu frames the music industry as being on an irreversible path towards heavy use of data and artificial intelligence. Such a frame legitimizes the data-heavy technological dimension of their business model, as the firm then can position themselves and their business model "ahead of the curve". Similarly, Corite and Jubel frame blockchain and digital concerts as being "here to stay" in the music industry, likewise legitimizing their business models. Moreover, framing the future technological standards of the music industry goes beyond this "self-legitimization" of business models. It is also a technique for influencing which standards are adopted (Arthur, 1989). For instance, by framing the AI-shift as a "truth" and adapting their business model accordingly, Snafu communicates that other music industry firms ought to do the same in order to remain technologically relevant. Likewise, they communicate to existing and potential customers that firms working actively with artificial intelligence have better long-term value propositions. This highlights the practice of framing as a strategic move (Arthur, 1989; Mason & Spring, 2011). That is, should Snafu's frame

become adopted and internalized widely by industry participants, the firm would find itself at the forefront of a “standard” technology as opposed to a “niche” technology which would further their competitive position.

5.1.2 Increased Access Through Network and Market Offering Practices

This study finds that the business models of firms intent on increasing access to the music industry are heavily focused on framing the roles of industry participants. This is indicated by the fact that Snafu, unlike Jubel and Corite, has a major label (distribution via Sony Music-owned AWAL) as a key agent in their network architecture. Consequently, Snafu is more restrictive in downplaying major labels’ capabilities as it could de-legitimize the network practices of their business model, and instead offer the “fire-power of a major label with the benefits of working in a small team”. Jubel and Corite, on the other hand, have a comparably higher *normative* emphasis on the technology-enabled capabilities of artists, i.e. that artists *should* be able to access the music industry supply chain and launch their careers without major labels. This is the network picture (Leek & Mason, 2010) by which Jubel and Corite practice their business models. Jubel does so by offering artists access to traditional label services without signing to their label, and Corite offers access to financing capabilities. This also supports the bidirectionality between new firms’ business models and increased access to the music industry. “New” technologies such as DAW’s, accessible and affordable production equipment, DSP’s, social media and online crowdfunding provide artists with access to music production, distribution and marketing capabilities. Depending on normative views of how close to artists these capabilities should be employed, new firms support these artist-centered capabilities to varying degrees.

Another illustration that links the framing of music industry participants’ roles to the recorded music industry’s democratization is Corite’s reframing of end-consumers (i.e. the music listener). As Corite’s market offering gives end-consumers the opportunity to invest in musical projects and receive a portion of its returns, they do not solely offer profit opportunities for investors, or “backers”. Central to Corite’s business logic is also to elevate the position of the music consumer. As they are offered the opportunity to finance musical works, their position in the music industry network is widened from “end-consumer” to “end-consumer and potential investor”. This shows the performativity of network pictures (Leek & Mason, 2010; Mason & Spring, 2011) because Corite’s network picture *intervenes*

in the network architecture of the recorded music industry. That is, viewing music listeners as potential investors is not just a reflection of Corite's view of music industry participants. Corite also practices this view through their business model by offering music listeners this elevated role, which is how the network picture intervenes in reality (Callon, 1998). In this case, Corite's reframing also entails that end-consumers are provided with increased access to the music industry because they are invited to participate in the funding of music projects - a position that has been mostly restricted to record labels in the traditional music industry. By increasing access in such a way, Corite's role reframing supports the music industry's democratization. This shows that network picturing as a technique (Leek & Mason, 2010; Mason & Spring, 2011) can support an industry's democratization, given that the picture illustrates increased access to the industry.

5.2 Balancing Power-Dependence Relations

5.2.1 Valuing the Outcome of Major Label Relations

Our empirical findings suggest that the digitalization of the music industry, and the resulting variety of career paths available to artists, has lowered these artists' perceived value of committing to a business relationship with a major label. Since the value of the outcome of a relationship drives dependency (Heide & John's, 1988), artists' dependency on major labels has been lowered in the digitalized music industry. Following our analytical framework, this contributes to the music industry's democratization as the artist-major power-dependence relation is more balanced. Both artists and executives in our empirical findings express that artists are more aware about the disadvantages of signing to major labels, and that this awareness affects both the artist's propensity to seek major label relationships as well as their negotiation position with record labels. The disadvantages mainly pertain to loss of creative control and low royalty splits. The role of digitalization is that social media, news sites and other online sources have brought stories about major label conflicts into public awareness, whereas similar stories in the pre-digitalized music industry went more unnoticed. Moreover, Heide & John (1988) mainly describe the value of the outcome of a business relationship as the "magnitude of the exchange", i.e. the importance of that which can be obtained from the relationship. However, our findings suggest that the value of major label relationships has been lowered without any significant shifts in the magnitude of the exchange. That is, major labels are still able to offer opportunities similar in magnitude to the pre-digitalized music

industry such as funding, management, exposure and more. Our findings therefore expand Heide & John's (1988) dependency factors by adding *perceived disadvantages* as a determinant of the value of a relationship.

5.2.2 The Availability of Other Exchange Relations

This study finds that one of the main outcomes of the digitalization of the music industry is that artists have been provided with options for launching and managing their career other than seeking the resources residing with record labels. Self-production using DAW's and home studio equipment constitutes a new option for how artists can tackle the production aspect of their musicianship. Likewise, online music distribution through platforms such as SoundCloud constitutes a new option for distributing recorded music. Social media provides artists with new options for marketing. By virtue of having a multitude of career options that need not involve record labels, the authors argue that artists' dependency on major labels has been lowered following the industry's digitalization. The logic follows that the availability of other exchange relations lowers dependency in a business relation as "business does not have to be conducted with a particular partner" (Heide & John, 1988). The authors find that this is not due to the availability of other exchange relations *per se*, but rather the availability of alternatives to the exchange relation as a whole. Digitally enabled self-production, self-distribution and self-marketing do not constitute alternative *exchange relations* to major labels, but they still provide opportunities for artists that reduce the necessity of a record label relationship. This balances the power-dependence relation away from the traditional power holders of the industry (i.e. incumbent record labels), thereby contributing to the industry's democratization. The artist may utilize this power-dependence shift in negotiations, which is reflected in the revenue streams and negotiation outcomes of the case study firms - all emphasize that artists have become significantly more resilient in their negotiations since gaining access to these new career options, which is why they are all offering significantly more favorable royalty splits compared to traditional major labels. The consequences of this resilience is exemplified in Jubel's abandonment of seeking master rights ownership due to backlash from artists during negotiations.

5.2.3 Actual Versus Potential Alternative Exchange Relations

An important distinction to make is that artists, unless already contractually obligated to a record label for their foreseeable future, can always choose to manage their own production,

distribution or marketing activities. That is, the digitalized music industry has made the availability of such options constant. The “big bang” of business models emerging in the music industry’s digitalization (Bourreau et al., 2012), many of which support the artist’s ability to self-manage their career (Walzer, 2017; Hesmondhalgh et al., 2019; Salo et al., 2013; Martinez-Canas et al., 2012), entails a high concentration of alternative exchanges for artists that lowers their dependency on major labels. Should the artist be contractually obligated to a record label, these self-management options remain potentialities. The artist’s dependency on their incumbent relationship then hinges on the difficulty to exit that relationship (Heide & John, 1988). Thus, digital self-production, self-distribution and self-marketing has provided artists with alternative career paths to major labels that are *always present*, whether being actual or potential options. This entails lower dependency compared to the pre-digitalized music industry in which exclusive and temporary record deals constituted the preeminent career option for artists. The exclusivity and temporality of traditional record deals framed them as being “once-in-a-lifetime opportunities” for launching music careers. However, the constant presence of independent options hampers both the exclusivity and the temporality of these traditional offerings.

5.3 Business Models and Power-Dependence

5.3.1 Power-Dependence and the Technology Dimension

Our empirical findings suggest that the new technologies of the digitalization era are essential to the emergence of business models in new music firms, rather than being essential components of the business models themselves. All three firms in this thesis leverage new yet already existing technologies to leverage their market offering and network architecture practices, rather than actively pushing the actual technological boundaries. For instance, they rely on the artist’s ability to produce and market their own music, meaning that DAW’s and social media channels constitute important process and infrastructure technologies respectively in the *artist’s* business model practice. Since business models take on multiple sites as they evolve (Mason & Spring, 2011), here digitalization has resituated the technological dimension of the new firms’ business model with the artists. In comparison, major labels have traditionally constituted the main technological business model site. Evidently, this is no longer the case as artists have gained digitalization-enabled access to music industry functions, which contributes to the industry’s democratization. Thus, this

study finds that democratization is driven by business model sites being spread more evenly across industry participants, and away from traditional power holders, which balances power-dependence relations in the industry. Thus, the traditionally oligopolistic role of major labels (Guichardaz et al., 2019) is hampered. In relation to our analytical framework, in which the link between new firms' business models and the democratization process was indirect, this analysis suggests that they are directly linked.

5.3.2 Power-Dependence and the Market Offering Dimension

All firms in our multiple case study have market offerings that diverge from traditional methods in the music industry, and add new options for artists pertaining to “how to do things”. Corite’s crowdfunding platform constitutes a new way to finance music projects, Jubel’s digital concert platform constitutes a new way to distribute live music performances, and Snafu’s algorithm-based label services constitute a new way to identify and promote artists. By the sole virtue of adding new available exchange relations that diverge from the major labels (Heide & John, 1988), such business model practices balance the artist-major power-dependence relations in the music industry. Moreover, our findings reveal that the music industry digitalization has spawned a new wave of “artist businesses”, i.e. artists concerned with monetizing their creativity through a multitude of digital channels. That is, artists have become less inclined to let a sole actor manage the entire supply chain of their music, and instead favor a “mix-and-match” approach towards monetizing their creative output. This indicates that artists are more inclined to increase the number of firms in their immediate network, which would support an entrepreneurial environment in which new firms can provide niche market offerings towards artists. New firms with niche market offerings, such as Jubel, Corite and Snafu, are thus invited to compete in the music industry. In turn, their market offerings add new available exchange relations for artists, which lowers their dependency on major labels (Heide & John, 1988). This illustrates that new firms' business models and the balancing of power-relations reinforce each other, which support the bidirectionality between new firms' business models and balancing power-dependence relations.

5.3.3 Power-Dependence and the Network Architecture Dimension

Our empirical findings indicate that the network architecture of new firms' business models in the music industry is affected by whom they view to be “power holders” (Emerson, 1962).

Jubel stands out in this regard, being the most adamant proponent of “artists as power-holders” by arguing that they have ultimate control over musical outputs and fan interactions. This is also expressed through the firm’s dismissiveness of the major labels’ diminishing function in the current music industry, and reflected in Jubel’s *dominant logic* (Chesbrough, 2010) of putting “artists first”. Corite has a similar dominant logic as Jubel, and perceives that capital investments to be the primary bottleneck for launching artist careers. Since major labels have the capacity to invest heavily in artists, they remain power holders in Corite’s network picture of the music industry. Through the addition of their crowdfunding platform however, Corite actively challenges the major labels’ investment power holder status as new exchange relations for financing are made available for artists. Moreover, both Jubel and Corite express that they compete on “artist friendliness”. This suggests that their basis of competition originates in their adherence to an artist-as-power-holder network picture. This illustrates that new firms in the music industry can seek to balance power-dependence relations by practicing a network picture in which the incumbents’ power holder status is diminishing.

5.4 Revisiting the Analytical Framework

The application of our analytical framework to the empirical findings solidified some theoretical inferences, and also revealed new interdependencies between model components. This is illustrated by the revised model in Figure 7, with the main additions being the interconnectedness between increased access and power-dependence, and the direct link between new firms’ business models and democratization.

However, Mason & Spring’s (2011) practice perspective on business models reveals that digital technologies have resituated business models away from traditional power holders and towards artists. We therefore argue that these artist-centered business models support the recorded music industry’s democratization directly. Moreover, previous research has neglected the role of power-dependence relations in industry democratization processes. This study finds that increasing artists’ access to the production, distribution, marketing and financing entails new exchange relations that lowers artists’ dependencies on traditional record labels. Thus, the revised model in Figure 7 emphasizes the reinforcing effects of the components on each other, and how they strengthen the recorded music industry’s democratization.

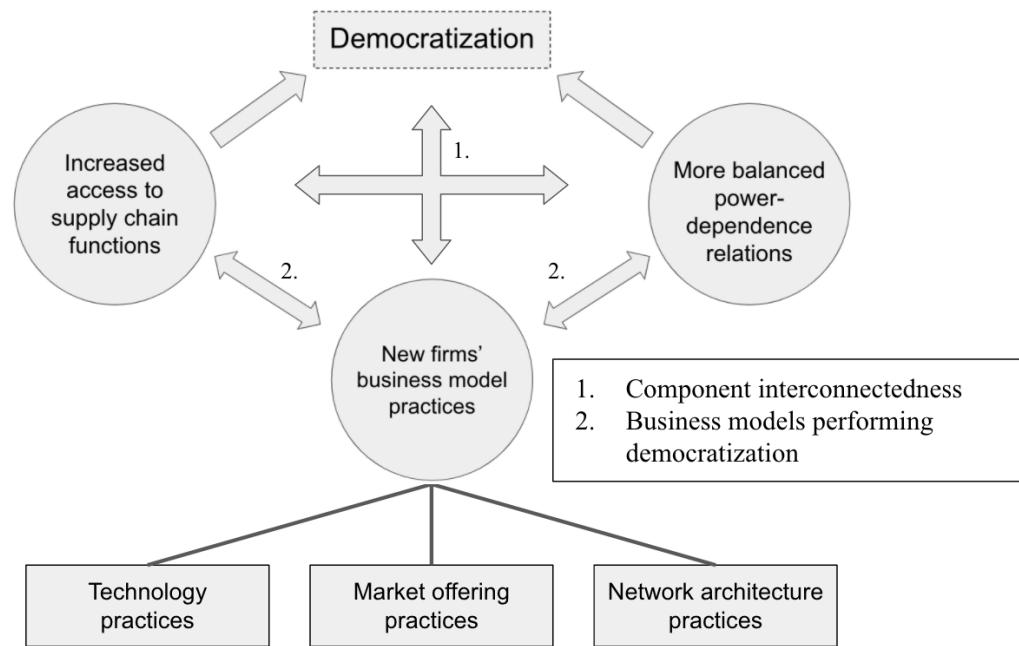


Figure 7: Proposed model of the recorded music industry's democratization.

5.4.1 Component Interconnectedness

Since previous research has not featured power-dependence relations as a component of an industry's democratization, no previous connections have been made between increased access to an industry and more balanced power-dependence relations. However, the application of the analytical framework to the empirical findings suggest that these components are deeply intertwined. By virtue of giving artists more access to industry functions, such as production, marketing and distribution, power-dependence relations are becoming more balanced because artists can access these functions directly rather than accessing them via power holders.

The revised framework also illustrates the potential of new firms' business models to directly support the recorded industry's democratization. This link emanates from the resituation of business models away from power holders and towards artists, echoing Mason & Spring's (2011) argument that business models take on multiple sites as market actors deal with each other. This is manifested in the case of digital marketing of music, which is now mainly performed by the artists as evident in our findings. All three case study firms offer marketing services to varying degrees, and they are mainly aimed at supporting the artists' own

marketing efforts via their social media channels, rather than the utilization of the firms' own marketing channels. In addition, as stated by interviewees 1 and 2, the marketing practices of traditional record labels are also increasingly situated with the artists because of the marketing potentialities of the artists' social media channels compared to the labels' in-house marketing capabilities. This business model resituation contributes directly to the recorded music industry's democratization because artists are gaining more control over the marketing of their music. A similar illustration can be found in the case of Corite's digital crowdfunding platform. Rather than being "at the mercy" of the record labels' financing decisions, the platform gives artists the opportunity to perform funding themselves, meaning that the funding of music is no longer solely practiced by record labels but by artists as well.

5.4.2 Business Models Performing Democratization

Central to our analytical framework is the practice perspective of business models, i.e. that they both reflect and intervene in reality (Callon, 1998; Mason & Spring, 2011). Our findings reaffirm that business models cannot solely be viewed as either antecedents or by-products of the recorded music industry's democratization process. Instead, business models both shape and are shaped by democratization. Using Corite as an example, the principal market offering dimension of their business model is their online crowdfunding platform. As a concept, online crowdfunding is not new as it has been around for almost as long as the internet itself (Shneor et al., 2020), nor has Corite provided the first platform on which music projects can be financed (Bannerman, 2020). Thus, online crowdfunding as a method of democratizing financing constitutes a digital antecedent of Corite, giving them *access* to practice their own business model. The market-shaping aspect of Corite's business model is not found in the launch of a new digital technology, but in the firm's strategic move of challenging music industry standards pertaining to financing music projects. While most other crowdfunding platforms offer the ability to seek financing for any entrepreneurial or creative venture, Corite specifically targets musicians by only allowing crowdfunding of music projects, redefines roles of industry participants and promotes online crowdfunding as a new paradigm of financing music. Thus, Corite's business model practices both shape, and are shaped by, the democratization of the recorded music industry.

Similarly, Snafu market offering is preceded by artificial intelligence technology which the firm uses to support the recorded music industry's democratization. As highlighted in the

findings, this is done by creating algorithms that identify promising artists that are otherwise overlooked by record labels. Snafu's preceding technology differs from Corite's in the sense that artificial intelligence *per se* is not a democratizing digital technology, whereas an online crowdfunding platform has more intrinsic democratizing characteristics by giving more actors financing capabilities. Instead, it is when Snafu converts their technology into *practice* that artificial intelligence is given (potential) democratizing qualities. Thus, business models that support an industry's democratization need not have intrinsic democratizing qualities, but need instead to be actualized through democratizing practices.

6.0 Conclusion

Research Question 1: How does digitalization contribute to the democratization of the music industry's supply chain?

Digital technologies have contributed significantly to the recorded music industry's democratization by increasing artists' access to the supply chain. A personal computer along with some software provides any person with musical ambitions the capacity to produce, distribute and market their music independently. Traditionally, access to such functions was significantly more concentrated towards major labels, whose role could then be described as "industry gatekeepers". More than making these functions available, digital technologies have also vastly reduced their cost barriers, thereby increasing access even further. The democratization is also driven by more equal power-dependence relations between major labels and other industry participants. Digital technologies present artists with alternatives to traditional record labels, and artists' perceived value of signing to major labels have likewise decreased. Both of these developments hamper the artists' dependency on major labels, which balances their power-dependence relationship.

Research Question 2: What roles do new firms' business models play in democratizing the recorded music industry?

New firms' business models are both enabled by, and reinforce, the democratization processes in the recorded music industry. Digital technologies enable new firms' business models by providing them with infrastructure and process technologies on which their market offerings are built. Depending on how managers frame music industry standards and the network architecture of its participants, their business model practices support the democratization differently. Firms whose business model practices increase artists' access to the recorded music industry are underpinned by network pictures that frame artists as power holders in the industry. This showcases that business models have a performative role as they concurrently shape, and are shaped by, the industry's democratization process.

7.0 Discussion

7.1 Managerial Implications

The findings and conclusions in this paper have relevance for a wide range of managers in the music industry. Firstly, by establishing the dynamics of the recorded music industry as a process of democratization, managers can gain an understanding of how their respective firms relate to this democratization. For instance, our findings suggested that artists are more aware about the major labels' propensity to use their position as power holders in order to offer deals that may be less-than-favorable for artists. Likewise, executives in our findings expressed that "artist friendliness" is becoming increasingly important as a basis for competition. As a method of artist satisfaction and retainment, it may therefore be advantageous for major labels to reach contractual agreements that do not strip artists from all of their preferences. While such methods may generate revenues for major labels in the short term, it may alienate artists and push them towards new firms whose business model practices are more supportive of a democratized music industry.

The study also implicates the immense consequences that digitalization has brought upon the recorded music industry. Thus, this study serves as a receipt that managers should investigate and embrace the opportunities of digital technologies. While this implication has been provided by countless other studies, this study has nuanced the discussion further by showing how digitalization relates to the democratization and changing market structure of the recorded music industry. By having a deep understanding of how digital technologies may not only provide firm-specific opportunities, but also change the fundamental structure of an entire industry, managers may be better prepared to make forward-looking decisions that help the firm to stay ahead of the game from a digitalization perspective.

Moreover, analyzing the case studies revealed that network pictures are central to the way that managers of new firms practice their business models. By framing the importance and power positions of major labels, artists and other market participants in different ways, the executives were able to legitimize their business model practices and work towards specific strategic goals. The authors therefore suggest that managers should consider the consequences network pictures have in regards to business model practices, as it may reveal

opportunities for the firm in regards to how certain actors may be catered as a potential customer group or potential competitors. While recommendations for best practices in utilizing network pictures lie beyond the scope of this paper, the authors nevertheless highlight the importance of managerial awareness about this concept.

7.2 Theoretical Contributions

By providing clarity to the research questions, the study at hand contributes to the body of literature in a multitude of ways. Firstly, the study expands upon the literature regarding the dynamic market structure of the music industry, and introduces the concept of democratization in order to bring clarity to the discussion. In addition, the study helps establish a connection between the democratization of an industry and the balancing of power-dependence relations, showing that an industry becomes more democratized when the dependency upon industry power holders decreases. Furthermore, the study connects business models to industry democratization, illustrating the interconnectedness of these concepts by showing how business model practices of new firms are enabled by the democratization while also reinforcing it. Lastly, the study contributes to the theoretical framework and application of theory through figure 7.

7.3 Limitations

Firstly, since the research at hand explores a phenomenon within the music industry that has remained relatively unexplored, naturally, the research itself is limited to the method and methodological approach used. The authors of this study welcome a wider range of studies of the recorded music industry as a democratization process that employ different methodological approaches.

Secondly, the study was limited by the number of interviewees and companies chosen. Whilst it was made as a conscious decision to work with a multiple case study approach to dig deeper into the lebenswelt of the chosen companies, it should still be considered that these findings and discussions are sprung from three influential people and companies within the industry. Additionally, whilst global companies, the interviewees all operated out of Stockholm, further creating a bias of territorial experiences. The researchers can't argue the difference of opinion one might have unearthed as a result of geographical operational differences, but it should still be made aware of as a limiting factor to the findings.

Thirdly, the generalizability of the findings based on the three selected firms may be limited. On one hand, all three firms were well suited for the study by being new, entrepreneurial firms in the music industry whose business model practices could be directly linked to the democratization of the industry. In addition, the firms were different enough so that discrepancies in their business model practices could be attributed to differing views and relations to the industry's democratization. On the other hand, each firm operates in its own unique web of contingencies which may hamper industry-wide generalizations. The authors of this thesis see this as both a limitation and a call to enrich this unexplored field through the analysis of a wider scope of firms.

Lastly, the use of Mason & Spring's (2011) business model framework towards creating a discussion of the democratization within the building blocks of a business model has served well in creating a systematic approach in connecting the two topics. Having the interview framework as well as the analytical framework stemming from this perspective may create limitations in the form of relevant discussion that could have gone overlooked. As discussed in the literature review, the only aspect of business models that all academics seem to agree on is that the research field suffers from a lack of coherence (Zott et al., 2011). For instance, the practice approach that underlies Mason and Spring's business model conceptualization, and the subsequent analytical framework used in this thesis, is just one of many approaches towards conceptualizing business models. Although the practice approach served this study well by emphasizing what business models *do* as well as introducing the concepts of performativity, framing and network picturing, another business model framework may have yielded vastly different perspectives on the role of business models in an industry's democratization. While virtually all research is both enabled and hampered by the choice of theoretical framework, this aspect may be especially poignant here due to the ambiguity of business model research. The researchers tried to minimize this issue by also having open-ended questions where participants could speak freely, but it still remains a limitation of the confirmability of the study as a whole.

7.4 Future research

This study has sought to show how the music industry has been democratized, and its effect on business models within the music industry. As this topic was shown to be underdeveloped

throughout the literature review, this study has opened for a wide range of future avenues for future research to take. Thus, sprung from the literature and findings of this study, the research team proposes the following directions for future research with regards to democratization within the music industry and its influence on business models.

1. Future research opportunities can be found in expanding the limited sample size. One such expansion is geographical, whereby researchers can analyze the music industry's democratization in different regional markets. Such research could reveal whether the industry's democratization is more globally uniform, or geographically dispersed.
2. In line with our research question, this study had a sole focus on how new firms practiced their business models in the digitalized music industry. With a more democratized industry, and a large fundamental shift in the barrier to entry across the music supply chain, future research should dig deeper into the major labels' business model practices in relation to the industry's democratization. For instance, it would be highly interesting to examine how industry incumbents adapt their business model practices to this new democratized reality, and whether they attempt to embrace or thwart these changes.
3. As a means of delimitation, much of this thesis has focused on how the recorded music industry has been democratized from the artist's perspective. However, the industry contains numerous other types of stakeholders that future research could target in order to nuance the discussion. For instance, this thesis has a limited focus on consumers, which would be an interesting stakeholder group for future research to explore.
4. Throughout the research, the importance of framing has been made apparent. Thus, it would be highly relevant to the discussion in exploration what the lebenswelt of these firms effect is on them as market actors.
5. Finally, future research looking into a specific part of the music supply chain, and its transformative effect on market actors would provide another depth to the intricacies of the network.

The examples above constitute some of the topics that are either adjacent to the research questions in this thesis, or that directly address the limitations of this study. However, the list is by no means exhaustive when it comes to furthering the overarching topics of this study. On a grander scale, the avenues to explore are endless.

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9.0 Appendices

9.1 Appendix A - Interview Questions

Interview Questions - Artist Interviewees

In order for each respondent to become comfortable in the interview setting, each initial interview starts with general questions about the person and their background in the music industry. Subsequent questions are more directly linked to the research questions.

1. Could you start by briefly summarizing your artistic career?
2. How long have you been active in the recorded music industry?
3. In general, how would you say that the recorded music industry differs today from when you started out?
4. What part do you see that digitalization plays in driving these changes?
5. In general, how do you see that digital technologies have affected the artist's opportunities to remain unaffiliated with record labels?
6. What options does an artist today have if he or she wants to have one of their songs produced, and how has this changed since you started in the industry?
7. How do artists go about marketing their music today, and how has that changed since you started in the industry?
8. What marketing channels are the most important for record labels?
9. How would you compare the importance of marketing channels situated with the artist, such as their social media channels, and the labels' own marketing channels?
10. In the current music industry, what do record labels look for when identifying promising artists?
11. Do you think that digital technologies have changed the way record labels view the artist's potential? If yes, how?
12. How do you think that artists today view record labels in general, and major labels in particular?
13. How have artist attitudes towards major labels changed since you started in the industry?
14. What do you think are the advantages and disadvantages of signing to a major label versus remaining unaffiliated as an artist?
15. Do you think that artists' awareness about advantages and disadvantages of major label affiliation has changed in any way since you started in the music industry? If yes, what do you think is driving these changes?

Interview Questions - Case Study Interviewees

As with the artist interviews, each case study interview started with more general questions about the interviewees and their respective firms. This was followed by interview questions with a more direct link to our first research question.

1. Can you tell us about yourself and your history with company XX?
2. How would you summarize what company XX does?
3. Can you tell us about your role within company XX?
4. When looking at financing, production, distribution and marketing of recorded music, are there parts in which access to the industry has increased or decreased more?
5. How have various actors in the music industry been affected by this?

6. Where do you see this development going in the future?
7. What does “independent” mean to you in the recorded music industry?
8. Do you think that artists in general will become less affiliated with record labels in the future?
9. What do you think artists aspire to when it comes to ownership, is it artistic control? Larger share of revenue? Other?
10. Do you think that power structures between artists and majors have changed in the past 20 years? If yes, how?
11. Do you think that more artists will opt out of majors in the future?
12. Are major labels still “power houses” in the music industry?
13. How do you feel that the role of record labels has changed in the past 20 years?

Depending on the conversation, follow-up questions were asked in order to clarify certain aspects of the interviewees’ responses or to prevent the conversation from leading astray. The next part of the interview focused on the business models of each individual firm. This started with general questions, followed by questions that specifically targeted the technology, market offering and network dimensions in accordance with Mason & Spring’s (2011) business model conceptualizations. Concepts such as core technologies and other terms were defined to each interviewee.

14. Can you start by briefly describing the company's business model?
15. How has your business model developed during the company's run?
16. How do you see your business model being placed in the music industry?
17. From an artist's perspective, what makes your business model more attractive than a Major's?
18. If you focus on the product technology itself, ie the technology that the customer takes part in when he uses your products, what are your product technologies? Are there any product technologies? How do you work with these? Are they more static or dynamic?
19. What processes are important to enable your products?
20. What has it been like for you over time?
21. Do you have any core technologies?
22. Which "core technologies" are important for your company?
23. What such technologies are important for your company?
24. How do you work with your infrastructure technology?
25. How do you have contact with different actors, such as artists, record companies and others?
26. Do you see any change in this?
27. What is your market offering, ie what are you offering to customers?
28. What is the value of your offer?
29. How are your products or services offered to customers?
30. What are the contact points between the company and the customers?
31. Has the above changed for you over time?
32. Can you describe the types of stakeholders that are part of your “network”, which you work with or against and which affect your business model?
33. What do these different stakeholders do in relation to your business?
34. What do other actors do?
35. How have the different roles of different actors in the network changed in recent years? For example, the major labels?

36. How are the actual transactions between you and other players in the network? Can you, for example, describe how you work with more long-term agreements vs more “direct” transactions?
37. Do you work with this in any new way, or is it different from others in the music industry?
38. How does your company and your business model relate to standards or conventions in the music industry?
39. Would you say that your company views the music industry in a different way than what can be considered "traditional"?
40. Is there something in your business model that differs from standards that major companies, or other players, have established?

9.2 Appendix B - Interviewees

Name	Occupation	1st Interview Date and Length	2nd Interview Date and Length	3rd Interview Date and Length
Ankit Desai	CEO & Founder, Snafu Records	March 9, 2022, 51 minutes	March 25, 2022, 44 minutes	April 11, 2022, 47 minutes
Emelie Olsson	Director of Artist Relations & Co-founder, Corite	March 4, 2022, 72 minutes	March 23, 2022, 48 minutes	April 11, 2022, 46 minutes
Erik Ohlsson	CEO & Founder, Jubel	March 4, 2022, 50 minutes	March 25, 2022, 42 minutes	April 12, 2022, 44 minutes
Interviewee 1	Artist, record label owner	April 8, 2022, 68 minutes.		
Interviewee 2	Artist	April 13, 2022, 63 minutes.		

9.3 Appendix C - Coding Table Extract

Example extract from coding table - Ankit Desai, Snafu Records

Question	Text	Meaning Units	Codes
Do you think that the supply chain in the music industry has been democratized?	I think that before, the big players needed to take large risks because it cost a lot of money to make music, print and distribute all over the world, and then you have to do marketing campaigns and pay a lot of money... There's a lot of risk across the entire value chain that 1-2 players took, and that's why they took such a market piece. Now most of those steps have been cut out but the largest players still take a big piece of the pie. That's been the thing that's been driving the macro trend of moving towards democratization of artists wanting or feeling that they want a bigger slice of the pie, and I think that's going to be the trend in the next five years probably. And then the companies that are going to befriend artists are the ones that help them do that.	Smaller risk associated with bringing product to market. Therefore majors cannot take as much anymore as they used to.	Reduced risk to entry
If you think about production, distribution, promotion, etc., is there any part that you think has been democratized more / less?	The distribution for sure. Now it doesn't cost anything to put music out. It still costs quite a bit of time and resources to make great sounding music - either money or time to train yourself to do it. So that part is still relatively undisrupted so far. The marketing side of things also to a large extent... I think the last couple of years it has changed but it's still quite traditional. So really the biggest one has been the distribution over the last 10 years and probably the next 10 years.	Distribution has a significantly lower cost associated with it. Educational aspects too. Marketing has been democratized but still quite traditional	Lower barrier to entry for distribution, ease of education
In what ways has democratization affected the various actors in the supply chain?	Well, that's the thing, I think the big players will need to change, but the thing that they have in their favor is having so much money that they make from their back catalog. And then at the start of every year they're the ones with the biggest bank account - ammunition - to invest in new artists. So they can afford to have artists that fail, and the one or two that succeed are the Olivia Rodrigo of the world, then that becomes next year's back catalog which allows them to invest again the following year. So in some senses, their position is threatened, but in others they are still in the best position because they're able to write the biggest checks. I definitely think that the middle of the road players, which is the distributors ranging from for instance Amuse, Tunecore etc, they will have a harder time because they don't have this ability to fail a lot. So there my theory is that we will see their margins being eaten into over the coming years.	Majors still in major power position, but their attractiveness is threatened. Always a place for majors in the industry	Major label remains dominant

9.4 Appendix D - Empirical Sources

Empirical sources

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