



Production networks in the cultural and creative sector: case studies from the European music industry

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Production networks in the cultural and creative sectors: case studies from the European music industry

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Work package	<p>The CICERONE project consists of seven work packages (WPs). This report is part of WP2, which constitutes the empirical backbone of the project. WP2 contains case study research that focuses on networked production in eight cultural and creative industries: 1) architecture, 2) archives (including libraries and cultural heritage), 3) artistic crafts, 4) audio-visual media (film, TV, videogames, multimedia) and radio, 5) design, 6) festivals, as well as performing and visual arts, 7) music and, 8) publishing. The purpose of the case study research is to understand key linkages and mechanisms within real-life production networks in the cultural and creative sector (CCS) and the relationships of these networks to context-dependent variables.</p> <p>Drawing on the case study research, the CICERONE project explores a policy framework that may contribute to enhancing policy support for the cultural and creative sectors. Furthermore, the case study research facilitates the identification of gaps in extant sources of quantitative data, suggesting approaches on how these gaps can be plugged. For this reason, WP2 is not just the empirical backbone of CICERONE, it also provides critical inputs for the work in other WPs (most notably WP4 and WP6).</p> <p>This deliverable (D2.7) reports on the case studies on the music industry. Together with the reports D2.1 to D2.6 and D2.8, it provides strategic snapshots of the rich and variegated tapestry of European production networks in the CCS.</p> <p>All the deliverables from the CICERONE project are publicly disclosed on the project's website www.cicerone-project.eu and through its Zenodo community on https://zenodo.org/communities/cicerone-h2020.</p>

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Executive summary

This report is part of a series of work package reports performing a sector analysis of the European cultural and creative sector (CCS), utilising an innovative global production network approach as a theoretical framework. It is part of the larger, multidisciplinary, EU Horizon2020 funded research project CICERONE, which has undertaken case study research in nine sectors under the CCS umbrella (audiovisual, festivals, performing and visual arts, crafts, publishing, museums and heritage, architecture, fashion, videogames, and music), in eight European countries. This report contains a sectoral analysis of the European music sector, combining an in-depth literature review with empirical, case study research on two music production networks in Poland and Sweden.

Music is one of the CCSs that has experienced a rapid transformation over the two past decades, as digitalisation has changed the format and distribution of recorded music. These changes make the sector especially relevant for a Global Production Network analysis, as networks are being reconfigured with new actors and products reshaping the market. The sector contains three sub-industries or streams: the recorded music industry, the live music sector, and music publishing. These three streams are dominated by a few global majors that own and receive the majority of remuneration for the music created. This sector analysis involves case study research on the music sector that does not belong to these majors, namely the independent music sector. This part of the sector has been most acutely affected by the changes accompanying digitalisation, as concentration of the music market towards the majors has been one of its effects. From a European perspective, the independent music sector also represents the vast majority of current music actors and activities, accounting for 80% of employment and products (Impala 2022).

The case study research undertaken builds upon an in-depth literature and statistical analysis, identifying the production network configuration of the sector. The report is divided into three different parts. The first part contains an in-depth literature review, outlining key dimensions of the music industry. The music sector comprises a three-tiered stream creating different types of music products, which will be outlined to begin the review. This is followed by a description of the numerous job profiles in the sector, as well as the working conditions of the sector, which are marked by high degrees of civil society engagement and precarious labour conditions. Music products made by these professionals, although increasingly digital, are embedded in the places they are produced, not only through the networks of institutions and workers but also through the tastes and consumption habits of those who consume the music. Lastly, the first part of the report discusses the issue of policy, which is imperative to the sector, as revenues are generated through different types of contracts and rights to music products and their use. The second part of the report involves statistical mapping to present an estimation of the size of the sector in terms of employment and enterprises, both on a European

level and in Poland and Sweden. Here, we also highlight some of the existing issues with estimating the size of the industry using databases.

Using a global production network approach for studying the CCS, and the music industry in particular, means that the framework departs from a conceptualisation of the entire network of production, following the different stages of production. Through the literature review, the report outlines the network configuration of the sector, identifying five types of governance models that guided the case study selection. Here, we describe the two case studies from the independent music sector that were chosen, one representing the established network of a merit-based, niche genre – jazz – and another representing the development of a new network of a debuting artist in a popular music genre.

The results of the case studies highlight a few key dimensions of the sector. First, it is an industry based on connections deeply embedded in the areas in which the actors operate. Personal connections and having successfully completed projects before, are imperative for career progression. Both cases are defined as network types with relatively horizontal governance models, where relationships built on trust and merit influence whether actors collaborate on projects. This makes the barriers to entry high for breaking into a network and developing contacts, especially for young career workers and artists. Labour is precarious in one's early career, but long hours and poor pay were also found with workers who had years of experience. Here, support for early career networking or grants for debut albums and singles can support new workers in the sector. Education, both in music and in entrepreneurial skill, could alleviate this barrier to entry into the sector. The COVID-19 pandemic severely affected the industry, and many actors struggled during and after this period. However, the pandemic did not strike evenly throughout the network; it affected the live sector and the artists the most, but did not impact the recording sector as significantly. Awareness of how networks are configured can aid in locating where precariousness is in a production chain, either to alleviate it or to know which actors need support in periods of crisis.

The independent cases also considered the longevity of music careers as a factor separating them from the major companies. Instead of finding hit songs, they sought durability with their artists. The new forms of streaming mean that value can build up over time, and a smaller but faithful fan base can be profitable over a longer time span. For both cases, successful careers did not need to be defined by instant hits but by streams building up over time, and a 10–20-year-long music career and co-operation were deemed more desirable than a short-lived career.

Digitalisation changes have also impacted the networks in other ways. Competition has increased as a result of new digital platforms and the ease of production. Digitalisation was found to be positive for artists to connect to audiences quickly, but it also meant higher levels of competition, as there are more music products available. Further, new actors from the IT sector, which add little value to the production chain itself, receive part of the remuneration. A lack of both control and insight into the streams and remuneration on platforms was also raised as an issue. In addition to the music products

adding value to these platforms, PR agents and social media managers also direct data to these platforms, but they have little control over what happens with their data once it has been directed.

Finally, it is worth noting that technology is evolving rapidly, and the resulting changes are followed by rapid shifts in the consumption habits of music consumers. These, in turn, influence the behaviour of the various actors in the network and its configuration. Meanwhile, regulations (e.g. regarding the appropriate remuneration of creators for music distributed) on streaming services are not keeping up with these changes. Despite attempts to amend copyright and related rights, they have still not adapted to the digital world. A thorough redefinition of these rights would enable a reduction in current tensions between the various actors in the network, especially between artists and the new technological powers. Instead of tensions, an additional synergy could arise in the network of production that would enhance the value produced within it.

Key words

European Union, music sector, global production network approach, production chains, independent music, governance, reputation building, labour precarity

Introduction

Music has always been a vital part of human history. Attali (1985) divides this history into four eras: (1) sacrifice, (2) representation, (3) repetition, and (4) composition. During the first era, music was used in ritual practices; its purpose was then mainly social and ritual. In the second era, making music became a professional activity, but only as a live performance. It acquired market characteristics at that time. The third era is characterised by music recording, mass reproduction, and distribution, with the economic dimension prevailing. Attali considered the fourth era to be utopian (the first edition of his book was published in 1985) and characterised by people's activity of making their own music, for themselves, in a free and decentralised society (Burnett, 2010). However, one may argue that current development of information and communication technology (ICT) and its democratisation, namely online platforms, have offered such an opportunity to everyone, ushering in the amateur era of music-making (Keen, 2011).

The European music market, with its multitude of music cultures and scenes, has developed into a complex creative and cultural industry – where this fourth era of music production has brought new possibilities and challenges to the creation of music. The introduction of digital files around the turn of the millennium sparked a crisis within the recorded music industry, where piracy eliminated the majority of the industry's profits. The recorded music sector, which once made up the largest stream of the sector, has only recently been able to produce the same revenues as in the 1990s, when the sale of physical records was at its peak (European Commission, 2017; IFPI, 2022). Furthermore, digitalisation has brought challenges outside of the recorded music sector, affecting the entire production network as new forms of creating, spreading, and remunerating are continuing to reshape the conditions of the industry. Today, the music sector employs approximately 1.13 million people in the European Union (EU), making it the third largest creative sector in terms of employment (European commission 2017; IFPI 2022). The changes in the past two decades have in many ways profoundly restructured the industry's production networks – physical sales account for a small and diminishing proportion of revenues; live performances are growing in importance; and the birth of social media and streaming platforms has changed how actors operate, and with whom, throughout the sector.

This report is part of the Horizon2020-funded research project CICERONE, a multi-disciplinary research consortium unpacking the production networks of creative and cultural industries. Its main aim is to provide an innovative way of understanding how the CCS are configured, governed, and spatially embedded in their networks of production (Kloosterman et al., 2019). By identifying the stages of production, the actors working within the stages, and the relationship between actors and their spatial location, the project aims to identify the key mechanisms behind the structure of the network, as well as the power relations, labour conditions, and impacts of the network. The swift transformation of the music industry over the past decades makes the industry ideal for a production network analysis, where multiple nodes in a production chain and their interrelationships are analysed. The music

industry is known for its project-based network configurations, where networks are formed and disbanded with every project (Watson & Beaverstock, 2016). To unpack the network, the report is divided into three parts: an in-depth literature review on the state of the European music sector, a statistical overview of the European music industry, and a presentation and analysis of empirical case study research that has been undertaken in Poland and Sweden.

This report is structured as follows. The introductory part of the report is a description of the Global Production Network (GPN) concept, which provides a theoretical framework for the music sector analysis. Thereafter, an overview of the European music sector is provided regarding five areas of focus: the characterisation of music as a good, a presentation of cultural policy tools applicable to the music sector, a description of embeddedness in relation to the music industry, and a characterisation of the types of labour and labour conditions in the European music sector. Building on this, a configuration of the production network is developed, and five different types of governance models are identified. These governance models have been used to identify potential case studies, and the Polish and Swedish cases follow variations of these governance models.

The second part comprises a statistical overview of the industry, according to Eurostat data from 2017, where the report highlights the approximate number of people and firms operating in the industry as well as a brief overview of statistics covering Poland's and Sweden's music sectors.

The third part of the report contains the research results of the case study analysis carried out in Poland and Sweden. The two case studies are examined through the lens of the GPN, unpacking the different stages of production, the relationship between actors, and the local impacts of the cases. The report concludes with highlights of the findings and their implications for future policy making.

Sweden and Poland offer two distinct national and local conditions that will showcase the dynamics within the sector, within different networks, and at different spatial locations. By following the production network of two case studies – one of an established jazz band set in Poland and one set in Sweden following a debuting independent artist – we aim to understand how these networks have been configured, who governs them, and why certain actors are part of the network. We chose from two different musical genres, none of them being mainstream projects produced by global music companies. By choosing cases from this part of the sector we seek, on one hand, to complete the picture of the music industry in the literature – which tends to focus on the most popular phenomena (e.g. on the activity of the major companies). On the other hand, we intend to identify common elements in two different cases to extrapolate the findings to the whole music sector. We consider identifying independent actors and the way they structure their networks to be key to understanding the majority of music actors and products within the European marketplace, as the vast majority of music is independently produced (whereas the majority of profits flows to three global majors). The cases represent two different parts of the independent sector: an established niche jazz band with an established network and an emerging independent artist producing for the popular section of the sector.

Additionally, the aim of the CICERONE research project is to provide empirical insights into CCS for the development of effective policies at the EU, national, and local levels. This report's results of the two networks will later feed into further reports in related work packages of the CICERONE project.

The CICERONE approach to production networks

The point of departure for the analysis of the CCS is the Global Production Network (GPN) approach, which was developed by Neil Coe and Henry Yeung on the basis of the Global Value Chain (GVC) approach (Coe & Yeung, 2015; Kloosterman, Pratt, D'Ovidio, Greco & Borén, 2019). The GPN approach is increasingly used to unravel production networks that involve a complex cross-border spatial division of labour. Such production networks have proliferated across many sectors as a consequence of technological advances in communication and transport as well as due to the liberalisation and deregulation of trade (Kano et al. 2020). These processes have also affected (many) CCSs. However, the GPN approach has rarely been applied to them (Coe, 2015 is an exception). By opting for this innovative approach to the CCS, the CICERONE project generated new insights on its functioning.

In a sense, we have used the GPN method to spatialise. Sociological approaches were already proposed by Howard Becker (Becker, 1982), with his concept of the *art world*, and by Pierre Bourdieu (Bourdieu, 1996), who developed the concept of *field*. Both approaches, the differences between them notwithstanding (Buttero & Crossley, 2011), aim at embedding the process of creation into a broader societal setting and at going beyond the identification of individual genius. When we use the GPN approach, we cannot simply position the CCS in that broad context – we must also highlight its spatial footprint. We thus employ the GPN approach as a tool for analysing a wide variety of production networks in the CCS. In other words, the approach is a heuristic tool that explains how the products of the CCS progress from inception to sale and whether and how they may be preserved for future generations.

On the pages that follow, we first briefly summarise the key elements of the GPN approach that guided our fieldwork. Thereafter, we focus on the process by which we selected the units of analysis for our case studies. This section is followed by an explanation of the manner in which our sample of case studies lays the foundation for a concise typology of the CCS which can be used by policymakers to devise more targeted combinations of interventions to foster economic growth and employment as well as social and cultural diversity.

Key elements of the GPN approach

Phases and the spatial footprint

Evidently, the most obvious feature of the GPN approach is the carving up of the value chain into distinct value-adding stages which can unfold in different locations and which may involve different sets of actors (including other firms). We have inserted the archiving phase into the value-adding

stages because many (if not all) of those who participate in cultural and creative endeavours draw on the works of their predecessors in one way or another (Pratt, 1997). Therefore, in the CICERONE project, we, in principle, distinguish between the following stages:

- 1) Creation (the initial conception of an idea or a set of ideas that define aesthetic quality),
- 2) Production (the realisation of those ideas through an actual good or service),
- 3) Distribution (the sale of the good or the presentation of the service in front of an audience),
- 4) Exchange (the wider setting which enables distribution), and
- 5) Archiving (the formal preservation of the cultural product).

Creation

It is in this part of the cycle that new ideas, processes or approaches are devised. The notion of “creation”, in the sense in which the term is used here, is a social one – what is new is also relational, situated and conditional. Therefore, a “creative process”, that is, a method, is involved (“design” is an example). Reference is also made to history and to previous instances of creation (the preceding stage). Sometimes, this is referred to as “ideation”, that is, having ideas.

Production

An idea or a creative new thing remains provisional, potential and conditional until it can be stabilised or made. The intervening period is often called the prototype stage. Usually, the product is also developed during the multiple (or mass) production phase. Technology and labour costs, production decisions, and technological and regulatory standards affect costs and potential access to the products. Marketing and advertising are also relevant, but we allocate them to the exchange phase here.

Distribution or circulation

Products, even if they are new and unusual, are unformed and inaccessible unless they can be moved or migrated to markets or audiences. Physical distribution is clearly a key issue for access and reach. The same is true of digital approaches, which may overcome some barriers. Generally, distribution systems (or platforms) are expensive to develop and susceptible to monopoly control.

Exchange

Exchange is the stage at which the product of service engages the audience or customers. It is a critical moment of information exchange, and one in which (e)valuation occurs. That (e)valuation may take forms as varied as market transaction, participation or critique. Values are made and stabilised at this stage. Therefore, marketing and expectation setting provide a link to distribution. In the experience economy, and particularly in the cultural one, the negotiation of value is a critical element of the transaction, and institutions have been developed that normalise it and reduce risks. The engagement of the audience or consumer is also shaped directly by advertising and marketing – to refer to the

previous stages once more, the exchange process can determine which products are available for production and distribution.

Archiving

Since cultural value is relational, history and cultural diversity always interact with the present. Moreover, the process of reflection and learning (or that of rejection) is part of the critical appreciation of culture. The archiving of culture creates both normative structures that enable cultural production systems and the disruptive elements that facilitate new approaches. This stage also includes education (of audiences or consumers as well as of creative practitioners), institutions such as universities and media systems, and repositories such as libraries, museums and galleries. It is at this point that heritage is identified and later mobilised via the production system. More generally, archiving constitutes the resource from which new ideas are developed, which refers back to creation.

Source: D'Ovidio et al., 2019

We treat this model of the phases as a *point of departure*, not as a given, and we employ the case studies to explore the extent to which these distinctions may explain production in the CCS. As Throsby (Throsby, 2010, p. 25) observed, in some production processes in the CCS, there is no simple and neat sequence, and “[t]he apparent linearity of the value chain may be replaced, for some cultural products, by something more akin to a value network, where multiple inputs, feedback loops, and a pervasive ‘value-creating ecology’ replaces a simple stage-wise process”. Although he was rightly critical of the slavish application of a value chain approach to the CCS, he also observed that “[f]rom a policy point of view, depicting the cultural production process as a value chain allows an analysis of the effects of policy intervention at various points in the chain. For example, in assessing the impacts of existing policy measures, or in determining the optimal point at which to apply prospective measures, the policy analyst can use the value-chain concept to clarify where the effects of intervention have been or will be felt, and who are the affected stakeholders upstream or downstream from the point of intervention”.

It therefore stands to reason that one should start with the conceptual framework of these stages and then determine which phases can be identified as distinct, which boundaries are blurred and which phases overlap or are deeply intertwined. Subsequently, we locate phases or combinations of phases – the spatial footprint – and we identify the parties that are involved. In this manner, we extend our focus beyond creation to include other parts of the input-output structure of the CCS.

Governance

The second element that we derive from the GPN approach and which we use to open the black box of the production network is the concept of governance. The complex global value chains and production networks which have been studied (mostly in manufacturing) typically exhibit asymmetrical power structures, with one lead firm engaging in explicit coordination (Gereffi, 2005). This lead firm may be involved in the production phase (producer-driven chain) or in the distribution

phase (buyer-driven chain). If power dynamics are asymmetric and a lead firm takes charge of coordinating the network, it may be inferred that it is capable of forcing the other actors to act in a certain way but also that it can capture much of the value that is created in the network. Similarly to our approach to the stages, we do not take the existence of a lead firm in the CCS for granted. Instead, we attempt to identify a more explicit hierarchical power distribution or a more dispersed horizontal one. Furthermore, we do not assume that the presence of a lead firm or actor necessarily results in an asymmetrical distribution of (economic) value, and we examine this issue as a research question.

Embeddedness

The third element that we use to understand the production networks of the CCS is that of embeddedness. In his seminal work on the transformation of the British economy in the 19th century, Karl Polanyi (Polanyi, 1957) emphasised the importance of the institutional context in which all economic actions are embedded. In this context, differences in embeddedness affect economic actions, the likelihood of their occurrence, the manner in which they unfold and their consequences (Granovetter, 1985). This view became widespread in economic sociology, organisation studies, strategic management (Smelser & Swedberg, 2005) and, somewhat later, in economic geography. The GPN approach explicitly aims to apply embeddedness to make sense of the spatial footprint of the production network: why are such-and-such activities located in such-and-such places? According to Kleiber and Horner (Kleibert & Horner, 2018), the operations of actors within the same universalistic category of a transnational production system is very much contingent on their embeddedness in a particular society, place and social network. Embeddedness thus becomes crucial for understanding the spatial and social division of labour within a production network. The forms of embeddedness are also critical for the design of effective policies for the CCS (Salder, 2022).

We have adopted the multi-layered approach to embeddedness that Coe and Yeung (2015) proposed. We therefore distinguish between three levels of embeddedness.

- i. Societal embeddedness: the influence of institutional contexts on the actions taken by actors in production networks (rules, laws and regulations) which are mainly located at the EU level and the national level.
- ii. Territorial embeddedness: the local context of the location where a certain activity takes place, which is closely related to local clusters and ecosystems with distinct sets of agglomeration economies that selectively sustain and foster economic activities (Scott, 2000).
- iii. Network embeddedness: the linkages between different actors and the functional and social connectivity of those relationships (e.g. social network relationships based on trust).

As with the phases, the boundaries between these forms of embeddedness are not set in stone. Place-based communities are an essential element of agglomeration economies, but they are also closely linked to social networks. We analyse these levels of embeddedness more comprehensively.

Unit of analysis

The CCS are characterised by their emphasis on unique aesthetic qualities and, importantly, on near-infinite horizontal differentiation (Caves, 2000), volatile (cross-sectoral) cooperation, and, crucially, forms of collaboration that are often ad hoc and usually involve several actors with different skills and functions. Those forms of collaboration often permeate the legal boundaries of firms. This particular way of producing involves, as a result, “complex teams – the motley crew property”, as well as “close temporal coordination of their activities” (Caves, 2000, p.8). Watson (Watson, 2012, p. 617) added that “[t]he complexity of the [jointly produced product or service] necessitates the coordination of multidisciplinary skills” and that permanent centralisation is not economically efficient (Lorenzen & Frederiksen, 2005). Production must often be completed under severe time constraints (Hobday, 2000; Staber, 2004) Temporary networks, interpersonal collaboration and projects in the CCS are therefore very much intertwined. As de Klerk (de Klerk, 2015, p. 829) observed, “[t]he dynamic environment in the industry is mostly project-based... thus often obliging these workers to find alternative employment between projects to optimise their limited work opportunities. Bricolage results from working arrangements structured by festivals or special assignments where creative workers move in and out of networks as they are needed”.

The GPN approach has mainly been used to analyse the large-scale production of goods. Some CCSs, such as parts of the fashion industry, seem to fit this format of production well. However, at least a some CCS activities are different from the usual subjects of the GPN literature, which tends to focus on production networks in which large firms manufacture large volumes of standardised goods. In other segments, small firms predominate. Instead of churning out many similar (tangible) products, they focus on creating products, such as goods and services, in small numbers (often just one) that require production networks to be more or less ad hoc. The composition of those networks typically fluctuates. A performance, a song or an album, a painting and the design of a theatre are all unique products which are typically created by such ad hoc production networks that vary from product to product (Power & Hallencreutz, 2002; Power & Jansson, 2004; Pratt, 2006).

It must be noted that projects in some CCSs are less volatile (for example, the spring and summer collection and the autumn and winter collection of a large fashion firm, which may involve the same designers, suppliers and sellers). Therefore, they resemble the type of networks which are prominent in the GPN literature. In other CCSs, such as architectural design or festivals, the composition of the networks is much more variable and contextual, and sequences of projects may have different networks and stakeholders.

In order to cover production networks in the CCS that are volatile and project based, we focus in most case studies on projects as a unit of analysis. This approach is very much in line with the literature on the forms of collaboration in the cultural and creative industries. In more recent economic-geographic studies and in sociological research on CCS, project-based work, which involves a multiplicity of

organisational and personal social networks, is a key component of the analysis (see Watson, 2012 for a very thorough overview). Notably, studies on labour conditions in the CCS have benefited from departing from the project-based approach. The important role of project-based work has been corroborated in many CCSs (de Klerk, 2015).

In the CCS, then, the firm should not be granted a privileged ontological status. Instead, networks should be central. One could even go a step further and conceptualise the firm as a more permanent or sustained project or as a collection of long-term projects (although it is evidently subject to recombination and change) that has been solidified into a legal entity. The temporal dimension of the project and therefore of its network then become a crucial variable for the case studies. This shift evidently dovetails into our GPN approach, which emphasises the role of networks. In the CICERONE project, we conceive of these networks not *a priori* in terms of firms but in terms of interpersonal networks that are organised around a specific project. In *Art Worlds*, Howard Becker also highlighted interpersonal relationships (Becker, 1982). Our focus also allows us to emphasise the role of cultural value, which may trump economic value, and the salience of motives other than profit maximisation, especially in the creation phase. These distinguishing features of the CCS have significant consequences for the functioning of its production networks.

A more practical advantage of circling on specific projects is that it enabled us to select respondents more easily – we could simply focus on those individuals who were involved in a given project. It then also became easier to limit the number of respondents (only project-related key or lead actors or firms, strategic partners, strategic suppliers and key customers) that we had to consider.

Selection of cases

The main purpose of the CICERONE project is to provide a new foundation for CCS policies on the basis of a production network approach that generates novel insights on the functioning of the CCS and its cultural and social impact. Our approach situates the CCS in networks of production that extend far beyond the creation phase. We use case studies to map the configuration of production networks and to analyse relationships between actors in creation, production, distribution, exchange and archiving. The case studies are thus intended to uncover linkages and mechanisms within these production networks and to lay the foundation for more informed policies which not only extend beyond the creation phase but also take spatial footprints and governance structures into account.

Business models within the CCS vary widely. That variance obtains not only across sectors but also within them. There are differences in staff numbers, turnover, type of products, barriers to entry, the use of technology, capital needs, end markets and strategies, to name but a few. Networks also differ in terms of power relationships, shape and organisation, and the nature, complexity and geography of their linkages. At present, no data sets cover these characteristics comprehensively. Representative

sampling is certainly not feasible within the timeframe of the CICERONE project. The investigation of the variance in question, accordingly, is a voyage into uncharted waters.

We have therefore opted for a purposive selection of cases, whereby researchers select the units to be sampled on the basis of their knowledge, which in our case is the background research that we conducted prior to the cases studies. The aim of this selection was to include cases which may plausibly be assumed to represent a sufficient range of easily assessable variations in key business model characteristics, notably staffing and turnover. This approach yielded cases that typify a significant proportion of the population of the CCS while also exhibiting sufficient differences to represent its variability (Gerring, 2007). In the case study reports that follow, each case study is positioned within the wider sector.

Typology matrix

While the case studies are intended to present a rich picture of the key mechanisms and the main linkages that show how spatial footprints, governance structures and levels of embeddedness are intertwined in real-life situations, a higher level of abstraction that transcends the study of individual production networks must be accessed if general insights are to be derived. We must simplify characteristics and relationships in order to present a clear narrative for policymakers. The key elements of our approach – spatial footprints, governance structures and multi-layered embeddedness – guided us in reducing the complexity of the case studies so as to distil insights from findings.

The first step is to position concrete cases from the CCS in a simple grid which combines the spatial footprint with the governance structure. The two variables are crucial determinants of societal effects. A completely local production network with a horizontal governance structure and a mainly global and hierarchical network that is coordinated by a lead firm or actor differ starkly in their social, economic and cultural impact and in the policy interventions that they require. Furthermore, if creation is local but production and distribution are global, targeting policy only at the creation phase may have unforeseen consequences for the wider network.

In principle, the typology matrix of production networks distinguishes between different phases. Since these phases may overlap, as is the case of many forms of visual art, they may be merged. For each phase or set of phases, it is possible to determine whether a single actor is in charge of all activities. Different phases may then exhibit different governance structures. It may also be the case that one actor is ultimately in charge of the whole network and is clearly present in the coordination of each phase. Alternatively, a small number of actors may control the network. The typology matrix allows more nuanced representations of this kind. Using this typology matrix enables us to draw cross-sectoral comparisons between cases and therefore to depart from the conventional siloed approaches. We expect that certain combinations will transpire to be much more likely to occur than

others: the likelihood of a small local network having a more horizontal governance structure is evidently much higher than that of a complex and truly global network adopting such a form of governance, which requires much more extensive coordination.

CCSs are embedded in multi-layered contexts, which range from the EU and the national level to that of the territorial and social network. Our empirical work shows how these contexts affect individual cases. Cross-case analysis shows how the forms of embeddedness are related to the typology matrix more generally. Power relations, for instance, may also depend on institutional conditions. Those conditions may allow an actor to assume leadership or to take advantage of the network.

This typology matrix is a starting point for an exploration of the potential role of hard policy levers (e.g. tax breaks, subsidies and such like) and soft policy levers (e.g. strengthening the institutional framework, establishing platforms for collaboration, improving education and so on) that various policymakers at different spatial levels may in principle manipulate. Policy makers can use this typology matrix as a tool for assessing the key characteristics of the concrete CCS populations, which may be defined narrowly or widely, whose societal impact they wish to improve. Filling this typology matrix clearly also requires new sets of data which allow the larger CCS populations to be profiled.

The typology matrix is crucial to constructing an overarching narrative that transcends the idiosyncrasies of individual cases. Moreover, it supplies a basis for our policy recommendations, which are phase and location specific and must be sensitive to the organisation of network governance. We strove for high uniformity to enable comparisons. We present a guide to achieving that goal below.

It is often difficult to compress information for a whole production network on the spatial footprint dimension from the outset. Instead, we divide the network into phases and then locate the actors in each phase. This process yields a refined stepwise analysis of the production network. The next step is to summarise the findings for the whole network. Production networks may be local from the creation phase to archiving or global from start to finish. It may also be the case that creation and production are entirely local or regional but distribution and exchange are national or even global. Identifying such spatial footprints would convey important information to policy makers.

Similarly, we adopt a stepwise approach to assessing the organisation of network governance. For each phase, we inquire which actor initiates, organises, monitors and controls activities. It may be that one actor is in charge of the whole network. It may also be the case that two actors are in charge of different phases. A more horizontal governance configuration without clear leading actors is also a possibility. How policies impact production networks depends on their governance configurations. Throwing money at a specific cultural and creative industry which is controlled by a transnational corporation that is located outside the EU would be a different proposition from financing a network in which the leading actor is close to the others, in the same country or even in the same city.

We use the typology matrix to systematise the classification of the cases that we studied. This matrix must be completed by using the actor categories in Table 2. We use the labels from Table 2 to ensure consistency.

Table 1. The typology matrix

PRODUCTION NETWORK PHASES	Local/regional	National	Intra-EU	Global	GOVERNANCE
Creation					
Production					
Distribution					
Exchange					
Archiving					
Network level					Lead actor/multiple actors/horizontal

Table 2. Key actors in the production networks

Creators	Actors who participate in the initial creation (individuals, such as writers and musicians, or collectives, such as fashion brands and film crews)
Suppliers (specialised)	Suppliers that provide specialised/dedicated services or products and are hard to replace in the short term
Strategic partners (private sector)	Providers of strategic resources (capital, labour, knowledge and certifications) such as banks, educational institutions, professional associations, tastemakers and critics
Strategic partners (civil society)	Actors that operate at neither the state level nor the market level and which provide essential goods, services or resources (funding, labour, information and certifications)
Strategic partners (public sector, multilevel)	Public sector actors at the level of the EU, the national, the regional or the local government that provide strategic resources (e.g. funding and certifications)
Distributors	Actors (individual or collective) in charge of delivering the good or service to the customer or consumer
Consumers	B2C (business to consumer): final market with large number of buyers
Customer	B2B (business to business): final market, typically with a single buyer (e.g. real estate firm commissioning a design for a building)
Lead actor(s)	Actor(s) who initiates, organises, monitors and controls the activities of the network

Phases

We depart from the GPN approach with its five phases. In many cases, however, the phases overlap, and borders are blurred. Such issues can be addressed easily by merging the cells for phases that overlap or by drawing dotted lines if the phases are distinct but their boundaries are blurred.

The spatial scales

We distinguish between four scales: the local or the regional, the national, the intra-EU and the global. These scales, in principle, correspond to different policymakers and, in many cases, also to different policies (from local policies to provide workspaces through national subsidy programmes to EU competition regulations and trade policies). The anchor point for *the local or regional* scale is the point at which initial creation occurs, that is, the point at which the aesthetic component of the good or service is created. This spatial level may coincide with a particular city, a large metropolitan area or a rural region. The origin of the value chain may be located elsewhere, as in the case of architectural design, a domain in which the customer may be located across the globe. However, our focus here is on the first moves of concrete actors from a specific CCS. We then inquire, for each phase, where the other key actors in the production network are located. The location of an activity is where the actors are from: e.g., flying in a choreographer from Norway and a light engineer from Israel to create a modern dance work in The Hague is still a form of global import.

Governance

Governance pertains to the whole network. We distinguish between three options: a) networks with a lead actor, b) networks with multiple lead actors (not more than 2 or 3) and c) bottom-up horizontal arrangements.

PART 1. The European production network of the music industry: an overview



1.1 Overview of the European music industry

This first part of the report on the sectoral analysis of the European music sector is divided into six sections, focusing on different aspects of the industry. First, *the industry* and its structure into three streams or sub-industries are outlined. Second, the *goods and services* produced within these three sub-industries are explained, focusing on the different formats of music products. Third, *policy* is an essential part of receiving remuneration for music goods, as the music sector is an industry based on contracts and copyright concerning the different products. These policy tools are outlined following the goods and services section. Fourth, given that the sector employs over 1 million people within the EU (IFPI 2022), *the job profiles and labour conditions* are outlined, along with interest groups, labour unions, and educational institutions that exist. Concluding the background is a section on the embeddedness of the music sector, describing how music production is embedded in localities in the form of networks, territorial institutions, and societal practices.

Building on this background, and with the help of previous research, we outline how the production network of the music sector and its three sub-industries are configured. Through the network configuration and the literature review, we identify three different network models for how these production networks tend to be governed. At the end of Part 1, we explain how these governance models informed our choices of case studies in the empirical research.

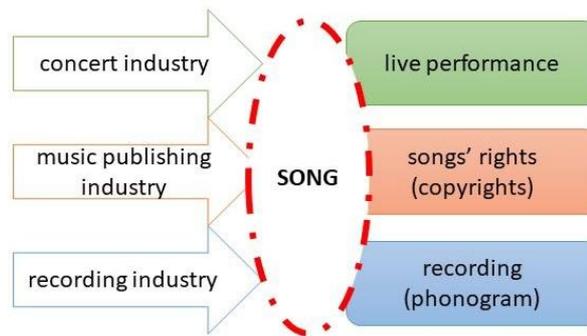
1.1.1 Profile of the European music industry

The European music industry comprises a diverse set of actors, genres, and income streams, where each nation has their own specific tastes, actors, and repertoires. According to IMPALA statistics, the European music sector makes up approximately a third of the global music sector, reporting annual revenues of EUR 6.5 billion (Impala 2022); supports 2 million jobs; and contributes EUR 81.9 billion in gross value added to the GDP (Impala, 2020). At the same time, KEA reports that the music sector is the third largest employer in CCSs accounting for 1.2 million jobs and more than EUR 25 billion in turnover (Le Gall et al., 2020). The differences in the data show that not only is this sector complex but also, depending on the analysis methodology adopted, different areas are included in the analyses (e.g. the concert industry or the manufacture of musical instruments are or are not included in the music sector statistics). In addition, artists and musicians' different statuses across countries make the statistics incompatible.

The music industry is typically understood as being divided into three interconnected sub-industries (three streams or areas) (Hesmondhalgh, 1996, 2002; Hull, 2004; Laing, 2009; Hull, Hutchison and Strasser, 2011; Meisel & Sullivan, 2009; D Throsby, 2002; Williamson & Cloonan, 2007). These three

streams refer to the revenue streams associated with each type of activity. We distinguish between the concert industry, where live performances are the source of revenues; the music publishing industry, where revenues stem from the sale of song rights; and the recording industry, where revenues are derived from the sale of recorded music. Each stream hence relates to a different product: a live performance; a song; and a recording, also referred to as a phonogram in the literature (Reinbothe and Lewinski, 2007, Mirski, 1998, Burnett, 2010). However, music (accompanied with lyrics or not, depending on the musical genre), which is an intangible good, composed by an artist, lies at the heart of the music industry (Hull, 2011). Therefore, the music industry can also be considered as a *copyright industry*, a term adopted by institutions such as the World Intellectual Property Organisation (WIPO) or the OECD (Janowska, 2022). In fact, copyright makes it possible to commodify a musical work and derive revenues from selling rights to music (copyright issue are discussed further in the report in section 1.1.5).

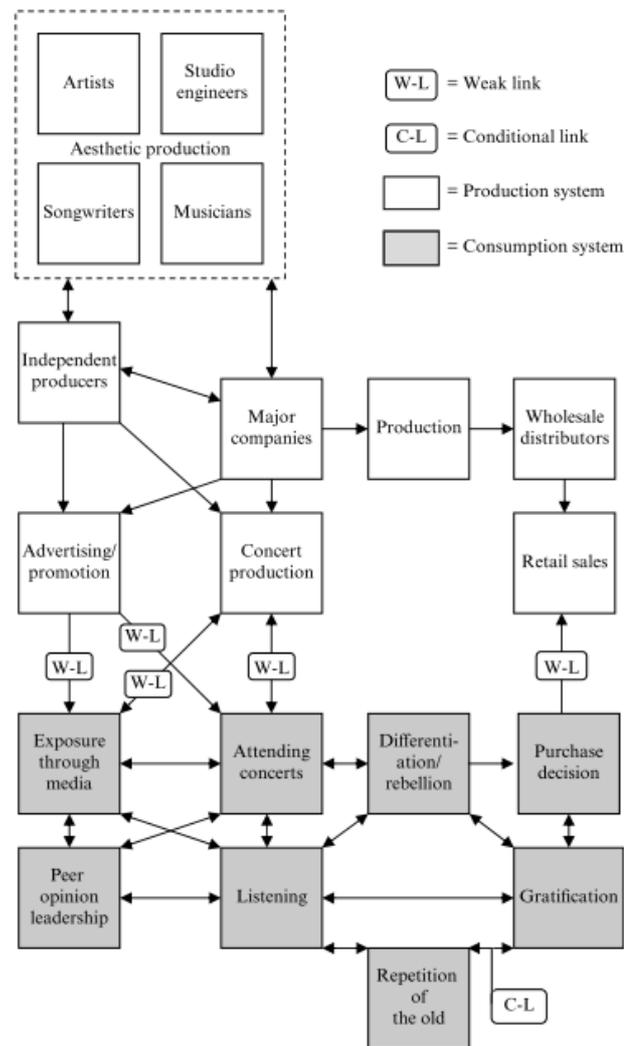
Figure 1. The music industry streams and their products and services.



Source: own elaboration

The three-stream concept is one of the possible approaches to the structure of the music sector analysis. In 1989, Burnett and Weber proposed a system for organising popular music production and consumption in which the relationships between different activities or actors are important. On the one hand, there are strongly linked actors on the production system side. On the other hand, there is the consumption system. The relationships between the two systems are weak, but the functioning of one drives the functioning of the other. This implies that the existence of a production network finds its justification through a consumption network and vice versa.

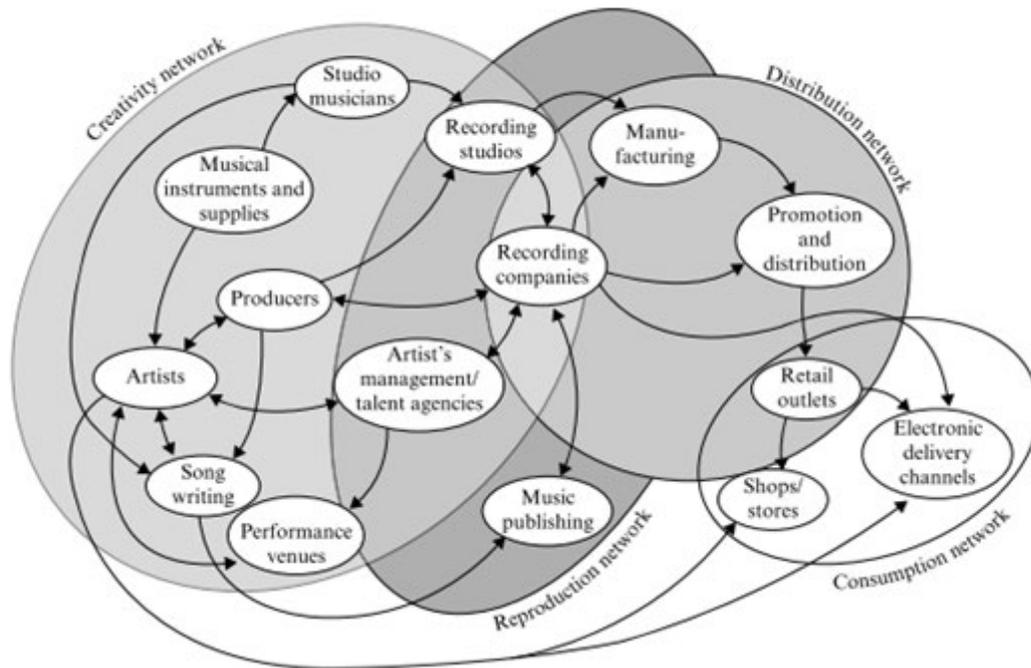
Figure 2. Production and consumption systems of popular music.



Source: (Wikström, 2013)

According to Leyshon (2001), the music sector consists of four networks in which different functions, activities, and spatial organisation overlap. The first network is that of creativity; the second, that of reproduction; the third, that of distribution; and the fourth, that of consumption. As Wikström (2013) points out, apart from the creative network, which is truly spatial in nature, the other networks have a more linear character. This brings the model back to the traditional approach, namely the value creation chain, which is one of the key elements in the analysis using the GPN concept. Leyshon's concept is illustrated in Figure 3.

Figure 3. The music industry network



Source: Leyshon 2001

Leyshon pays particular attention to the spatial nature of the network and how products move through space (Wikström, 2013). All three approaches presented above provide a common basis for undertaking an analysis of the music sector using the GPN concept.

The whole market within each stream is dominated by an oligonomy of transnational companies. In an oligonomic structure, many artists, being suppliers, are ready to sell their works to intermediaries (the oligopsony side), while at the same time, many consumers are ready to buy end products (the oligopoly side) (Jacques, 2019; Janowska, 2022). The recording stream contains three leading recording companies, called ‘majors’: Universal Music, owned by the French company Vivendi SA; Sony Music Entertainment, an American multinational company owned by the Japanese Sony Group Corporation; and Warner Music, with majority ownership by Access Industries, an American multinational industrial group. The worldwide market share of the three majors in 2020 was 68.6% (32.1% for Universal Music, 20.6% for Sony Music, and 15.9% for Warner Music) (Total recorded music market share worldwide in 2020 by label, 2022). The majors operate globally, controlling mainly the production (manufacturing) and dissemination (distribution and promotion) stages of the recording value chain, with offices in local markets. They also distribute and promote independent labels seeking a broad or even global reach.

The recording majors are part of the same music groups as the music publishing companies. An oligonomy thus also exists in this stream of the music industry – held by three leading music publishing

companies: Sony Music Publishing, the Universal Music Publishing Group, and the Warner Music Group. Their share of the music publishing market is 58.7% (24.5% for Sony, 23% for Universal, and 11.2% for Warner) (Revenue market share of the largest music publishers worldwide from 2007 to 2020, 2022).

In the past, in terms of revenues, the live music stream was smaller than the recorded music sector; when the latter was born in the early 20th century, concerts primarily served to promote the recordings (Anderton et al., 2013). This situation changed due to the technological switch at the beginning of the 21st century, which resulted in an important growth in live music revenues. Nowadays, the live performance stream is by far the fastest growing part of the music industry (Mazierska, 2021). It is led by Live Nation Entertainment – an American global entertainment company that is more than twice as large as the second player, AEG Live, and the world’s largest music company, including the recording and music publishing sub-sectors (Wikström, 2020). Live Nation’s business activities cover operating venues, promoting concerts and festivals, selling tickets, and managing artists. Such a wide range of activities allows live music companies to have a competitive advantage on the market, as they control the best venues, offer the best dates, and have important negotiating power related to the terms and conditions of contracts with performers. Therefore, although the whole live music sector is growing, live activity developed by small local actors is shrinking (Mazierska, 2021). The leading companies in both the recording and live performance streams seek to sign 360° contracts with the most popular artists to draw on all the revenue sources (i.e. control the three streams).

The markets for music highly depend on musical genres as well as on distribution channels and means of consuming music. These markets can be divided according to diverse factors. The first is the popularity of the genre, where one may distinguish between ‘mainstream’ genres (e.g. pop music), also referred to as ‘popular music’, and ‘more sophisticated/niche’ or ‘non-commercial’ genres (e.g. classical, jazz, and ethno music). The second factor relates to international or global versus local genres. Language is one of the key elements of such a division. Since World War II, the global music market has been dominated by English; therefore, songs performed in English are more likely to become globally popular than those performed in other languages, and artists representing diverse musical genres, such as pop, rock, hip-hop, or even jazz, and singing in English are more likely to expand internationally. Music sung in national languages is most often limited to the country of their origin; therefore, numerous record companies and concert agencies as well as festival organisers operate in local markets supporting local artists, even though some languages (e.g. Spanish, Italian, French or, recently, Korean) may periodically become globally trendy (IFPI, Music Listening 2019).

Despite being a well-established industry, in the past two decades the music industry’s business practices, norms, and networks have been radically rewritten, as digitalisation offers new ways of consuming, producing, and distributing music products. Listening and purchasing habits vary across age groups: the vast majority of people up to 34 years old prefer listening to digital music via online

platforms, whereas elderly people cultivate old habits and buy music on physical media (IFPI, Music Listening 2019).

1.1.2 Goods and services

Considering the complexity of today's music sector, one must be aware of its multidimensionality, which translates into the complexity of the music product. First, the music sector consists of three sub-areas, each of which produces some kind of music product (good). The basic good here is the song (the musical piece) – the music accompanied, or not, by the lyrics, depending on the musical genre to which it belongs. To put this good on the market, it is transformed into a commodity, which can take different forms. In the case of the recording sub-sector, music is recorded on a medium. The product can then be viewed from the perspective of the medium through which the immaterial music is distributed, for example a CD, a digital file, or a stream (in this case, one is already dealing with the service of access to music and not with the product as such). In the live music stream, a live performance, having an intangible form, can be considered a product or, more precisely, a service: an 'experience' of the consumer who interacts with the music and the artist during a concert. The third stream, music publishing, deals with the management of rights to the basic good mentioned above, namely the song (musical work). The products which are thus traded on the market are rights or licences of use.

Second, the artist, with all their output and activities, can also be seen as a product. The product here can be considered to be the artist's brand. The respective products are described below.

Depending on the form it takes, music can be a private good or a club good, or it can have the characteristics of a (quasi) public good (Samuelson, 1954). Recording sold as a CD album is considered a private good, being excludable and rivalrous, whereas music protected by copyright and live performance is a club good, since it is non-rivalrous but excludable. This characteristic becomes particularly important in the digital era, as music accessible online evolves into a (quasi) public good.

According to Shapiro and Varian (Shapiro and Varian, 1999), music can be categorised as an information good because it is intangible and 'can be digitised'. This has implications for the application of copyright to music. It can be argued that copyright counteracts market failure, which means that music that is not protected would be a public good, and in this case consumers would not be willing to pay for it.

Moreover, music, as every product of cultural industries, may be first referred to as an experience good (Nelson, 1970). Its traits (its quality) are difficult to observe in advance and can be ascertained only upon consumption. This significantly impacts the business strategies of companies selling music products (based on the 'star system' and 'artist as a brand' approaches) on the one hand, and

consumers' buying decisions motivated by utility maximisation on the other. Music is also considered a prototype good (Curien and Moreau, 2010), where the highest expenditures are incurred to produce the first copy of the product, and fixed costs are sunk costs. Moreover, the success of such a product involves a high degree of risk, according to Cave's rule, known as the 'nobody knows' rule (Caves, 2002), because it relies on unpredicted consumers' tastes. The same applies to a music concert as a product or service: the highest costs are incurred in preparing the first such event.

The quality of a musical product is a complex issue. On the one hand, one may consider the technical quality of a recording or performance, which is easily measurable. This technical quality may be used, especially with recorded music, for consumer segmentation, as some consumers are satisfied with average sound quality, whereas others prefer high sound quality as well as limited editions of CDs or special live events. On the other hand, there is also the quality of the music itself, which is impossible to measure. This quality relates to artists' talent, which is also unmeasurable (Rosen, 1981, Fort, 2000, Krueger, 2005). The music business therefore relies on 'matching', which means an interdependence between consumers' tastes varying in time and the music offered to them (MMC, 1994).

Regarding the value of music, it can be analysed similarly to that of other cultural goods. We distinguish the economic value (exchange and usage) and the cultural one (aesthetical, spiritual, social, historical, symbolical, and authentic); the concept of the value of culture was developed by Throsby (Throsby, 1998). However, the cultural value of music does not always translate into economic value (Marshall, 2019). It evolves with time. For example, recorded music has often been used as a complementary good throughout history; it has supported the sale of devices: the first gramophones and, more recently, music phones or smartphones. In radio, recorded music has been used as an element to attract advertisers; artists have used it to build their brand and sell products and services such as concerts or to sell their image to companies in other sectors. Streaming has also changed the approach to the value of music, particularly its economic value, as the consumer now pays for access to a catalogue rather than for listening to individual tracks (Janowska, 2022).

To perform music, it is necessary to compose it, which has always been the basic music activity. However, from an economic perspective, writing a song does not imply benefiting from it financially. Authors and particularly publishers were given such an opportunity with the sheet music publishing business which, in the late 19th and early 20th centuries, was the first truly industrial music activity. At this time, enjoying music was possible only by playing it or listening to a live performance, performers had to be provided with music scores printed and sold by music publishers. Songwriters and composers were then the driving force of the music industry even in the early 20th century (Anderton et al., 2013). It was not until the invention of music recording that the importance of songwriters and composers decreased, as the industry of pop stars began to emerge. The historical music publishing business then evolved into a 'copyright' stream but still retained the original name of the 'music publishing' stream.

Copyright endows the author (composer and/or lyricist) with temporary exclusive rights and therefore a legal monopoly (Pitt, 2016) as to the disposal of the work (i.e. the right to use the work and dispose of it in all fields of use, including copying, broadcasting in the media, performing live, etc.), the right to licence the use of the work, and the right to remuneration for such use. The remuneration takes the form of royalties: (1) performance royalties, such as when the song is performed live, played by a radio station, used as a phone ringtone, or played in shopping centres; (2) synchronisation royalties, such as when the song is used in films, advertisement, or video games; and (3) mechanical royalties, which stem from sales of the recorded music (Wikström, 2013, Vogel, 2011).

Apart from the copyright due to the author, related rights also cover music performers, phonogram producers, and broadcasting organisations.

Table 3. Copyright (droit d’auteur) and related rights.

Name	Characteristics	Period of protection
Moral author’s right	Protects authors – the author’s right to claim authorship of the work and to object to any distortion, mutilation, or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to their honour or reputation (WIPO, 1928)	Without a time limit, inalienable
Economic author’s right	Protects rights holders (the author or another person to whom the rights have been transferred). This right allows the rights holder to profit financially from the work (i.e. the reproduction), according to the licence obtained from the author.	70 years after the author’s death
Related rights	Protect performers, phonogram producers, and broadcasters	50 or 70 years from the performance, from the fixation of the phonogram of its lawful publication, or from the first transmission of a broadcast.

Source: EU, 2011, Dusollier, 2016

The music publishing sub-sector had to become accustomed to the new digital environment. As new business models have emerged, revenues from the new channels, mainly streaming, have grown. According to the International Federation of the Phonographic Industry (IFPI), total revenues from streaming (i.e. mechanical royalties) amounted to USD 16.9 billion in 2021 compared with total physical revenues of USD 5 billion and performing rights revenues of USD 2.4 billion (Smith, 2022; IFPI, 2022).

The complex nature of the music industry (divided into three streams) directly impacts product complexity, for which the recording (phonogram) stream seems to be the most diversified. The recording stream is the youngest sub-industry in the music sector (Tournès, 2008); it emerged at the turn of 19th and 20th centuries, when T. Edison patented his device for the mechanical recording and reproduction of sound, known as the phonograph. Recorded at that time on a rotating cylinder, sounds were impossible to duplicate. Because each copy required a new recording, this early activity cannot be considered an industrial production of music. Such a production origins date back to 1887, when E. Berliner patented his gramophone. Sounds and especially music were recorded on flat discs, were perfectly copyable, and were thus ready for industrial production and distribution. These discs were the first product of the recording stream in the music industry that, starting in 1920, evolved into the primary source of income for the whole sector.

The evolution of the recording stream may be seen as an evolution of the carrier. Music was first sold on 78-revolutions-per-minute (rpm) discs. Later, 33 1/3 rpm discs (LP, longplay, vinyl) and 45 rpm discs (SP, single play) as well as cassettes appeared. Digitisation brought CDs, which represent the last 'physical' product of the industry. Although evolving for years, the carrier has always been a physical representation of an album (i.e. a collection of songs). As selling phonograms (music recorded on a physical or digital carrier) is the source of income for the recording stream, its main goal is to maximise profits by offering consumers maximum utility with minimum expenditures incurred by the music companies and maximum scale effect. Offering consumers collections of songs in the form of an album was the most profitable way of selling recorded music (Bakos and Brynjolfsson, 2000). Such a good has been attractive for large groups of consumers, as tastes vary amongst music lovers, and each consumer could find something they liked on the album. Album sales have also been used as a measure of market success (e.g. on the world's most famous Billboard Magazine charts) (Billboard).

Due to the digital revolution, a digital music file (e.g. mp3) containing a single song has become a new regular product of the recording industry, sold on emerging online platforms within new business models. Apple iTunes, followed by Amazon Music, amongst others, started to offer single music files in the most popular 'pay-per-download' model (Wikström, 2013). Digitisation has also paved the way for series of additional products, including music ringtones and music videos.

The product of the recording stream recently evolved into a service due to the emergence of Spotify in 2006. Spotify was a new streaming service based on the 'freemium model' (where casual consumers are provided with access to an abundant catalogue of songs but accompanied by advertisement, whereas premium consumers can listen to music without advertisements for a monthly fee). In this model, access to the service, not a particular song, is key. As a consequence, music files distributed both in formal ways on streaming platforms and via informal means, namely peer-to-peer (p2p) platforms, have become like public goods (Byun, 2016). According to IFPI, streaming accounted for 62.1% of the total revenue of recorded music, growing by 18.5% in 2020 (IFPI, 2021). This model is attractive for consumers considering the characteristics of music as an experience good. Due to access

to a vast music catalogue, consumers can test or sample new music genres and/or new artists, thereby limiting the risk of a lack of satisfaction with the product. Streaming services may thus also be seen as complementary goods and may boost the sale of concert tickets or music recorded on physical devices (Lee et al., 2016), such as LPs, which are gaining popularity amongst music fans (Grace, 2020). According to the IFPI report, since 2014, the revenue of the recording sub-sector has started to grow thanks to streaming, and in 2021 it was USD 25.9 billion (IFPI Global Music Report, 2022).

The product of the most ancient stream, namely live appearances, is live music performance, formerly performed in city squares, churches, and noble courts. This original music activity underwent the process of professionalisation and became market-oriented (Ginsburgh, 2011). Today, live performances, from small concerts in clubs and at private parties to great events in sport arenas, remain the main source of income for musicians (Hughes et al., 2016), whose share in live performance revenues reach up to 90% (Bernstein et al., 2007). For consumers, a concert means an experience, a moment of communing with authentic music performed live. At a concert, they can also familiarise themselves with new songs and participate in the development of the artist. In addition, attending a concert creates a sense of community, of belonging to a particular group. This kind of experience can also carry the symbolic value of 'being there' and 'participating in a specific experience' (Anderton et al., 2013).

Concert industry statistics show a significant increase in concert ticket revenues, constantly growing from 1981 (Connolly and Krueger, 2006), as well as in the number of musicians performing at live concerts. An important growth has also been observed in ticket prices: 4.6% from 1981 to 1996 but 8.9% from 1996 to 2003 (Byun, 2016) and 18% from 2011 to 2019 (Statista, 2021). Over the past two decades, ticket prices have almost quadrupled (Shaw, 2019). According to a study from PricewaterhouseCoopers (PwC), live music revenues were estimated to grow up to USD 28 billion in 2020 (IMAP, 2017), reaching USD 31 billion by 2022, with ticket sales accounting for USD 24 billion of that total (Sanchez, 2018). Live performance should hence be the leading product of the music sector nowadays, with recorded music becoming a kind of promotional tool for concerts (Byun, 2016).

Unfortunately, the COVID-19 pandemic has severely disrupted the growing concert revenue trend. Although ticket sales for the Top 100 tours bumped of 10.9% in the 2019's Q1 (compared with the 2018's Q1) (Pollstar, 2021), global revenues were estimated to fall by 75% in 2020 compared with 2019 (MusicIndustryBlog, 2021). 2020 has consequently seen a new product emerging, namely virtual concerts, with revenues reaching USD 0.6 billion in 2020 (MusicIndustryBlog, 2021).

The product of the music industry may also be approached from the marketing perspective, placing the artist at the core of the business (Hull, 2011). Here, the product is neither a song nor an album, but a series of albums, accompanied by live performances, music videos, visual design, merchandise design and, in the 21st century, online strategies (Hughes et al., 2016), constituting a complex,

multifaceted product of the music industry that relies on the artist's brand (Negus, 1992; Wikström, 2013).

Although this switch to a holistic approach to artists' careers is often attributed to the decline in the recording industry's revenue, the origins of this model are located in the constantly growing star system developed by the top record companies (Curien and Moreau, 2010, Rosen, 1981, Hamlen, 1991). For example, according to data regarding revenues from record sales and concerts, 0.1% of artists account for more than half of album sales, whereas 1% of musicians' share in concert revenue was 60% in 2017, compared with 25% in the 1980s and 56% in the 1990s (Byun, 2016, Krueger, 2019). This holistic approach is reflected in a new business model adopted mainly by the top music companies, such as the majors of the recording industry (e.g. Sony Music) as well as the leading concert agencies (e.g. Live Nation). They tend to cover all activities of the artist signing a 360° deal with them, allowing them to participate in all revenue streams (Hughes et al., 2016).

1.1.3 Labour

The music industry is one of the largest of the European creative industries in terms of both revenue and people employed. According to the statistical analysis of Eurostat data in Part 2 of this report, as of 2017, the number of people working within the music industry in the EU ranges between 1.4 million and 1.6 million (some statistics on jobs by IMPALA and KEA have already been provided in the introductory part of this report). This data is a rough estimate, and the numbers could be even higher, especially when considering the number of people who are not employed full time but work in the industry part time or as freelancers, based on work contracts (see comments on data in Section 2.1). According to international music organisations, these numbers could be as high as 2 million people working in the European music industry (Oxford Economics, 2020). As stated earlier in the overview of this report, the music industry involves an extensive set of activities, divided into three different sub-sectors or streams: the recording industry, music publishing, and the live sector (Andra Leurdijk & Nieuwenhuis, 2012). These three sub-industries contain numerous types of professions and labour conditions, from musicians', artists', and producers' creative productions to legal professions and administrative tasks that keep the industry running. The major re-structuring that the industry has faced, and still faces, in the digitalisation of music products also means that the industry is increasingly integrated into the IT sector, requiring both online marketing and IT infrastructure skills.

Labour practices within the creative and cultural industries have long been noted as tending towards being precarious, where workers are often freelancers or self-employed, filling more than one set of practices at a time (Wong, 2017). The labour conditions within the music industry are no exception, and the hit-driven nature of the industry, where every new project is high risk (Caves, 2000), makes it prone to precarity – especially with emerging artists and young professionals (Hesmondhalgh & Baker, 2010). Such a situation is the result of the specificity of work in CCS (discontinuous project-based

work). Studies on labour conditions within the music industry has been noted to be scarce (Hesmondhalgh & Baker, 2010; Watson, 2013a). Recent research on this topic, however, highlights the effects of digitalisation on the industry, as revenues in the recording industry plummeted at the turn of the millennium, reshaping not only how music products are produced and remunerated but also the availability and number of recordings (e.g. Ballico & Carter, 2018; Haynes & Marshall, 2018b; Hull et al., 2010; Tarassi, 2018). The labour conditions of the non-creative part of the sector are less studied, with most research focusing on artists, musicians, and producers.

This section of the report aims to provide an overview of the job profiles and labour conditions in the different stages of the music production cycle, by exploring the recorded, music publishing, and live music sectors. Thereafter, some of the key issues that have been highlighted in research in regard to labour conditions are discussed: the impacts of digitalisation, project-based work, precarious labour situations, and gender inequalities. Finally, a brief overview of education and skills development within the industry is presented, along with commentary on how music industry labour was affected by the COVID-19 pandemic.

Overview of job profiles

Given that the music industry involves many different activities, there are just as many different job profiles to carry out these activities. Typical job profiles within the industry are discussed by sub-industry below. One music product typically flows through all sub-industries, and artists are connected and have income streams from all three. This overview, however, is not comprehensive, as the music industry is also surrounded by a large set of actors that disseminate music (e.g. radio broadcasters, public places, record shops, and influencers). The IT sector is increasingly becoming an intrinsic part of the industry, with digital service providers and internet platforms such as Spotify, TikTok, and YouTube acting as key nodes of dissemination. The myriad different workers broadly associated with the music industry will not be covered extensively in this text. Instead, this overview aims to list and describe the different roles that commonly constitute the three sub-industries (recording, the live sector, and music publishing).

The recording industry

The recording industry is structured in two parts: the three major labels – Sony Music, Universal Music, and Warner Music – and the independent music sector. Approximately 80% of all music is recorded in the independent sector, whereas the major labels make the majority of all profits of the music industry (Impala, 2022). The roles within the two recording industry types are similar, but their structure differs. On the one hand, the independent sector is mainly comprised of small and mid-sized firms and freelance workers. On the other hand, the three majors are multi-national, spanning the entire globe; have offices across the world; and own other record labels under their umbrella. There is substantial co-operation between the two parts of the sector.

Both the majors and the independent sector entail similar job profiles. In the design and production stage, artists, songwriters, and musicians (composers) create scores and lyrics that are then recorded by a record label, which typically finances, records, and consequently owns the master recording. In addition, independent musicians (often owning small independent labels) create their music and sell their recordings to the labels, which play the role of distributors and promoters only. Before the transformative crisis of the early 2000s, artists earned their income primarily through royalties from the master recording. For the last couple of decades, remuneration for live performances, merchandise sales, and the crafting of personal brands to attract a stable fan base have become increasingly important forms of income for artists, and they affect how artists organise their careers (Hracs & Leslie, 2014). This is partly due to the lack of revenue from physical sales and the stream-based remuneration of recorded music. The skill set required from an artist has broadened in recent years, and now demands the management of the artistic production, but also increasingly to craft a personal brand, as well as growing a fan base using social media (Haynes & Marshall, 2018b).

Artists are brought into recording companies through an artistic and repertoire manager (A&R) who finds new artists to sign to the label. This is done not only through scouting at live venues but also increasingly through social media and streaming platforms. The A&R works as a central node in the artist's relationship with the record label and works with the artist and manager to develop the artist's public persona and music. Along with the A&R, a social media manager often helps the artist manage their social media accounts and following (creating a public persona) – something that has grown in importance for artists over the last decade (Haynes & Marshall, 2018a). When the artist is signed, the producers and studio technicians play important roles in creating the recorded goods. These roles can be fulfilled either by professionals employed within the record label or by independently driven studios with their own technical staff and producers (Watson, 2013b). The work surrounding one artist is project based, and a team is assembled to develop the artist and their brand. This team can be based solely within a record label, but it is more commonly comprised of staff employed by a label and people from smaller firms. For example, an artist might have an A&R and an account manager at a record label but then be put in contact with a PR manager from another firm. Each signed artist has their own project infrastructure that can be assembled in a case-by-case format. Once the recorded song has been produced, a number of administrative tasks are performed within the record label to keep the firm running. Managing royalties and maintaining contact with publishers and streaming platforms are key non-creative tasks that are seldom explored within the music industry research. Roles to fulfil these tasks include CEOs, financial officers, and label managers that co-ordinate the finances and projects currently undertaken by the label. Furthermore, account managers are responsible for co-ordinating individual projects. Apart from these types of administrative tasks, firms also employ IT support, often with their own software to track the firm's projects. Additionally, firms may employ lawyers or have staff with a juridical education, as contracts are the main base of the income of the recording industry.

Most active musicians and artists are not signed by a record label (mainly major labels or reputed independent ones). For artists choosing to produce music on their own rather than to be signed by an existing label, or for those who have not yet reached that point in their career, all of the above-mentioned roles must be performed by the artist alone, requiring increasing needs for entrepreneurialism and a repertoire of managing skills aside from artistic talent (Haynes & Marshall, 2018b; Hracs, 2015). The expanded skill set for managing publicity, as well as the operations of music products and the artistic process is key for early career artists, as they are increasingly required to already have a following before a label would assume the risk of signing them. For employees within recording companies, similar shifts have been identified. As a consequence of the MP3 crisis, whereupon revenues and the number of employees has decreased, employees have had to broaden their skill set, filling several roles at once (Frennett 2016).

The live sector

The live sector deals with the dissemination and exchange of music goods through music performance in front of a live audience. For artists, this has become the essential part of the music industry, as revenues from recordings through streams are lower and take more time to build up than from the previous sales of physical carriers, such as CDs, cassettes, and/or vinyl (Musicians Union, 2012). As with the record labels, there is one large lead firm, Live Nation, that is responsible for the majority of concerts held globally, often through smaller firms on site. Live Nation Entertainment, Inc. was founded following the merger of a concert agency (Live Nation) and a ticketing service called Ticketmaster. It has also acquired local concert promoters, music festivals, and venues, affording it a competitive advantage over independent live music actors not only locally but also internationally.

Several tasks must be carried out in the live music sector, such as disseminating and creating buzz around the artist, with professional roles including those of PR managers, social media managers, and bookers. Live managers, talent agencies, and booking agencies have contact with the artist, the manager, and sometimes the record label. They have a broad network of concert venue contacts with whom they work to find appropriate venues for different artists (Leurdijk et al., 2012). Their main responsibilities are to identify appropriate 'scenes' for artists, plan concerts and tours logistically, manage remuneration for concerts, and promote acts, from which they also derive their revenues.

At concert venues, apart from roles of the venue owners and operators, several additional roles must be fulfilled. Bookers and event managers organise the projects and concerts, and social media managers create attention around these projects and attract customers to the venue. Technical roles constitute a large part of the sector, such as those of sound, venue, and lighting technicians. Well-built networks often exist between managers, PR agencies, and venues that return to work with one another. For larger tours and concerts with well-established artists, professionals with niche skill sets may also be required, such as pyrotechnicians or creatives from related sectors (e.g. dancers), who are organised most often with the booking agency, the manager, and the artist.

Music publishing

Music publishing companies manage the copyright and intellectual property of scores and lyrics created by musicians and writers (Towse, 2017). They perform three main activities: registration, exploitation, and royalty collection. Registration involves the proper attribution of authorship (i.e. taking care of the copyright), which is usually done (depending on the market and copyright regime) in co-operation with collecting societies. Music publishers help artists register their songs at collective rights agencies and track where the music is being used (de Voldere et al., 2017). Exploitation means putting songs or works into as many contexts as possible. First, this involves offering songs to performers who are not the creators of their songs. It is important here that publishing companies are affiliated to the same larger entities to which record companies belong (Anderton et al., 2013). This creates barriers to entry for independent authors and promotes synergies between the publishing company and the record company. Works are also offered to external clients, such as producers of commercials, video games, or series. Collection of royalties, in turn, is a moment of monetisation of works. The publishing company ensures that institutional users (e.g. broadcasters, film, television and video game producers, and advertisers) pay the appropriate fees for the use of the music. Here, too, they work closely with the collecting societies (Anderton et al., 2013).

Three major music publishers on the market (the same companies as the major labels) make up the majority of the music publishing industry, with a multitude of smaller publishing firms. Most music publishers deal with commercial and popular music; however, there are also niche publishers that work with smaller genres, such as classical music, to distribute written partiture.

The types of roles in this sector are mainly administrative in nature: tracking when and where lyrics and scores are used in order for the artist and publisher to receive remuneration for the published products. For example, the score, lyrics, or music could be used in films, video games, advertising, or radio broadcasting. Music publishers do not rely solely on authors whose works are already on the market; they also seek new authors. This search is handled by A&R departments (Anderton et al., 2013). Furthermore, they promote the use of the lyrics, the score, and music for this type of dissemination, finding appropriate places for the music. Music publishers often also take on a creative role, engaging with the artists to develop music works. They initiate co-operation between customers who are looking for music and creators who could offer it 'on demand'. Skill sets within the industry are a mix of legal, administrative, and creative proficiencies, and roles range from legal experts and collective rights and royalty managers to account managers who develop their published writers.

Non-commercial* and niche music genres¹

The non-commercial and niche music segments of the music industry constitute a large part of the music industry but tend to gain less attention from researchers and policymakers. Many European

¹ *The term 'non-commercial music' does not mean that the music will not generate any income, but that the emphasis is on non-market aspects, namely artistic value.

capitals are home to institutions that are of world renown, hosting some of the finest artistic talent (Mariani, 2009). These include genres such as opera, jazz, and classical music in the non-commercial or niche part of the industry, where public funding is an integral part of financing activities. This means that the sector operates differently from the commercial part of the industry and has specific job profiles and conditions. The sector in many ways revolves around specific institutions, such as opera houses or classical concert halls, where live performances make up the majority of activities. Most musicians work as freelancers in this part of the sector, but they can progress into employment within orchestras at larger music institutions. According to Mariani (2009), the sector is built upon merit rather than sales, meaning that career progression is built upon recognition by institutions and the milieu. The way in which classical musicians and opera performers organise their careers differs from that of artists in commercial genres. Schooling and reputation building through working with established institutions play important roles in building an artistic career, as they enable artists to access high-ranking institutions and wide audiences. Since the 1990s, there has been widespread reduction of public funding for these types of activities throughout Europe, even though economic compensation to professionals has risen in pace with the rest of the economy, meaning that there is less funding to provide secure work conditions for fewer active musicians (Mariani, 2009).

Surrounding institutions, industry interest groups, and labour unions

Surrounding the music sector's production network are also a number of institutions that support the industry in various ways. These types of institutions can be publicly funded, such as the Swedish Arts Council, the Arts Council England, and the Adam Mickiewicz Institute in Poland. They support the industry by observing trends and conditions in the sector, and through distributing grants, often directly to artists for a specific project. Labour unions are also common and present within most EU nations, and they are especially important for the independent music sector, where freelance workers or small firms lack the leverage to request proper remuneration and working conditions (Lodovici, 2018). These unions offer support to workers – often musicians and artists. In addition, larger, international interest groups work to promote and support the industry.

Labour unions

For music industry workers, labour conditions are often precarious, and employment based on project contracts is common – the concept of the 'gig economy' derives from the music industry (Haynes & Marshall, 2018b). This is true not only for musicians but also for producers, R&D, and other people employed in the music product chain. Due to the freelance- and project contract-based nature of the industry, workers can often be difficult to organise, and diverse interests and contract types make collective bargaining challenging (Lodovici, 2018). However, a number of labour unions exist for musicians and workers within music production chains. Labour unions are present on the national scale throughout the EU; they advocate for and monitor music workers' regulations and rights, status, and working conditions. A number of labour unions are often present in each member state of the EU, some being for more niche music workers. Due to the diverse interests of union members, a single

union may be limited in its ability to meet members' needs; many are affiliated with larger umbrella organisations, such as the International Federation of Musicians (FIM), and extensive networking occurs between organisations (Lodovici, 2018). FIM's main aims are to organise music industry workers and to lobby for legislative protection for its members; the federation works in close collaboration with other non-governmental organisations (NGOs), such as WIPO, UNESCO, and the International Labour Office, and is a member of the International Music Council (FIM, 2019).

Labour unions in Poland

In Poland, several organisations represent musicians, the most important of which are the Polish Composers' Union (ZKP), the Association of Polish Artist Musicians (SPAM), and the Polish Jazz Association (PSJ) for jazz music.

The Polish Composers' Union (Związek Kompozytorów Polskich/ZKP)

ZKP was established in Krakow in 1945. Members may be composers or musicologists 'permanently associated with Polish musical culture'. The aim of ZKP is to promote musical culture by organising concerts, festivals, conferences, courses, exhibitions, and competitions, as well as by publishing activities (POLMIC, n.d.; ZKP, n.d.).

The Association of Polish Artist Musicians (Stowarzyszenie Polskich Artystów Muzyków/SPAM)

SPAM was founded in 1956. It brings together many outstanding Polish performers, pedagogues, and music publicists. Since its founding, it has partaken in caring for the musical culture of society and its creators, for the sound level of musical art, and for education through and for music, as well as in protecting the artistic achievements of Polish musicians. Other important objectives are to improve Polish musicians' material and social situation and to maintain their due prestige (Stowarzyszenie Polskich Artystów Muzyków, n.d.; O Stowarzyszeniu, n.d.).

The Polish Jazz Association (Polskie Stowarzyszenie Jazzowe/PSJ)

Established in December 1969, PSJ comprises over 300 members – jazz musicians and composers, as well as critics, organisers, and promoters. It organises festivals, competitions, workshops, and jazz events. It is also a co-organiser of the international Jazz Jamboree Festival in Warsaw, one of the largest and oldest jazz festivals in Europe. PSJ initiated a comprehensive programme of education in the field of jazz and popular music 30 years ago. It co-operates with the Berklee College of Music in Boston, amongst others (Historia PSJ, n.d.).

Labour unions in Sweden

In the case of Sweden, a number of industry-interest organisations exist, ranging from publicly funded export organisations, such as Export Music Sweden, to a strong presence of civil society organisations, such as *Sveriges oberoende musikproducenter* (Swedish independent music producers). One

organisation, the Federation of Swedish Musicians (Federationen Svenska musiker), acts as a platform of co-operation mediator between the two main Swedish musicians' unions, and it represents these unions in the umbrella organisation the Nordic Musician's Union (Nordisk Musikerunion) – together, they observe and represent the interest of Swedish and Nordic musicians (Musikerförbundet, 2022).

Musikerförbundet and *Sveriges Yrkesmusikerförbund*, *Symf* are the two main labour unions representing musicians within the music industry in Sweden. *Musikerförbundet* represents professional musicians and artists, and it has been an active labour union since 1907. Here, members can access juridical help when negotiating contracts, seek counselling regarding workplace conflicts, and receive advice on adequate payment for their work. The union has developed a 'country wide minimum payment' that acts as advice regarding the minimum level of payment artists should expect when performing live shows (Musikerförbundet, 2022). *Sveriges yrkesmusikerförbund*, the other nationwide labour union for musicians, is geared towards musicians working within classical and niche genres, often for orchestras or professional choirs (Symf, 2022). The Union advises on workplace conflicts, offers legal advice, and negotiates collective agreements between employers in this part of the music sector.

Organisations of independent record labels

To strengthen their bargaining power in relation to the industry majors, independent record labels have formed umbrella organisations. Trade associations are formed by independents not only nationally, which is common, but also globally. The Worldwide Independent Network (WIN) is a network with trade association members from all over the world, although most members are from the European national trade industry. Two other prominent international examples are Impala and Merlin. Impala, the Independent Music Companies Association, is a trade association formed in 2000 and is also part of WIN. It has 4 000 members, consisting of national trade associations and record labels, and it monitors and advocates for independent music's interests, especially in regard to the major labels. Merlin, founded in 2007, is a digital rights agency and 'represents by far the most commercially significant set of rights outside of the three major labels' (Merlin, 2019). It is a membership-based non-profit organisation that represents thousands of independent record labels. Its large network of members enables it not only to issue global licences for digital music covering a multitude of states through a single deal but also to create leverage with streaming platforms where the three majors are large shareholders.

International Federation of the Phonographic Industry (IFPI)

IFPI is one of the largest and oldest NGOs representing and advocating for the recording industry. It was founded in 1933 and represents over 1 300 record labels in over 70 countries, including the three majors. In local markets, IFPI is represented by national groups (i.e. organisations that locally support the recording industry). Altogether, they represent approximately 8 000 entities worldwide, including

majors and independent labels. In Poland, the Union of Polish Producers of Audio-Video (Związek Producentów Audio-Video, ZPAV) was the first member to join IFPI in 1991 (ZPAV, n.d.).

Some of the most in-depth statistical analyses of the music industry have been created by IFPI, which publishes annual reports on the trends in the sector. During the 00s, IFPI was a significant player in the fight against non-authorised usage of music online, pushing for the prosecution of several cases, amongst them the case against the illegal file-sharing site The Pirate Bay in 2009.

[International Music Council](#)

The International Music Council was set up in 1949 on the request of UNESCO to act as a non-governmental advisory body. It is a member-based professional organisation, with members representing 150 countries, and it is divided into five regional councils, the European Music Council being one of them (IMC, 2019).

[Digital Music Europe \(DME\)](#)

Digital Music Europe (DME) is an alliance between digital music companies in Europe; it acts as a policy resource and promoter for digital music. DME's main policy priorities are streamlined copyright legislation, a transparent and non-discriminatory platform economy, and access to data (DME, 2019). Its members include some of the world's leading digital music companies, such as Spotify, Deezer, Soundcloud, and Soundcharts.

[The European Music Exporters Exchange \(EMEE\)](#)

The European Music Exporters Exchange (EMEE) is 'a network of 24 national and regional export offices in Europe joining forces to increase the circulation of European music, both inside and outside the continent' (EMEE, 2019). It is a non-profit organisation that gathers data and information from the industry to facilitate policy advice on matters relating to the exportation of music products.

[The International Association of Music Information Centres \(IAMIC\)](#)

The International Association of Music Information Centres (IAMIC) is a member-based umbrella organisation with 37 members in 33 countries; most European countries have one affiliated organisation, with the exclusion of some South-Eastern Europe countries and Denmark. The IAMIC is an organisation that collects information and statistics of the music industry. Its vision is to 'facilitate the exchange of knowledge and expertise in the field of music documentation, promotion and information, leading to an increased international co-operation, performance and use of repertoire of music of all genres' (IAMIC, 2019). Many of its members are involved in archiving, such as music libraries.

[The International Confederation of Societies of Authors and Composers \(CISAC\)](#)

The International Confederation of Societies of Authors and Composers (CISAC) is the world's leading network of authors' societies. It protects the rights and promotes the interests of creators worldwide

and has 228 members in 119 countries, representing more than 4 million creators from all artistic repertoires: music, audio visual, drama, literature, and visual arts (CISAC, n.d.).

The European Grouping of Societies of Authors and Composers (GESAC)

The European Grouping of Societies of Authors and Composers (GESAC) comprises 32 authors' societies in Europe. It represents more than 1 million creators and rights holders in the areas of musical, audio visual, visual arts, and literary and dramatic works (Who we are, n.d.).

ZAiKS, the oldest and largest organisation of collective copyright management in Poland, represents Polish authors and composers. It was established in 1918 by artists themselves in a café. Artists whose texts and music were used in cabarets met and decided that they had to do something to ensure that their work was adequately remunerated. ZAiKS thus protects the works of both its members and authors who do not belong to the organisation but who have placed their works under its protection. It manages the rights of foreign authors on the basis of reciprocal representation agreements. It is a member and co-founder of CISAC, and it is a member of BIEM and GESAC (History of ZAiKS, n.d.).

Labour conditions within the European music industry

Labour conditions vary within the industry, ranging from stable full-time employment to freelance work, with freelance and project-based professionals comprising the vast majority of workers, whose main income stream often stems from other types of employment (Snijder 2020; Gruber, 2019). The music sector is a hit- and star-driven economy, where a few acts are hugely successful, and the majority of acts never reach profitability. Knowing which acts will garner attention and popularity is notoriously difficult, and producing new music is associated with high risk (Caves, 2002). As is typical of the creative and cultural industries, amateurs and hobbyists are highly active, with a large portion of people wanting to pursue artistic careers (Gruber, 2019). This has, especially within the music industry, been spurred on by the digital shift – the ability to produce and disseminate music has moved from the confines of the studio to being readily available to anyone willing to invest in equipment and software. As barriers to entry to producing and disseminating music have been lowered, the barrier to reaching success and being signed by a label has become increasingly difficult for active musicians, as their music is drowned in a 'sea of sound'. The availability of music and the willingness and desire to develop a career working with music have made the industry rife with precarious work situations, especially amongst early career professionals. Both in creative and non-creative roles, there are high levels of free labour and internships at the entry level, where early career workers offer their time in the hopes that the experience will translate into further career opportunities (Hesmondhalgh & Baker, 2010).

The term 'gig economy', which describes project work to which workers bring their skill set for a limited period of time, stems from project-based work within the music industry (Woodcock and Graham, 2019). A team of workers support each recording, live performance, festival, or artist and

contribute their skillset for a certain amount of time, until the project is completed. Project-based labour has increased with digitalisation. When digital music files were introduced around the turn of the millennium, the majority of the industry's revenue came from recorded music in the form of CDs. As record sales dropped, the industry underwent a crisis, where many smaller actors within the recording industry succumbed to or were acquired by the major record labels. The recording industry consequently became increasingly centralised. At the same time, niche companies providing specialised tasks and services arose, often started by individuals who had previously worked for the major record labels (Johansson, 2021). The structure of the industry now, with a high concentration of activity in a few global companies, is complemented by numerous small companies and freelancers either collaborating with majors by bringing in niche skills or coming together during specific projects until those projects are complete. A studio might be paid by a major record label to produce a song, or a manager might work together with a PR agency to formulate strategies for publicity.

This means that networking is a key skill in the industry, since the project-based nature of work means that workers must establish contacts to be involved and create these projects (Coulson, 2012). As music projects are high risk, having trust is important in bringing these projects about, meaning that building networks and a portfolio of successful projects is important for one to be involved in future work (Watson, 2008). Entrepreneurial and social skills are of growing importance for professionals within these fields, and musicians are often required to take on these roles themselves (Haynes & Marshall, 2018b).

Workers in the creative industries, and especially early careerists, are faced with a high degree of mobility, function as the promoters of their own work, and often juggle multiple occupational roles and unstable sources of income (Bridgstock 2005; Hennekam and Bennett 2016). Under these circumstances, workers must perform a wide range of tasks themselves: marketing, publicity, networking, and financial activities, in addition to artistic, problem-solving, and communication tasks and tasks related to new media (Hennekam and Bennett 2016). Many artists opt for the DIY route, but it is still common and desirable to get signed by a label and have a team that assumes some of the networking and administrative responsibilities.

Music education

As already mentioned above, amateurs, hobbyists, and professional self-taught musicians are highly active in the music sector, working alongside professionally trained musicians. Musical education does not translate into the genre of music performed, yet musicians involved in classical music as well as jazz usually have a musical education. In the area of so-called popular music, musicians often informally acquire the skills to play or read sheet music (Green, 2014a; Green, 2014b). It should also be emphasised that many professional musicians who are actively involved in music also work as music teachers. This is primarily because musical activities (e.g. recording albums and performing concerts) are project-based. They therefore do not guarantee a regular income and often (depending on local

legislation) do not provide social protection. By contrast, being employed as a music teacher, especially in schools and/or various cultural institutions, can provide additional or even regular income.

In some cases, a musician decides to become a music teacher because they want to supplement their income or have chosen another career path; the British Musicians Union estimated that more than 60% of its members taught music as a source of income (Musicians Union, 2012). Educated musicians often find employment in various cultural institutions or in the music business as non-artistic employees. They work, for example, in record companies, in the media (mainly music media), or in companies offering music streaming services.

Music education in Europe

Europe has a rich musical heritage, which is reflected in the diversity of approaches to music education and to the training of music teachers and musicians (de Vugt, Malmberg, 2017). Music education is most often holistic and includes listening to and understanding music as well as performing and creating music through composing and improvising (Garcia and Dogani, 2011). It may take place both in classrooms and outside school, formally or informally. Music course is often a compulsory subject in primary schooling, whereas it may be optional from the age of 13 or 14. The informal learning The latter occurs via participation in choirs and music bands, as well as through listening to music at home or at concerts (Le Gall et al., 2020).

Music education is one of the pillars of the European Agenda for Music, which was launched in Brussels in 2018 (Successful launch of the European Agenda for Music, 2018). The Agenda states that access to music is a human right. Therefore, to ensure this access, it should be possible for everyone to interact with music from childhood onwards. Tools to achieve this include the following: ensuring adequate funding for quality music education, both in and out of schools, through informal initiatives; providing lifelong learning for music teachers concerning all areas of the music sector; setting up programmes and schemes for mentoring and mid-career support for music professionals to keep abreast of ongoing changes in the sector (Education & Access to Music, n.d.).

Music education in Poland

In Poland, music education has both a general and a specialised character. In the first case, music lessons constitute part of the curriculum in primary and secondary schools. Their aim is to prepare conscious listeners and participants for musical culture. Students learn notes, singing, the basic playing of selected musical instruments; they also listen to musical works from different genres and learn the fundamentals of music history.

In addition to music lessons, which are part of the general curriculum, there is also specialised music education subject to the Ministry of Culture and National Heritage. It has a three-stage structure: the first degree (primary), the second degree (secondary), and higher education. There are 556 first- and

second-degree music schools as well as eight music universities in Poland. First- and second-degree schools (each with a 6-year duration) may function independently of the regular education system: students attend them in the afternoons, after classes at regular schools. There are also first- and second-degree general music schools, which provide a combination of general education and music education. The second-degree education ends with a diploma exam and the acquisition of the professional title of musician. At the music university, the studies result in a Bachelor of Arts or Master of Arts degree.

An additional education-related issue is specialised cultural education, which would train specialists in the field of the cultural and creative industries, including the music industry. This education concerns management, being a producer or manager of an artist. In Poland, there is a deficit of such specialists, and few institutions offer this kind of education (one of them is a postgraduate programme for cultural managers in the Warsaw School of Economics; another is the Manager, Agent, Producer (MAP) master's degree offered by the SWPS University in Warsaw). Artists are then often obliged to handle tasks that do not belong to the creative field but are strictly managerial.

However, working in the music sector, including in non-creative areas, is often based on passion. Specific skills are then acquired informally as well as over time by performing diverse professional tasks and activities. Undoubtedly, apart from substantive skills, such as management skills, soft competencies are also of value: empathy, openness, and communication skills.

Music education in Sweden

Swedish music education is available in several forms, ranging from subsidised tutoring for school children and technical, vocational educations to music colleges and universities. As in Poland, for primary school children in Sweden, music is part of the curriculum up until the ninth grade, and it can be part of the curriculum for upper secondary students. Subsidised tutoring '*Kulturskolan*' or the culture school is also available, offering children lessons in different types of instruments, choirs, or other cultural engagements. This subsidised system of lessons means that a large number of school children have access to tutoring – something that has often been seen as part of the Swedish music sector's large exports, as it fosters both music consumers and potential future musicians (Kulturskolerådet, 2022).

In upper secondary school, specialised programs focus on aesthetic education, often music. In tertiary education, the number of technical vocational programs is growing (*YH-utbildningar*), where technical skills such as music production or sound engineering are taught. There is much variety between these schools and programs; moreover, they are state funded with no tuition fee and tend to be one to two years in length. With regard to universities, the Royal Music College in Stockholm offers bachelor- and master-level education in music arts and music production, and a few other universities and colleges provide this as well, for example Karlstad University, Lund University, and the Linneaus University.

1.1.4 Embeddedness

Why certain economic activities are concentrated and occur in specific places has been of great interest to scholars throughout the 20th century. The notion of embeddedness, originally developed in the writings of Polanyi (1944) and further developed by Granovetter (1985), conceptualises economic activities as taking place within networks of personal and institutional relations at a specific place in time, meaning that they occur at specific places due to the underlying institutional conditions and social arrangements. The GPN approach adds to this understanding of why economic activities in a production chain occur at specific places compared with earlier iterations of the global commodity chain or global value chain iterations. The understanding of embeddedness within the GPN framework according to Coe and Yeung (2015) builds upon three types of embeddedness that form the conditions under which economic activities take place: societal embeddedness, network embeddedness, and territorial embeddedness. Societal embeddedness refers to the role of historical roots and social values that exist at certain places, such as taste preferences or work cultures. Network embeddedness refers to linkages not only between different actors within a production network, at the place where they are active, but also with actors in other places. Lastly, territorial embeddedness refers to the institutional conditions present at the place, the rules and regulations, and the institutional support available to different actors; it sets up the regulatory framework in which actors exist. In addition, territorial embeddedness can refer to the available infrastructure of the place. By understanding these three types of embeddedness, one can better understand and uncover why actors can be successful and active in certain places, but struggle or not exist in other places.

Music products, especially recorded ones, have recently become products that, through innovation in technology, can flow effortlessly across borders and over great distances with the press of a button. For example, music producers, who increasingly work digitally, can collaborate remotely, sending files between one another, and never actually meeting face to face (Prior, 2010). As an exaggerated example, it is possible for artists to independently record a song from a bedroom in Madrid, release it on a streaming platform, and have it consumed by a listener in Tokyo 20 minutes later. The availability of the tools needed to produce recordings are more readily available than ever, with software and recording devices being more accessible than ever, allowing for music products to be created and consumed over a flat space. However, in reality, this is seldom the case; paradoxically, activity within the music industry is becoming increasingly concentrated, as it always has been, in specific global cities, with music production and dissemination taking place in specific centres of production, often in a few major cities (Florida & Jackson, 2010). The music products themselves, namely the recorded songs, tend to remain in the country in which they were produced, and very few acts ever cross national borders (Legrand, 2012).

Why music production and revenues are concentrated in certain places and why some places – especially a few major cities – are particularly prone to having a high density of music production have been the objects of attention of research over the past two decades (e.g. Florida & Jackson, 2010;

Power & Hallencreutz, 2002; Scott, 1999; Watson, 2008; Watson et al., 2009). Although music production takes place almost everywhere, as an economic activity and industry it is highly concentrated in cities. Concentration is even higher in some larger cities: in Europe, London and Stockholm, some of Europe's largest music exporters, are notable examples. The following section covers the current understanding of why music consumption tends to be local and why music production is concentrated in some cities, by using the three types of embeddedness to highlight the ways in which music production and consumption are tied to the places from which the music originates.

Societal embeddedness

Although today's music products have the ability to cross borders in an instant, with both production and dissemination being largely digital, most musical products are produced and consumed within the borders of one nation. Distinct cultural and social preferences affect the types of music produced and listened to within a country. Even though one can expect the industries to be organised in similar ways throughout the EU, the music scene varies greatly from one state to another. Most national repertoires are produced and consumed within the state boundaries, and musical products rarely cross borders. There is no single European music scene or market, but rather myriads of different tastes that can be national, regional, or local (Bernstein et al., 2007). The only music that is consistently successful in entering markets across Europe is music originating from the United States, and approximately half of the music consumed in Europe through radio or digitally is from the United States (Legrand, 2012). This could partially be explained by language barriers: with English being the lingua franca of popular music, other languages are often seen as a barrier for national industries to develop their markets (Bernstein et al., 2007).

However, even music from the United Kingdom, the number one exporter of single talents, has a relatively low chance of becoming a pan-European success (Legrand, 2012). Each European nation has their own national music scene, differentiated from the others due to language barriers, cultural tastes, and preferences for certain genres. Genre preferences are not the same across European regions, and national repertoires reflect this variation. These preferences are often facilitated by the intermediaries present, with radio broadcasting remaining one of the most influential curators and influencers of a wide audience's music tastes (Rossman, 2012). The share of consumption of music originating from the United States, the EU, or the local market differs between the states, but music exports from the United States tend to make up a 35%–45% share of music consumed (Leurdijk & Nieuwenhuis, 2012). For example, Legrand's 2012 study showed that in Sweden, a relatively high proportion of local Swedish music is played on radio and downloaded, whereas Germany and Poland have a relatively low share of local music and a higher share of imported EU music, especially from the United Kingdom. The study also demonstrated that music from Northern Europe generally has a higher rate of export to other EU countries than music from Southern and Eastern Europe – something that was attributed to the common use of English in music from Northern Europe.

Because of these national variations in the music scenes, most national or local record labels cater to artists and genres that are popular within their own nation, and the three recording majors have national and territorial sub-offices not only to break in music from other countries but also to capitalise on the national markets. Due to the network of local offices and people on the ground, being signed by a major record label increases the possibility of becoming internationally known and exported, although still remaining low. Though the music becomes increasingly accessible due to the digital shift, and curating music from other countries is easier than ever due to streaming services, the national music scenes remain relatively intact, with a fraction of the national music products that are successful on a national scale being exported or reaching international success. With digitalisation and easy transfer of music products, these national scenes and the dominance of majors have been speculated to become less important, allowing for music products to be produced and disseminated more freely over borders, but this is yet to be observed in the music sector (Guichardaz et al., 2019).

Network embeddedness

Work within the music sector tends to be based in projects, where groups of workers are brought together and then dissolved after a project finishes. This means that workers must establish a network of contacts to access different music projects. Although music can be created almost anywhere, music production tends to be concentrated in larger cities. As has long been noted, creative and cultural industries in general, and music in particular, tend to cluster in cities, as the concentration of active workers and firms allows for collaborative innovation and production (Bathelt et al., 2004; Florida et al., 2010; Scott, 1999; Watson et al., 2009). The spaces required for music innovation to occur (e.g. live performance scenes, bars, youth centres, and record studios) are concentrated in the larger cities of each European nation, with some cities acting as major production centres. These spaces establish the conditions for new music products to be created and for music scenes to develop.

Music is – or has at least previously been – built around local scenes. A scene is established once communities and sub-cultures begin to come together in particular music niches centred around clustered creatives in a specific place (Currid, 2007). Certain places have become strongly associated with the genres of music that are concentrated there, such as Liverpool with punk music or Nashville with country music. These scenes, or all forms of music production, require the presence of a multitude of actors that can exchange ideas and create new music projects. Close physical proximity is important, not only to share creative experiences but also because project-based work is built upon trust. Engaging with new music projects is strongly associated with risk, and face-to-face contact is needed to establish this trust, especially with new work relationships (Watson, 2008b). As these networks are established and become the main cluster of music activities, actors wanting to engage with music production must become integrated within these ecosystems, and their presence in cities is needed (Watson et al., 2009a).

The tendencies for networks to be embedded in cities, especially larger cities, is becoming increasingly accentuated due to the digital shift (Watson, 2008). As new projects have become riskier to take on, record labels tend to sign artists who already have somewhat of a following before being discovered. This means that social media and the number of views or streams of their already produced music are considered, and A&Rs are increasingly scouting for new talent online rather than visiting local scenes. They no longer scout local pubs outside of larger cities, but rather surf the internet, finding interesting new acts, and their following, via streaming platforms and social media. As such, the necessity of being present in larger cities to access networks has paradoxically increased with increased digitalisation.

Even if national music products tend to stay within state boundaries, the cross-border movement of music workers is increasing. Producers and technical engineers who earn their living from contract work often seek projects outside of their states (Watson & Beaverstock, 2016). The internet and easy accessibility for networking have heightened these processes of international collaboration. The internet has also allowed for music products to be sent to other producers and engineers while being created, meaning that a music product might in fact cross more borders in its production phase than in its dissemination phase.

Territorial embeddedness

Territorial embeddedness (i.e. the institutional conditions that actors work within) sets the framework for how remuneration for music products is created and how music production is, or is not, supported by institutions. The types of laws and policies regulating copyrights and intellectual property rights are crucial for how and where value is captured. The territorial aspect of music production embeddedness is associated both with laws and regulations that make it possible to receive remuneration for music products and with institutional support that actors can access. To receive remuneration for produced music goods, the music products must be protected by copyright. In order to ensure that remuneration reaches the copyright holders, there is also a need for actors that observe when music products are used. Copyright differs somewhat between different European countries, depending on whether the intellectual property rights stem from common or civil law. A detailed understanding of copyright and the surrounding policies can be found in the policy part of this paper (Section 1.1.5).

In Europe, collection societies collect remuneration from the use of published songs on behalf of music publishers and most often exist as national entities (Towse, 2017). In some cases, such as in Sweden or Poland, artists that do not have a contract with a music publisher can register their written songs and scores directly with the collection societies, that observe the use of the music products and distribute payments to the artist when their products are used (Johansson, 2021). The digital crisis has highlighted the importance of copyright being protected and its importance for collection, mainly for the recording companies to seize the rights for music, as non-authorized usage dominated the way consumers accessed recorded songs during the first decade of the 21st century. Protection against such behaviour was extremely difficult, and these tendencies have decreased only over the past

decade, as stream-on-demand services have become available. Many argue that the remuneration artists receive per stream is too low and that there is too little transparency for independent music makers regarding how these quotas are set (Johansson, 2021).

1.1.5 Policy

The range of policies, including the cultural policy, varies between states, especially in the EU and even within regions that are typically thought of as being similar in terms of policy making, such as the Nordic regions (Power, 2009). However, similar cultural policy instruments are used on the national and EU levels, as described in the literature (Dragičević-Šešić, 2010; Throsby, 2010). These instruments relate to the economic, legal and political, organisational as well as value and ideology categories; or fiscal, regulatory, industry assistance, labour market intervention and trade policy. In the music industry, instruments related to regulations, taxes, funding, and trade appear to be crucial. Amongst them, one may distinguish legal regulations (i.e. copyright), broadcasting quotas in the media (radio and television), and private copying levies (blank media taxes). Another important cultural policy tool refers to the funding of cultural production (Bernstein, Sekine, & Weissman, 2007). Some countries have separate government departments focused solely on the music industry, such as the Swedish *Musikverket*, whereas others bundle music policy making into culture departments, such as the UK Department of Culture, Media and Sports (de Boise, 2019) and the Polish Ministry of Culture.

A range of stakeholders in the music industry operate on diverse stages of the value chain and belong to public, private, and NGO sectors. The most important of them are artists (authors and performers), recording companies, recording studios, music distributors, streaming platforms, music publishing companies, collective management organisations (CMOs), booking agencies, concert venues, festivals organisers, radios, and national (or regional) institutions promoting music.

Stakeholders operate on all geographical levels, ranging from independent local artists to global corporations. The market is highly concentrated in all streams, with three leading multinational recording companies (the majors) and corresponding music publishing firms. The live performance stream is led by one global firm owning the most reputed venues. All of these companies control the most important activities, namely the distribution and promotion of music, as well as copyright management. Alongside them, in every local market, a multitude of local or national recording companies exist, often co-operating with the majors for distribution and promotion, and a plethora of local firms or NGOs organise concerts and music festivals.

Likewise, digital music distribution, primarily through streaming platforms, occurs on a global level. Although distributors, who come from outside the historical music sector, must deal with national copyright law, their business model is easily scalable on a national level. CMOs are mainly national, but they are affiliated to international or European organisations. Institutions promoting music abroad

often represent ministries or departments, even though a number of European programmes are available to support diverse music activity.

Copyright

Two rights relate to every recording (song): one for the song and one for the performance of the song (Hull, 2011, p. 100), referred to as authors' rights and related rights. Granting a temporary monopoly to the rights holders, copyright (fr. *droit d'auteur*) is one of the solutions to the market failure² (Hartley et al., 2013, p. 120). Copyright management protects; creates revenue streams for music products; and exists on the global (such as the Berne Convention and the Rome treaty), EU, and national scale. In the EU, these rights are regulated by the EU member states on the national level and are the basis of revenue for music activities. Most member states (with the exception of Ireland, Cyprus, and Malta, where copyright has its origins in common law and not civil law as in most parts of the union) have a division in copyright, where economic rights can be signed to other parties, but the moral right of the author cannot, meaning that the musician retains the right to be claimed as the creator and to some extent to object to changes or derogatory uses of their product (EPRS, 2018).

How copyrights are regulated and enforced is crucial for the music industry and its revenue streams (Bernstein et al., 2007; Curien & Moreau, 2006; Wikström, 2013). Copyrights (authors' rights) to songs, including rights to making copies, making derivative works, distributing copies to the public, public performance, and public display of sound recordings by digital audio transmission (Hull, 2011, p. 102), are often transferred by musicians to the music publishing companies. These rights constitute the first stream in the music business, since 'without a song, there would be nothing to perform or record' (Hull, 2011, p. 216). First, copyright holders obtain revenues from royalties and from sales of the recordings (copies of songs) in both physical and digital form (e.g. music distributed on streaming platforms; however, much music still circulates on the internet for which the rights holders fail to obtain revenues). Rights for the master recording are signed to a record label that, for larger record labels, belongs to the same music organisation (music group) as the music publishing company, which also holds rights to music scores (the written text and music) (Tschmuck, 2009). Second, royalties are earned from live performance which, together with sales of the recordings, constitutes the main source of revenues for the music industry. Third, revenues come from royalties from performance or broadcasting music on the radio and through synchronisation licenses for using the song as a soundtrack in a film, on television, or in video games.

On local markets, CMOs (also called author societies or collection societies) are responsible for organising and monitoring the royalties gained from copyright ownership (Schroff & Street, 2018). They act as a bridge between those interested in using music (e.g. advertising companies, the film industry, other artists, and public spaces and media that want to play the music) and those who own the rights, by monitoring lawful and unlawful use of the products. As the regulatory environments

² See page 32.

differ between countries, these CMOs are nationally bound, and in most EU member states CMOs exist 'as legal or practical monopolies' (Schroff & Street, 2018, p. 1308). Many of the national CMOs are organised under international umbrella organisations, which exist on the international level (e.g. CISAC and WIPO), the EU level (e.g. GESAC), and the regional level (e.g. the Nordisk Copyright Bureau). Their main tasks are to observe and lobby policy making that protects the rights of the author, performer, and broadcaster as well as the copyright holder not only in the music industry but also in related copyright industries, as well as to provide model contracts. As each member state regulates the copyright legislation, actors using copyright from several states must keep track of a multitude of contracts and laws, and music labels wanting to sell products outside the state or actors such as Spotify and iTunes working with copyright material in many different states 'cannot develop business models without heavy involvement from respective rights holders' (Schwemer, 2019). Some solutions to such diverse regulations have come from the industry, where CMOs co-operate by bundling together repertoires and creating licences that cover several nations at once (Gomez & Martens, 2015). The major record labels of the industry have also opted out of the CMOs, monitoring copyright on their own or through new enterprises (which is a part of a broader trend for majors to sign '360-deals' covering all activities of a signed artist – from recording and publishing to live performances and merchandising) (Leurdijk & Nieuwenhuis, 2012). However, as music products have become easily transferable over borders, the territoriality of state-regulated copyrights has increasingly become an obstacle for trade and something that creates geographical segmentation in the industry (Gomez & Martens, 2015; Hugenholtz, 2012).

Since the 1990s, the EU has attempted to harmonise national copyright laws (Bakardjieva Engelbrekt, 2016). With the introduction of digital products, these attempts have become even more pressing, as digital products easily cross borders through the borderless internet, and the European Commission has formed a number of directives to regulate and enforce copyright management, culminating in the Digital Single Market Strategy for Europe in 2015 (Schwemer, 2019). For the regulation of copyright holders in the music industry, Directive 2014/26/EU was created and implemented in national law by 2016. This Directive 'on collective management of copyright and related rights and multi-territorial licensing of rights in music works for online use in the internal market' aims to align the collective management of rights between states in the new digital market. However, even with attempts to harmonise CMO regulation, effective EU regulation and the governance of rights management in the music industry are complex and difficult to untangle and manage because 'beneath the surface of statutory rules, there is an intricate maze of individual contracts and collective agreements, compulsory, voluntary and extended licences, public and private arrangements and a myriad of institutions, actors and organisations' (Bakardjieva Engelbrekt, 2016, p. 61). Regulations regarding copyright are an essential socio-institutional dimension of the music industry, but the diversity of laws and contracts between and within states makes the industry difficult to regulate, even with EU-wide legislation.

Copyright infringement, especially in the form of non-authorised usage, also referred to as ‘informal circulations of culture’ (Filiciak, Hofmokl, & Tarkowski, 2013) or piracy, has been an issue for the music industry since sheet music was illegally printed and distributed, long before the introduction of sound recordings (Latrive, 2007). Throughout the 20th century, the predominant forms of non-authorised usage have shifted; some versions have been illegal radio stations, the recording of broadcasted music onto cassettes, or the copying of CDs (Kernfeld, 2011). The wave of non-authorised usage that was unleashed with the introduction of digital files and file sharing differs from these previous forms, as it made non-authorised usage amongst the most common forms of music consumption in the 00s, claimed, mainly by the industry itself, to cause significant damage to the industry’s revenue stream (Bastard, Bourreau, & Moreau, 2014; Halmenschlager & Waelbroeck, 2014; Karaganis, 2011; Liebowitz, 2004). However, certain studies have found that non-authorised usage is not the sole reason for the drop in the music sales. Moreover, it may be seen as contributing to economic growth in developing countries (Hartley et al., 2013) p. 120), (Liebowitz, 2004, 2005, 2014, 2016).

Only over the past five years has the recording industry started to recuperate, but its revenue levels still have not reached those of the 1990s. The non-authorised usage has been a controversial topic for legislation, with pressures from the industry and a series of legislative initiatives over the past two decades both on the national and EU level. Concurrently with the traditional approach to the copyright issue regarding the online distribution of music, another legal proposition has aimed at facilitating copyright sharing over the internet. Developed by an American jurist, Lawrence Lessig, the idea referred to as Creative Commons (CC) licensing (<https://creativecommons.org/>) provides a generic process of ‘permissioning’ in advance by labelling content with a badge corresponding to one of the six CC licences. By using such a licence, music creators allow the public to utilise their work without fear of being sued (Hartley et al., 2013).

Broadcasting quotas

Broadcasting quotas (cultural quotas, content quotas) are another regulation concerning the music industry and influencing, importantly, its economy; however, only a few countries in the world use them (e.g. Poland, France, Canada). On the one hand, broadcasting music on the radio and on diverse general and thematic television channels is an important source of income for music rights holders (royalties). On the other hand, the media play a crucial role when it comes to the promotion of music to the final consumer because, according to the mere-exposure effect, consumers want to listen to and/or buy music they are familiar with. Local content rules for radio and television broadcasters are deemed to be important for two reasons. First, certain types of content, such as cultural content, are seen as linked to the identity of the nation and should be protected and favoured in local distribution. Second, given that certain national economies whose CCS are highly developed dominate the international trade in cultural goods, their products and/or services may displace local programming and endanger local production as well as cultural diversity (Bhattacharjee, 2001). For example, today, the United States is the leading exporter of creative goods, including music, amongst developed economies (UNCTAD, 2015).

In fact, content quotas have been used as one of the quantitative restriction measures to compensate for what might be considered market failure and, more precisely, to promote and defend the diversity of content (Benghozi, 2017). Content quotas were already used before the Second World War in France to protect local films against foreign competition, mostly American. After the war, according to the Blum-Byrnes agreement relative to the opening of France's markets to American products, more US film productions were allowed to be distributed in cinemas, in return for eradication of France's debt to America. Culture was then used as an instrument of international trade policy.

The same logic lies behind the Uruguay Round, the eighth round of multilateral trade negotiations (within General Agreement on Tariffs and Trade, GATT). The official US position was that cultural products were no different from other goods and services and must thus be treated like any other product in international trade agreements (Gagné, 2019). By contrast, the EU, inspired by France, was in favour of keeping '*l'exception culturelle*' in international trade (Janowska, 2012). As a result, the TRIPS agreement was concluded in 1994, establishing minimum standards of protection for creators, performers, producers, and broadcasters in World Trade Organization (WTO) member countries (Throsby, 2010) p. 210). The concept of cultural exception has been replaced by that of cultural diversity and refers mainly to audiovisual production (i.e. television and film), which is reflected in European directives such as Television without Frontiers and the Audiovisual Media Services Directive where broadcasting quotas are defined.

Nevertheless, certain countries (e.g. Canada, France, and Poland), also apply quotas to music broadcasted on national, mainly private, radio stations (Gałuszka, 2012). In France, according to the law relating to freedom of creation, architecture, and heritage (Fr: *La loi relative à la liberté de la création, à l'architecture et au patrimoine*, 2016), promulgated in 2016, private radio stations are required to broadcast at least 40% of songs of French expression or interpreted in a regional language in use in France (*Les quotas de chansons à la radio*). Similar regulations are applied in Poland where, according to the 2004 amendments of the Media Law (Pl: *Ustawa o radiofonii i telewizji*), radio and television broadcasters should devote at least 33% of the time monthly to airing songs which contain lyrics in the Polish language, at least 60% of which should be aired between 5 a.m. and 24 p.m. (Szymaniak, 2013). In some European countries (e.g. Germany), these solutions are fiercely discussed and have as many opponents as supporters ("*German quota*" on the radio. The Endless Debate,' 2016). Coherent and comprehensive policy and, consequently, legal instruments in the EU aimed at protecting and promoting European music are lacking despite recent attempts to develop such mechanisms; for example, the European Agenda for Music, launched in 2018, aims to ensure a music sector that remains strong, fair, innovative, and diverse in a rapidly changing world (European Agenda for Music Launch, 2018).

Private copying levy

The private copying levy (blank media tax or levy), which is an economic or fiscal cultural policy instrument, is a special tax imposed by the state on importers or manufacturers of recordable media

(carrier). The idea behind this tax is to compensate authors or rights holders for losses caused by private copying permitted by the copyright law and referred to as fair use or exception from the copyright monopoly. This levy was introduced on certain national markets – for the first time in Germany in 1966 (Boyer, 2017) – in response to the emergence of technological innovations such as audio cassettes, VHS and, later, recordable CDs and DVDs, which facilitated home copying of music and films. The collected levy was supposed to be distributed to the creators of the (cultural) content. Today, due to the development of the internet both fixed and mobile, and new devices to play music (e.g. smartphones, tablets, and notebooks), the scale of music copying is unprecedented and hence requires aligning the existing regulations with the new digital environment.

The European Commission intended to harmonise this regulation in the early 1990s; however, the idea was not enforced at that time (Boyer, 2017). The private copy exception and the levies were then somewhat harmonised by Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society (called InfoSoc) (Nikoltchev, 2011). Twenty-two of 27 European countries have implemented national regulations regarding the private copying levy, with the exception of the United Kingdom, Ireland, Malta, Cyprus, and Luxembourg, whose national systems differ considerably from one another. The levies are then applied to manufacturers, importers, and distributors and to different media or equipment. There are also different methods of calculation, different beneficiaries, and diverse regulatory structures (Marinescu, 2018). As a consequence, intra-EU trade has become complicated and difficult. Moreover, the question of levies remains a controversy on the national and EU level, especially when it comes to new digital challenges. In some European countries, namely Germany, France, the Netherlands, Belgium, and Italy, remuneration schemes have been proposed to remunerate the rights holders for the file-sharing activities of internet users. However, such initiatives would require modifications of the current EU copyright legislation, since online sharing of content is prohibited (Nikoltchev, 2011). In Poland, the private copying levy is regulated by the 1994 act on copyright and related rights. It has been intensively discussed since 2019 by cultural sectors representatives on the one hand and the IT industry on the other. The bone of contention is the update to the list of devices covered by the levy, particularly smartphones. The proposal for new solutions was included in the draft of an act on professional artists' rights, which has still not been adopted. Private copying levy regulations therefore remain outdated.

On 27 February 2014, the European Parliament adopted a resolution on private copying levies suggesting a revision of Directive 2001/29. The aim of the proposal was, on the one hand, to allow European consumers to make private copies of legally acquired content and, on the other hand, to compensate authors for the harm caused by such an activity, by establishing a system of private copying levies (Pereira, 2017). As the issue remains controversial, appropriate solutions still have not been proposed.

Trade

As music represents an important part of EU revenues generated by CCS, the international economic policy seems to be of major interest for the development of the music sector. According to the Music Moves Europe report ('Music Moves Europe – a European Music Export Strategy,' 2019), the capacity to export European music relies on many factors, one of which may consider artists' individual talents, skills, and networks; the characteristics of the whole music sector ecosystem; and music export strategies, including funding systems. The latter cover both public and private funding sources, such as grants offered by CMOs. In some European countries, there are also public institutions devoted to promoting national culture (e.g. *Institut Français* in France, the Goethe Institute in Germany, the British Council in the United Kingdom, and *Instytut Mickiewicza* in Poland), and embassies and music export offices have begun to emerge in most European countries. European showcase festivals also exist to provide a platform for artists' discovery, business networking, and education; they thus operate as innovation hubs for the music industry.

A coherent EU strategy to promote and protect European music, similar to the audiovisual productions regulations, is lacking. A series of challenges may consequently be highlighted for the European music export. The first one concerns funding, especially when it comes to visibility and promotion as well as the distribution of artists and their works not only in the EU but also on non-EU markets. The second challenge refers to limited knowledge about how the music sector operates, especially on foreign markets, that would help artists to develop their careers outside of the local zone. The third difficulty relates to the music sector's infrastructure: professionals with specific competencies to help artists build their careers abroad. Another issue relates to the local tastes of consumers who prefer to listen to songs recorded in their own language, which is why the majority of music remains within the country in which it was produced.

1.2 Production network configurations

The input-output structure reveals the actors, materials, and infrastructure needed to create and disseminate a product. As the music industry is undergoing rapid change, these input-output structures are also changing. Even though no one typical music product exists, as the whole sector is complex, this section provides a general outline of the stages of the production cycle of such a product. Due to the vast differences between and within genres and the great shifts occurring in the music industry, these stages should be considered a general model of a complex industry that is subject to changes (Throsby, 2002). The value chain of the music industry has been described repeatedly, as have the changes occurring within it (Bockstedt, Kauffman, & Riggins, 2006; Curien & Moreau, 2006; Graham, Burnes, Lewis, & Langer, 2004; Hadida & Paris, 2014; Leyshon, 2001; Santagata, 2010). The value chain described below is based predominantly on the recent European Commission document titled Mapping the Creative Value Chain (2017).

Creation

The creation stage involves composing songs and music scores (European Commission, 2017; Hull, 2004). This can be done either by a single artist, singer-songwriter, songwriter, or music composer, amongst others, or in collaboration. In some musical genres, such as classical music or jazz, pieces written by other composers are frequently used to create new projects, usually by creating a new arrangement or a new creative interpretation. Therefore, as artistic performance adds value to the project, performers are also included in the creation phase. The barrier to entry is low at this stage, as no equipment other than musical talent, knowledge, and technique are needed.

Production

The production stage involves two actions: recording songs and performing them at concerts. These actions are performed by a combination of artists, technicians, music producers, and agents who work on the final result – that is, the production of a set of songs that will feature on the music album; be performed on stage; or be placed in media, films, or advertisements.

In the production stage, the first task of a recording company, be it a major or an independent one, is to find the right artist. Artists and repertoire (A&R) staff are responsible for this, keeping track of the music scenes and searching for new talent or auditioning demo recordings sent in by performers vying for a contract. Some performers employ independent producers who co-operate with record labels and may recommend them. After selecting an artist or band that fits the label's musical profile and is likely to be successful, the record company signs a contract with them. This choice is based on the A&R staff's intuition and experience, as according to the 'nobody knows' principle developed by Caves (2000), success is difficult to predict. The performer then becomes the most important subject of the

project by giving the final artistic shape to the musical work. Performers also may or may not be songwriters. Although getting signed by a label has long represented the main professional goal for artists and, at the same time, an important barrier to entry into the music industry, there are other possibilities for both established and novel artists to record today.

The A&R department or agents manage both musical (artistic) and organisational issues, often including financial issues. Therefore, after the contract is signed, they help performers choose the repertoire, session musicians (if the band members do not want or cannot record in the studio), and the arrangement and performance of the song. They also watch over the recording process, focusing on the expected effect. Artists who sign with small record companies enjoy greater creative freedom than those who sign with large recording companies, as small labels pay more attention to the quality of work and the artistic value than strictly economic aspects.

The recording process once presented a need for special equipment and studio space, and this stage was therefore traditionally financed by a record company. There was also vertical integration in the recording sector, with recording studios belonging to the labels. The record company subsequently owned the copyright to the recording (Tschmuck, 2012). However, nowadays, recording companies often rely on independent recording studios. Sound engineers, often owners of small studios, are responsible for the technical aspects of the recording process, and they may also have some influence on the artistic effect. Together with the producer and sometimes the performer (and involving engineers who mix and prepare the final version of the recording), they create the master (i.e. the original, final version of the recording), which is used to make both analogue (CDs) and digital copies. Digitisation has led to a democratisation of recording equipment (namely cheap personal computers and software) and lowered barriers to entry for a vast number of artists at this stage of the value chain (Graham et al., 2004). However, this only applies to certain popular music genres, as the recording of classical music or jazz still requires an appropriate space and special equipment.

The production stage also includes preparation for live performance, where songs created during the first stage of the value chain are presented to consumers. This is the most profitable activity for artists, and several actors are involved in the process: the performer, their personal manager, the booking agent, the promoter, and the venue operator (Wikström, 2013). After a new album is released, the performer and manager usually decide to prepare a tour. They contact a booking agent contracted to organise concerts for the artist; this agent prices the project and defines performance requirements. They arrange potential dates through a promoter who contacts venues to check the dates and then book them. They are also responsible for marketing the event and contracting a ticketing company. This scheme is rather theoretical because nowadays, the most renowned artists sign with global concert agencies, such as Live Nation, whereas local or niche artists rely on their personal managers to perform these tasks. This area of the industry is thus highly diversified, depending on the artist's position in the market, which is strictly linked to the barriers to entry into this music industry sub-sector. While small, niche performers are able to manage the organisation of a live show by

themselves or via their personal manager, the organisation of a huge event demands the involvement of professional entities. The main reasons are organisational and financial issues augmenting the barriers to entry into the industry (Wikström, 2013).

With regard to music publishing, the production phase does not exist here. This is because music publishing companies act as intermediaries between the creators of music (i.e. composers and lyricists) and the business users of music. These include, for example, the creators of derivative works, namely advertisements, films, series, and video games, as well as recording companies and concert performers. Music publishers thus function as dissemination actors in the network, as described next.

Dissemination

Dissemination is the process of making the music known to consumers, which has been and still is a massive barrier to entry. This stage involves distributing songs in different forms and ways. It relates mainly to recorded music, which is specific in nature. The international trade in musical products consists of transferring master recordings (the original copy) to respective local markets and manufacturing the final product (CDs or vinyls) where it will be sold to consumers via wholesalers and, finally, in offline and online music stores. Due to high costs, physical distribution (wholesale) has been a highly concentrated area of the sector, controlled mainly by subsidiaries of the majors. At the turn of the 20th and 21st centuries, they controlled up to 95% of global music distribution, as control over distribution channels is one of the key elements in gaining and maintaining a competitive advantage in the industry (Alexander, 2002; Arditi, 2015; Janowska 2022).

Consumers currently acquire music primarily through streaming. Online streaming platforms such as Spotify, Apple Music, and Tidal are global, and on the basis of direct contracts they acquire access to the music catalogues of the majors and independent labels. The music obtained in this way is then made available to consumers. These platforms do not allow individual music file uploads, requiring independent or emerging artists to use intermediaries that specialise in digital distribution. The digital revolution has lowered the barriers to entry for these new entrants; for example, TuneCore, an American platform (a music aggregation service), co-operates with online platforms and acts as an intermediary between individual artists and online stores).

In parallel to the leading platforms, services such as Soundcloud and Bandcamp enable artists to upload their own music directly. As a result, barriers to entry into the sector at the distribution level are potentially lowering (Bockstedt et al., 2006). Together with social media, these services allow artists to spread their music and interact directly with consumers (Haynes & Marshall, 2018a). However, the sheer mass of music available online becomes a sort of 'invisible visibility', and the role of intermediaries and promoters becomes vital to gain the attention of wide audiences (Citton, 2014; Haynes & Marshall, 2018a; Jansson & Hracs, 2018). It therefore appears that the barriers to entry for artists at the distribution level are only apparently lowered in the digital world.

The online platforms Spotify, Apple Music, and Tidal, as well as Soundcloud and Bandcamp, also belong to the exchange phase, as they offer music directly to consumers both for free and based on specific business models (e.g. subscription, advertisement).

In the music publishing stream, the 'usage' of the song or musical work is at the heart of the publishing industry. As already stated above, music publishing companies serve as intermediaries between creators and business customers; their activities therefore take place in the dissemination part of the chain. Songwriters and composers wanting their music to be performed or used in derivative works are invited to assign their ownership rights (copyright) to music publishing companies in return for royalties, namely the mechanical royalties, performance royalties, and synchronisation royalties (Wikström, 2013). The companies then licence the music to other actors. The complete or partial transfer of copyright of the written song from the artist to a music publisher results in artistic support for the artist, their protection, and proper monetising of their material (European Commission, 2017).

Being part of the same music groups as the major recording firms, the leading music publishers mainly act on behalf of the artists belonging to the same group to obtain additional sources of income. The bargaining power of independent artists is therefore significantly lower, and the barriers to entry remain high. The same applies to new institutional entrants, as major music publishers control a significant share of the music publishing (copyright) market; therefore, the barriers to entry are also high in this case. Digitisation and disintermediation processes, together with open licensing, namely CC, have facilitated rights management as well as lowered the barriers to entry into the industry. Independent artists, by disseminating their music for free through platforms such as YouTube, are more likely to get interest from other artists or businesses who would like to use their music.

In the case of live music streaming, the production phase switches directly to the exchange phase, as a live performance takes place in the presence of the final consumer. This is discussed in the following section.

Exchange

In the music industry, exchange is the point at which the music product is monetised and consumed. This still occurs through physical sales in brick-and-mortar stores as well as via digital music stores (e.g. Amazon). Nowadays, consumers listen to music mostly through streaming services such as Apple Music, and Spotify, to which music is supplied directly by the recording companies or by new digital aggregation services. Music then becomes a kind of service where access prevails on a piece of music ownership in the form of a physical carrier (e.g. an LP or a CD) or a digital file (Rifkin, 2001). It should be noted that today, the process of listening to music is possible thanks to the use of complementary goods such as digital devices, amongst which smartphones are central. Therefore, the IT sector plays a pivotal role in music consumption.

Media also provide a listening experience, for example via television, both through films and series, as well as on dedicated television channels (e.g. MTV, which was the first music television channel), and radio. The latter has traditionally been one of the main players (or gatekeepers): radio is a decisive factor for what music breaks into a market, and it is still a decisive factor for what music becomes a hit (Power & Hallencreutz, 2007). Such an activity has been supported not only by record labels but also by independent promoters who act as intermediaries between the artist (their manager) and the media. Moreover, thanks to the exposition or sample effect, consumers become aware of music and may be encouraged to attend a concert or buy recorded music in physical and/or digital formats. In addition to its promotional role, such an activity also serves as an additional source of income for the authors and performers (performance royalties). Today, playlist creators on streaming platforms and/or social media increasingly fulfil the role of music promoters, thereby becoming the new gatekeepers, as they determine which music, artists, and even genres users of the respective platforms will listen to.

In the live music stream, the exchange takes place at concerts, festivals, or events. The product, or rather the service – the experience of communing with the artist and their music – is offered directly to the consumer. Consumption is highly dependent on fashion and consumer tastes, and because cultural goods become more valuable when consumed in groups of people, value is not only captured but also co- or re-created by consumers (the network effect) (Leibenstein, 1950). Live performance is also a source of royalties, both authors/composers and occasionally performers.

Exchange can also occur through the collection of royalties, when music is placed in other creative products or performed/played in venues (e.g. background music in bars) (European Commission, 2017). Such collection is handled by collecting societies (e.g. CISAC is the international umbrella organisation grouping national societies). They transfer the collected funds to the artists directly or through music publishing companies.

The music sector is witnessing the phenomenon of cross-promotion, where diverse music products promote other products; for example, recorded music sold as a CD or through streaming platforms may boost concert ticket sales, and concerts are a promotion tool in that they expose the artist to the public (Hull, 2004) and help to sell recordings in both physical and digital formats. Therefore, concert agencies and record labels co-operate with each other to take advantage of the synergy effect in the most profitable way. Sometimes, each entity signs 360° contracts with performers to cover all activities, thereby maximising profits. Both promotion channels (recorded music and live performances) strengthen the artist's brand, which consequently translates into contracts in other creative sectors (e.g. video games, film, etc.). This activity is covered by music publishing companies.

Archiving

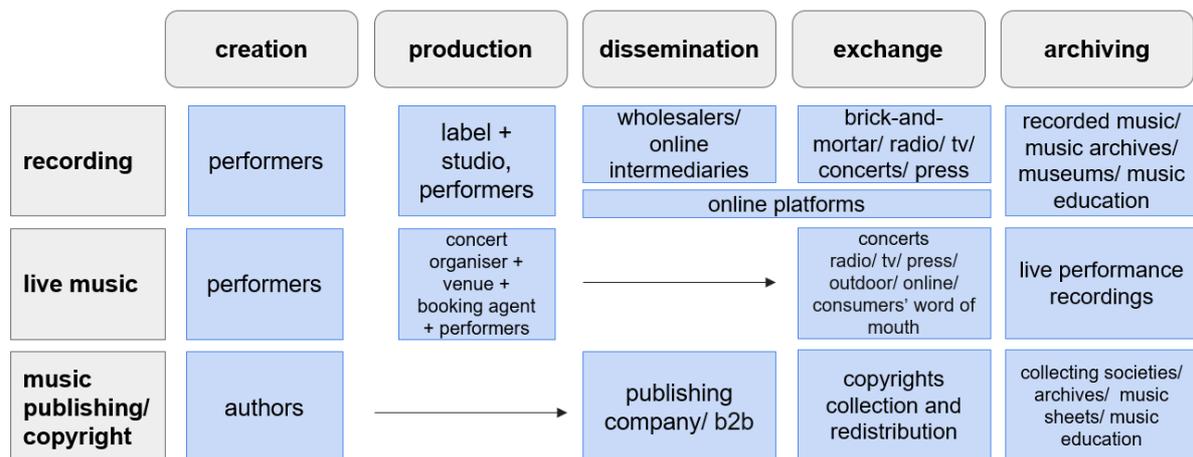
Considering the song as the central point of the project, the archiving phase may involve fixing music on paper in the form of a music score and/or recording it on a carrier (analogue or digital). Collecting

recordings can then be perceived as a form of archiving, be they master recordings (archived in recording studios, in recording companies, and/or in music publishing companies) or final products such as CDs, vinyls, and digital files distributed on the market. The physical products are mainly collected by fans in their private music archives, whereas the digital versions are stocked on servers of diverse organisations (e.g. publishing companies, digital intermediaries, and streaming platforms). Artists also perceive recordings as a form of personal archives of their artistic activity.

Furthermore, public music archives or music museums also exists where music of significant importance (e.g. by national composers and/or performers) is archived. Music can express the national identity of certain social groups (e.g. jazz for black minorities in the United States) and serve as cultural memory. In this case, music archives reflect cultural and social changes and may inspire artists to create new musical masterpieces. In Poland, the National Audiovisual Institute, Ninateka, archives and disseminates audio and video recordings of diverse musical genres online and for free: classical, jazz, pop, and ethno.

Collecting societies may also be considered as archiving institutions, since they have catalogues of songs (music scores) with the names of authors (composers and lyricists) and performers. The data is used to redistribute royalties for the use of music. Because all music is created in relation to and in dialogue with previously created music, how music is taught in music colleges and universities is also an aspect of archiving. The different value chain phases characterised above may then be broken down as illustrated in Figure 4.

Figure 4. The music industry value chain by stream



Source: own elaboration

Network types – identification of governance models

Through the industry analysis and the literature review described in earlier chapters of this report, we have identified a set of governance models that has informed the selection of the case studies. The first model is the division between leading companies and small, independent companies. Even though they share a similar structure and actors, the global integration and domination of the largest firms make them clear lead firms, shaping and influencing not only the production networks they are involved in but also the music industry at large by setting market conditions.

The recording stream is deemed to be an oligonomy (Hannaford, 2007; Janowska 2022) of ‘majors’ (three leading multinational companies) and thousands of independent or partly dependent recording companies (‘labels’), usually operating on a small scale (e.g. only in local markets). In the field of recorded music, the majors control the production, promotion, and distribution of music. They act as gatekeepers for artists (oligopsony) who would like to be signed, as this guarantees not only prestige but also wide, and even global promotion and distribution. On the demand side, these companies act as an oligopoly, influencing what music reaches consumers and when. Thanks to their market power resulting from management of a wide range of artists and music genres, as well as a developed organisational structure, resources, and promotion and distribution networks, they have a competitive advantage over small labels. Because their offer reaches consumers faster, better, and on a wider scale than for other actors in the music sector, they can, to a certain extent, influence consumers’ tastes and thus guide their choices.

A similar situation exists in the music publishing stream, which is also dominated by three international companies operating under the same banner, as part of the same larger structures as those of the ‘majors’ in the recording stream. Artists who work with these organisations are far more likely than other artists to have their music used in derivative products such as films, advertising, or video games. These hence represent an additional source of revenue for artists. In addition, music placement has a promotional function for recorded music and concerts, and a synergy effect thus works to the benefit of the artist or their project.

Moreover, the live performance sub-sector has undergone a concentration trend. There is a single, clearly leading company (Live Nation Entertainment), operating on a global scale, as well as several smaller companies working alongside this leading company. The global concert companies not only organise concerts for various artists, but also own venues and distribute tickets. In this way, they profit from activities related to the same project. They ensure the best concert time and place for the artists with whom they co-operate, without having to pay for such venues, thus eliminating the offers of smaller agencies (e.g. local concert agencies) by raising the prices to rent the most attractive venues. In addition, they attract consumers who also buy tickets for the event within the same organisation. When organising a festival, the leading companies can provide a wide range of artists, which also raises the barriers to entry for small, local operators and the events they organise.

Commercial and merit-based types of governance constitute the second set of governance models we identified. Commercial governance models involve typical popular music genres targeted at mass audiences. They are created under market conditions, meaning that artistic value, creative freedom, and innovation are less important than the economic goal. In this model, artists sign contracts with a record company or, more recently, with a concert company (the aforementioned 360° deals) not for a single project, but for a series of projects (e.g. music albums). Creative activity is somehow forced upon them for the producer to obtain a return on the investment made in the artist. Since the risk of a new project failing is much higher in the CCS than in other sectors of the economy, large companies are less willing to offer innovative products to consumers. In the history of music, one can point to such path-breaking genres as rock and roll and hip-hop, which were marketed by small labels. Only when they gained enough fans were they taken over by large record companies and popularised on a global scale, making large profits with a reduced risk of failure. Economic value creation is therefore a significant driver of production networks and their organisation in this typology.

The merit-based governance models we identified involve genres where reputation building and milieu recognition are key drivers of success. The musical genres include those such as classical music (e.g. opera), jazz, and folk music. Artistry, which is the result of musical education and work on technique, is of great importance here. Rootedness in tradition, in intangible cultural heritage, may be another important component. These types of products are aimed at specific consumer segments that have built up more cultural capital (in Bourdieu's terms) and are therefore less common than the typical music consumer. In this model, artists can focus more on the artistic quality of their work than on possible economic success. Institutions and individuals hold power and can bestow recognition onto musicians and artists; however, recognition here refers not to mass popularity but to an appreciation of high quality. This recognition becomes imperative to how the production networks are configured in this part of the music sector. The merit-based sector of the industry entails music activities that often depend on public support, as they are recognised as carriers of cultural value (e.g., aesthetic or historical). Within this sector, merit is the presiding form of value and recognition.

Lastly, we identified a governance model that is becoming increasingly common thanks to the democratisation of the tools for producing and distributing music, brought about by the falling prices of computer hardware, software, and access to online platforms. This has made the creation, production, and spreading of music easier than before the digital shift. Moreover, the process of disintermediation (i.e. the elimination of certain intermediaries) has enabled artists to take control of and manage the entire production network, meaning that they have power to influence every stage of production. This DIY model allows the musician and artist to fill not only creative roles but also managerial and administrative roles and has become both a free and easily accessible option for an artist who does not want to be signed by a label or is not at that stage of their musical career. The artist has (almost) full control over their work and receives all of the remuneration for their work. Building a DIY production network also means the artists perform tasks that are usually divided between several people, taking up a large part of the time invested in their music career. Getting noticed by intermediaries and keeping track of which intermediaries to be noticed by, also falls on the

shoulders of the musician. It is becoming increasingly common for artists to begin with DIY projects, where they start to develop a brand and build a following before they are considered by a record label or manager as a possible profitable investment. One important factor here is the number of fans: the larger the number, the lower the risk of failure for the company.

Network types in the selection of case studies

For the case study selection, we aimed to study variations of governance models. Here, we chose cases that represented the independent music sector governance model, studying two cases representing different models within this part of the sector: one in the commercial governance model and one in the merit-based governance model. An emerging independent Swedish singer-songwriter was chosen, operating in the commercial governance model and located on the side of a small independent label. For the merit-based case study, we also chose within the independent sector, but studying a genre where reputation and recognition through collaborations are key to success. To this end, we selected a Polish jazz trio and their production network. Both case studies are mainly operating within the independent music industry, where they produce music for consumption in a competitive market. Although these different forms of governance models can be observed, they are not to be considered as definitive or as the only possible models available in the music industry; they were the models we were able to identify through the industry analysis. In addition, the literature on the music sector often refers to the area of 'popular music', where the models of operation of large recording or concert companies are primarily analysed. Therefore, the limitations of being able to conduct fieldwork with selected artists seemed interesting to complete the picture of the music sector.

PART 2. Statistical mapping of the European music industry



2.1 Quantitative analysis of the music industry

In this section, first a quantitative analysis of the European music industry is performed on a European level using Eurostat data, followed by an analysis of the two countries in which fieldwork has been carried out, namely Poland and Sweden. The size of the sector is estimated using the number of employees and enterprises as indicators of the size of the industry. The analysis also highlights some difficulties that arise with these types of data collection for the music sector.

2.2.1 Europe

To create an overview of the number of enterprises and number of employees within the European music industry, statistical mapping of the music industry was carried out, using Eurostat data, on NUTS level 0. Eurostat represents the most coherent datasets for statistical comparisons of European industries, and it was therefore chosen as the main data source. By selecting NACE codes, the European industry standard classification system, data was downloaded and sorted by number of enterprises and employees per country and per phase in the production chain. The NACE codes were assigned a phase based on the activity they entailed. As NACE codes are developed by economic activities that are not defined by profession or the section of an activity, gathering pan-European data that accurately represents the industry and the production network of music is difficult. For example, radio broadcasting (60.10), is undoubtedly an important node for dissemination in the music industry, participating in the dissemination of music products, and it is part of the production network of a music product. Using the code, however, means that all enterprises and employees in the radio broadcasting sector are included, even though not all can be considered to work within the music industry. PR agencies are becoming increasingly important in the music industry, but they are found under the advertising code (73.1). Similarly, the number of musicians and live industry activities are present under the performing arts and artistic creation codes (90.01 and 90.03, respectively), meaning that including these codes will capture all of their related activities. Some activities in the music industry do not have a corresponding NACE code. Live venues, merchandise sales, streaming platforms, intermediary roles, and manager roles are examples of activities that do not have a corresponding NACE code. Furthermore, statistical mapping is difficult due to the many part-time and project-based workers within the industry, meaning that musicians and artists whose primary stream of income does not stem from their creative work are not included in the data. Finally, not all codes had corresponding data in all countries, meaning that some data is missing even within the selected NACE codes.

Nevertheless, having a statistical map to capture the scale of the European music industry, as well as how the music industry is dispersed between the European countries is important for understanding

the size and location of the European music industry. To solve some of the issues related to NACE codes, we selected those based on a ‘minimum’ set of NACE codes – activities that are unquestionably related to the music industry, but where employees and enterprises in the industry would not be covered, and a ‘maximum’ set of codes, where activities are performed not only in the music industry but also in other industries, meaning that the estimation of the number of employees and enterprises would be too high. An accurate estimation of the number of workers and firms active would then presumably be located somewhere between the minimum set of codes and the extensive set of codes.

Table 4 lists the NACE codes selected for the minimum set of activities and the extensive set of activities, sorted according to the phase of the production chain in which they occur. In the database, Codes 90.01, 90.02, and 90.03 (performing arts, support activities to performing arts, and artistic creation, respectively) only had Level 2 data instead of Level 4. This means that data was not available for all sub-codes, but was available for Code 90 in its entirety. To solve this, data for Code 90 was used only once in the statistical analysis, in the creation phase. This also means that other sub-codes of Code 90 are included within the material, which means that activities captured are not contained to the music industry – for example 90.03, ‘artistic creation’ is far broader than just the music industry activities.

Table 4. Selected NACE codes on NUTS level 0 for 2017, sorted by phase

Case	Phase	NACE	Description	Minimum	Extensive
Music	Creation	90.01 (*)	Performing arts	x	
Music	Creation	90.03 (*)	Artistic creation	x	
Music	Production	59.20	Sound recording and music publishing activities	x	
Music	Production	18.20 (*)	Reproduction of recorded media.	x	
Music	Production	90.02 (*)	Support activities to performing arts	x	
Music	Distribution	60.10	Radio broadcasting	x	
Music	Distribution	60.20	Television programming and broadcasting activities		x
Music	Distribution	47.63	Retail sale of music and video in specialised stores	x	
Music	Distribution	79.90	Other reservation service and related activities	x	
Music	Exchange	90.01 (*)	Performing arts	x	
Music	Exchange	73.1	Advertising		x
Music	Exchange	58.11	Book publishing		x
Music	Exchange	58.14	Publishing of journals and periodicals		x

Music	Exchange	82.30	Organisation of conventions and trade shows		x
Music	Archive	91.01 (*)	Library and archives activities		x
Music	Archive	91.02 (*)	Museums activities		x

Note: NACE codes were designated by minimum and maximum, with the minimum showing codes directly related to music activities, and the maximum capturing employees and firms indirectly tied to the music industry. An accurate number could be estimated somewhere in-between. Please note that NACE code 90.01 only exists as two-digit data and is present in more than one phase, but was only included once in calculations (in the creative phase).

By using the codes in Table 4, data on the number of enterprises and the number of employees was downloaded from Eurostat for 2017 per country and then organised into different phases. The results are presented below.

Total number of enterprises and employees in the European music industry

Table 5. Total number of enterprises and employees in the European music industry by phase in the production network in 2017

	Creation phase	Production phase	Distribution phase	Exchange phase	Archive phase	Total number in cycle of production
Total number of enterprises (minimum)	415 174	68 025	97 063	0	0	580 262
Total number of enterprises (maximum)	415 174	68 025	107 138	762 173	15 111	1 367 621
Total number of employees (minimum)	724 285	77 054	188 566	0	0	989 905
Total number of employees (maximum)	724 285	77 054	633 321	2 436 900	15 111	3 886 671

Note: The minimum corresponds to NACE codes denoted as minimum numbers, and the maximum to additional NACE codes of activities related to the music industry, where firms and employees in the industry could be labelled. Source: Eurostat.

The total number of enterprises within the European music sector ranges from 580 000 to 1 367 621, with the largest difference between the minimum and the maximum ranges in the exchange and archive phases. In these phases, no enterprises seem to be active in the minimum set of NACE codes, which is clearly incorrect as there would be no music industry to speak of. This is also true for the

number of employees within the sector, where the minimum collection of codes has no representation in these phases. By contrast, the large number of enterprises and employees in the same phases in the maximum set of codes overestimate the number of activities. Some of these numbers will be accurate, but not nearly as high in total, since enterprises and employees from neighbouring CCSs are included. The dissemination phase also exhibits a significant difference in the number of employees, between the minimum and the maximum sets, but not the number of enterprises, which is strange – it would be easy to assume that they should follow each other.

Number of enterprises in the European music industry

Tables 6 and 7 list the number of enterprises by country, first with the minimum set of codes and then with the extensive set of codes. Here, the same pattern can be seen as for the number of employees, as the exchange and archive phases are entirely different, making it difficult to determine what an accurate estimation would be, apart from being somewhere in the range between the minimum and maximum data sets. In other respects, the number of enterprises seems to reflect the population size of the country, with no direct country being prominently overrepresented in terms of its size. Outliers in the data, such as Poland, where the data indicates a small music industry, are due to the data gaps in some of the phases.

Table 6. Number of enterprises by country in 2017, by minimum phase. Source: Eurostat 2020.

EU state	Total creation	Total production	Total distribution	Total exchange	Total archive	Total cycle of production
European Union – 28	:	34 024	48 651	0	0	82 675
Belgium	8 775	775	675	0	0	10 225
Bulgaria	1 209	185	417	0	0	1 811
Czechia	6 085	3 073	1 659	0	0	10 817
Denmark	3 103	679	227	0	0	4 009
Germany	57 296	2 623	1 850	0	0	61 769
Estonia	2 496	93	281	0	0	2 870
Ireland	6 755	606	563	0	0	7 924
Greece	8 335	342	1 107	0	0	9 784
Spain	39 445	1 416	5 688	0	0	46 549
France	53 595	5 189	6 928	0	0	65 712

Croatia	597	160	464	0	0	1 221
Italy	29 939	1 379	8 382	0	0	39 700
Cyprus	:	10	48	0	0	58
Latvia	1 992	125	276	0	0	2 393
Lithuania	7 303	208	863	0	0	8 374
Luxembourg	392	23	37	0	0	452
Hungary	13 901	590	1 416	0	0	15 907
Malta	920	0	335	0	0	1 255
Netherlands	81 723	3 353	2 055	0	0	87 131
Austria	11 454	743	1 508	0	0	13 705
Poland	:	1 386	3 023	0	0	4 409
Portugal	23 889	435	2 040	0	0	26 364
Romania	8 475	469	854	0	0	9 798
Slovenia	5 110	179	639	0	0	5 928
Slovakia	1 599	291	281	0	0	2 171
Finland	7 006	722	1 753	0	0	9 481
Sweden	:	4 706	1 919	0	0	6 625
United Kingdom	33 780	4 241	3 124	0	0	41 145
Total	415 174	68 025	97 063	0	0	580 262

Table 7. Number of enterprises by country in 2017, by maximum phase. Source: Eurostat 2020.

EU state	Total creation	Total production	Total distribution	Total exchange	Total archive	Total cycle of production
European Union – 28	:	34 024	53 651	381 325	:	469 000
Belgium	8 775	775	722	8 373	3	18 648
Bulgaria	1 209	185	557	3 973	240	6 164
Czechia	6 085	3 073	1 756	21 421	151	32 486

Denmark	3 103	679	298	3 683	103	7 866
Germany	57 296	2 623	2 049	43 667	1 816	107 451
Estonia	2 496	93	285	1 564	33	4 471
Ireland	6 755	606	563	2 133	252	10 309
Greece	8 335	342	1 312	5 928	650	16 567
Spain	39 445	1 416	6 335	48 139	3 144	98 479
France	53 595	5 189	7 033	38 080	1 230	105 127
Croatia	597	160	511	2 678	20	3 966
Italy	29 939	1 379	9 109	25 186	1 037	66 650
Cyprus	:	10	62	595	:	667
Latvia	1 992	125	355	2 464	50	4 986
Lithuania	7 303	208	933	4 549	31	13 024
Luxembourg	392	23	51	567	2	1 035
Hungary	13 901	590	1 895	10 351	368	27 105
Malta	920	0	355	374	0	1 649
Netherlands	81 723	3 353	2 111	34 658	2 970	124 815
Austria	11 454	743	1 550	11 280	205	25 232
Poland	:	1 386	3 278	32 563	:	37 227
Portugal	23 889	435	2 103	6 297	232	32 956
Romania	8 475	469	1 095	9 548	393	19 980
Slovenia	5 110	179	796	2 722	114	8 921
Slovakia	1 599	291	312	10 078	107	12 387
Finland	7 006	722	1 773	4 187	70	13 758
Sweden	:	4 706	2 066	17 356	:	24 128
United Kingdom	33 780	4 241	4 222	28 434	1 890	72 567
Total	415 174	68 025	107 138	762 173	15 111	1 367 621

Number of employees

Tables 8 and 9 list the number of employees divided by phase and country in 2017. Table 8 presents the minimum set of NACE codes, where the same issue as was represented earlier arises: some of the

phases lack employees due to codes not capturing the activity in this phase. The Netherlands stands out in this set of data, with a number of employees equivalent to that of the United Kingdom, France, and other countries with much larger populations. The code that drives this number up is 90.0*, since it captures numerous types of artistic and artistic performance activities. If it is the music industry that makes this number stand out, or another set of activities remains unclear, but should be noted as the breadth of activities of this code remains unknown. For the other countries, music industry employees seem to follow the size of the country, both in the minimum sets of activities and in the extensive sets of codes, estimating the number of employees in the range between 989 905 workers, which is too low, and 3 886 671 workers, which is too high.

Table 8. Number of employees within the music industry, minimum set of NACE codes, divided by phase and country in 2017. Source: Eurostat 2020.

EU state	Total creation	Total production	Total distribution	Total exchange	Total archive	Total cycle of production
European Union – 28	:	44 869	96 647	0	0	141 516
Belgium	16 093	273	769	0	0	17 135
Bulgaria	1 960	429	754	0	0	3 143
Czechia	5 827	168	1 729	0	0	7 724
Denmark	8 447	633	498	0	0	9 578
Germany	134 773	8 507	10 846	0	0	154 126
Estonia	2 867	0	252	0	0	3 119
Ireland	:	636	741	0	0	1 377
Greece	29 305	684	2 081	0	0	32 070
Spain	89 285	1 921	10 291	0	0	101 497
France	82 366	4 652	14 262	0	0	101 280
Croatia	679	279	1 208	0	0	2 166
Italy	41 090	913	9 564	0	0	51 567
Cyprus	:	14	219	0	0	233
Latvia	3 204	134	437	0	0	3 775
Lithuania	5 597	95	960	0	0	6 652
Luxembourg	486	11	32	0	0	529
Hungary	26 960	468	1 722	0	0	29 150
Malta	1 035		335	0	0	1 370

Netherlands	97 730	1 395	4 328	0	0	103 453
Austria	17 446	1 280	2 125	0	0	20 851
Poland	:	3 654	6 754	0	0	10 408
Portugal	26 119	560	2 840	0	0	29 519
Romania	11 166	773	3 616	0	0	15 555
Slovenia	5 360	63	779	0	0	6 202
Slovakia	2 078	67	351	0	0	2 496
Finland	8 411	732	2 111	0	0	11 254
Sweden	:	2 277	1 797	0	0	4 074
United Kingdom	106 001	1 567	10 518	0	0	118 086
Total	724 285	77 054	188 566	0	0	989 905

Table 9. Number of employees in the European music industry, divided by phase and country in 2017. Maximum. Source: Eurostat.

EU state	Total creation	Total production	Total distribution	Total exchange	Total archive	Total cycle of production
European Union – 28	:	44 869	322 888	1 256 433	:	1 624 190
Belgium	16 093	273	2 150	16 596	3	35 115
Bulgaria	1 960	429	3 284	9 957	240	15 870
Czechia	5 827	168	1 349	21 529	151	29 024
Denmark	8 447	633	4 462	18 456	103	32 101
Germany	134 773	8 507	57 304	311 335	1 816	513 735
Estonia	2 867	0	549	3 155	33	6 604
Ireland	:	636	2 302	8 138	252	11 328
Greece	29 305	684	7 667	16 041	650	54 347
Spain	89 285	1 921	33 128	110 088	3 144	237 566
France	82 366	4 652	58 534	157 539	1 230	304 321
Croatia	679	279	5 136	7 731	20	13 845
Italy	41 090	913	18 158	72 355	1 037	133 553
Cyprus	:	14	942	1 839	:	2 795
Latvia	3 204	134	1 128	7 012	50	11 528

Lithuania	5 597	95	735	8 152	31	14 610
Luxembourg	486	11	12	1 929	2	2 440
Hungary	26 960	468	3 292	17 414	368	48 502
Malta	1 035		467	2 072	0	3 574
Netherlands	97 730	1 395	9 824	46 435	2 970	158 354
Austria	17 446	1 280	2 558	27 454	205	48 943
Poland	:	3 654	18 919	57 414	:	79 987
Portugal	26 119	560	4 622	17 470	232	49 003
Romania	11 166	773	11 270	29 464	393	53 066
Slovenia	5 360	63	854	3 055	114	9 446
Slovakia	2 078	67	735	12 821	107	15 808
Finland	8 411	732	2 864	14 313	70	26 390
Sweden	:	2 277	1 443	32 385	:	36 105
United Kingdom	106 001	1 567	56 745	148 318	1 890	314 521
Total	724 285	77 054	633 321	2 436 900	15 111	3 886 671

Open issues

Capturing the music industry using standard industrial classifications is troublesome. This is due to non-representative codes that are too broad, including many additional activities (e.g. Code 90.00 – artistic arts) with no data available for appropriate sub-codes, meaning that the data becomes an overestimation. On the other hand other activities, such as IT platforms or music venues, do not have appropriate codes, meaning that those part of the sector are not captured by the existing data.

Acquiring accurate numbers regarding the enterprises and employees available in a pan-European comparison is therefore near impossible using Eurostat data. This is useful to consider, as many of the official numbers presented by the music industry itself, in organisations such as Impala, use Eurostat data to estimate the size of the industry. Therefore, better and more accurate estimations of the industry codes that reflect the activities of this creative industry are needed.

International industry organisations such as IFPI, the Music Business Association, and Pollstar also collect data on the music sector from Eurostat. The problem of inaccuracy in data codes makes it difficult to estimate or obtain an accurate picture of the size of the sector. Typically, the same issues as discussed above appear in the annual IFPI (2022) report cited in this report, with codes either catching a related activity that is part of the music sector, or being completely missing. The IFPI report cites 2 million workers within the sector in Europe, but the accuracy of such a statement remains

unclear, as data sources vary. A consideration is that these organisations represent companies belonging to the music sector; the methodology adopted is therefore often a reflection of particular interests and may not represent the situation in the sector objectively. During data collection in preparation of this report, it was observed that a common alternative to reporting the number of employees and enterprises is to state the revenues and growth by the sector. While this offers some indication of the size of the industry, it leaves something to be desired when it comes to the economic impact of employment in the sector, as highly successful music products gain the majority of profits.

2.2.2 The music industry in Poland – statistical overview

In Poland, data on the music sector has been quite poor in terms of what is collected by various public institutions and through academic research. Furthermore, industry organisations such as the ZPAV (Union of Polish Producers of Audio-Video) are reluctant to provide any market data. Therefore, the report presents only data which we managed to acquire to date.

The source for estimates of the number of music artists in Poland is a report published in 2021 by Dorota Ilczuk and her associates, entitled *'Policzone policzeni'* (Ilczuk, 2021). According to the original list of professions, 18 750 artists are involved in music. With the correction and addition of new professions, this number is estimated at 19 100 artists.

Table 10. Estimated absolute number of artists by profession (2018).

	Profession	Number of artists
1	Accompanist/tutor	50
2	Actor of music stages	430
3	Arranger	50
4	Chorist	1 750
5	DJ	2 030
6	Conductor/band leader	130
7	Sound illustrator	50
8	Chamber music instrumentalist	1 200
9	Pop instrumentalist	4 000
10	Composer	1 200
11	Jazz musician	300
12	Traditional/folk musician	250

13	Orchestra musician	3 100
14	Church organist	500
15	Performer (interdisciplinary)	300
16	Other musicians	200
17	Music producer	100
18	Sound engineer	300
19	Classical soloist	300
20	Singer	600
21	Chamber music singer	100
22	Pop music singer	2 800
23	Interdisciplinary artist	50

Source: (Ilczuk, 2021)

According to the ZPAV report (Aktualności, 2022), in 2021 the total value of sales reached nearly PLN 486 million (EUR 103.35 million), which is a 28% increase on the previous year and lands Poland in 22nd place in the global ranking. Growth in both digital and physical sales was recorded. Sales of music via online platforms increased by nearly 40%, generating revenue of PLN 318 million (EUR 67.62 million). Sales of music on physical media increased by 10.4%, reaching PLN 167 million (EUR 35.51 million). Moreover, successive year-on-year growth in digital sales translated into over a 65.5% share of this form of music distribution in the overall annual results.

The most popular form of music consumption amongst Poles is streaming, which accounts for almost 65% of all media and formats. In second place, the CD has a 24.7% share, followed by the vinyl record, which accounts for 9.3% of the total. 2021 was also another year of growth for vinyl record sales. Revenues of over PLN 45 million (EUR 9.57 million) increased the share of LPs to 27% of physical sales and 9.3% of total sales.

What is interesting is that the most popular vinyl record last year was the last studio album by a Polish band Kult. In second place was Polish singer Kayah and Bosnia and Herzegovina musician Goran Bregović's album *Kayah i Bregović* released in 1999 and remastered in 2015. Adele was in third place with her album '30'. This shows that Polish consumers are willing to listen to music performed by Polish artists.

In 2019, a report was published on the music market in Poland, based on a study commissioned and funded by the Ministry of Culture and National Heritage (A Comprehensive Study of the Polish Market, 2019). The main conclusions are as follows:

- The value of the music market has increased, and there has been a systematic return to the pre-crisis values the market has faced since the 2000s;
- The share of independent record labels in the recording market has increased;
- The importance of streaming and the internet in promoting the popularity of artists has increased;
- The share of the concert market in terms of creators' revenues has increased.

According to this report,

- In 2018, 150 labels in the Polish market had revenues of more than half a million zlotys per year (EUR 106.33 million).
- Polish artists have received a total of over PLN 540 million in royalties (EUR 114.83 million).
- Sales of vinyl records reached over PLN 30 million (EUR 6.38 million). This constitutes approximately 14% of the value of sales of physical media in Poland.
- The concert market is the most diverse in terms of music genres.
- The percentage of Poles declaring that they had attended a concert was 44% in 2018.
- Only 8% of respondents indicated that concerts were their main source for listening to music.
- According to data from the Coigdzie.pl platform, around 90 000 concerts and music events were organised in 2018.
- About 7 000 concerts were registered with ZAiKS (collecting society).
- More than half of the concerts registered by ZAiKS were events for which performers received up to PLN 500 (EUR 106.33).
- In total, ZAiKS recorded PLN 40 million (EUR 8.51 million) in revenue from registered events.
- In 2018, 85 music festivals were held in Poland.
- In 2018, 24 000 classical music concerts were organised.
- In 2018, Polish organisations collecting royalties received PLN 6 million (EUR 1.28 million) from their foreign counterparts for playing Polish music abroad.
- Polish artists are most popular in Germany and in Scandinavian countries.
- Artists who are popular abroad are mainly those who are also popular in Poland. The exceptions are Polish metal bands, which are more popular abroad than at home.
- Polish composers of classical music enjoy international interest (e.g. Frederic Chopin) and film music.

2.2.3 The music industry in Sweden – statistical overview

According to branch data, total sales of all music products was estimated at SEK 12.4 billion (roughly EUR 1.16 billion) in 2019, and it dropped to SEK 7.2 billion (almost EUR 675 million) in 2020 (Portnoff, 2021). This loss of sales within the music industry is attributed to the loss of income from the live sector, which reported losses of sales up to 85%–90% because all activity during the pandemic years

had to be cancelled (Portnoff, 2021). Sales of recorded music is currently estimated to be SEK 1.6 billion (approximately EUR 150 million) (IFPI 2020), with an increase from earlier years, highlighting how the value of total music revenues has shifted from recorded products, which were previously the main source of revenue, to other parts of the music industry's networks.

Music industry revenues are indicative of the size of the Swedish music industry; it is an industry reporting several hundred million euros each year, but estimating the size of the industry in terms of workers or enterprises is a challenging task. Statistics Sweden, the country's official national statistics bureau, has two codes in its database of professions (SSYK) in Sweden that are relevant to the music industry: 2652, which covers the number of active musicians, singers, and composers in the country, and 3332, which represents the number of active event and travel producers. The latter code covers not only musical event producers but also other types of event and travel producers, and it will therefore yield a higher number of producers than is relevant to the music industry. As of 2017, there were 4 870 active musicians, singers, and composers and 2 578 event and travel producers. The official statistics do not have appropriate data on other professionals, such as music producers, staff at record labels, PR agents, and technical staff, but they are covered in much wider sets of codes. According to interest organisations, the number of workers in the industry is much higher, although the problem of data collection remains, and is highlighted by these organizations. Music Sweden, an interest organisation founded by IFPI, SAMI, and STIM, produces data on the current state of the music industry. In its latest report, the organisation found that approximately 10 000 people were employed in the Swedish music industry in 2017. Comparing this to the number of members belonging to these different industries, as well as the number of copyright holders at STIM (the national collection society), Music Sweden found that about 100 000 workers were involved in different parts of the chain (Musiksverige 2018). Not all these workers are active within the industry, but the report claimed that the number was a better estimate of the real number of actors in the music industry. Not all actors are full-time employees, and as with many of the CCS, their main source of income does not always stem from their activities in the industry. Calculating the size of the workforce in Sweden is difficult due to the variation and breadth of the music industry, but it can be estimated to be within the tens of thousands.

The number of enterprises is also difficult to estimate, with three codes applicable to the music industry (58.19, other publishers; 59.20, recording studios and publishers; and 90.02, support companies to artistic activities). These three codes do not begin to cover the total number of enterprises, as several parts of the production chain are lost for entities such as concert venues, bookers, technical companies, and the IT sector. According to the applicable codes, there were 10 138 different enterprises in the music industry in 2017, and this number rose to 11 444 in 2021 (SCB, företagsdatabasen 2022; Statistics Sweden 2022). These are a vastly higher number of enterprises than workers in the official statistics, but it still does not provide an accurate view of the industry, as many enterprises are lost in much larger codes or have no codes that cover their activities.

As the statistical mapping of the European music industry highlighted above, obtaining an accurate understanding of the size of the industry in terms of either actors or enterprises is a difficult task, as the way in which data is collected is not conducive to the structure of the industries.

PART 3. The fieldwork: analysis and results



3.1 Setting the scene: The music industry and the case studies

The fieldwork undertaken to analyse the production network of the music industry focused on two case studies, one in Poland and one in Sweden. The case studies were selected to reflect on two different genres of music, with two different types of governance models. First, fieldwork on the production network of a jazz band was undertaken – the jazz genre receives less attention amongst researchers and is significantly differentiated from mainstream genres. The second case was selected to represent the dominant part of the industry, popular music; here, we studied the network formation of an emerging artist within the independent record label sector. We chose a debuting artist, as the network was being formed and in process, and we could thus gain insight into how such a network is formed in an artist's early career.

Within each case study, a project was the central point of the analysis; in the case of the music sector, the project is most often the preparation and release of a music album. The concept of an album dates back to the days when music was released on the first carrier (i.e. a shellac disc). With the advent of digitisation, albums have become devalued, as the most common way for consumers to interact with music nowadays is through access to streaming platforms with a wide range of songs. Although these songs are grouped into albums by individual artists and can be listened to as such, consumers typically create playlists from songs by different artists. Thus, releasing an album might be not important to the artist. Furthermore, the main source of revenue for most artists is not recorded music, either in physical or digital form; it is primarily concerts: 'The top 10% of artists make money selling records. The rest go on tour', stated Scott Welch, manager for Alanis Morissette and LeAnn Rimes (Reynolds, 2022). However, for artists, releasing an album (i.e. a set of selected songs conceived as a coherent concept) is still important. First, it serves as motivation to develop new musical material, which can then be presented at concerts. The release of an album is usually a pretext to organise a concert tour, often under the same name as the released album. Second, it is confirmation of the artistic output, a trace of the path followed and an archiving of achievements. Third, for selected groups of consumers, an album is still the basic form of engaging with music.

The production network for most artists is limited to local markets, due not only to language issues (music in national languages rarely exports well abroad) but also to strong competition in the global market. Therefore, musicians often collaborate with other local musicians and use local music labels, and when they sign with one of the majors of the recording sector, it occurs at the local branch level. The same applies both to the use of songs in derivative works and to copyright management. Similarly, concerts are mostly played within one country or region. However, this local embeddedness at points in the network transcend the locality, as actors active in the network can also either have extensive reach co-operating with larger artists who have succeeded abroad or act as 'boots on the ground' for

artists wishing to build fan bases in the country. These above tendencies relate mainly to our second case: a young debuting Swedish artist.

For some artists, usually those who either come from major music markets (the United States, the United Kingdom, or Germany), sing in English, or perform instrumental music, and who present international potential, the production network can expand regionally or even globally. Giving concerts in various markets then becomes the primary international activity. In this case, international concert companies are employed (e.g. Live Nation), or partial reliance is placed on local resources. As far as recording activities and music publishing are concerned, it should be noted that artists with a supra-local scope are most often contractually bound to the majors, so it is difficult to decide whether the production network here is local or global. The recording production process is sometimes transferred to other markets; for example, music is recorded in a studio that offers special conditions or technical staff with exceptional skills. By contrast, rights management, especially when it comes to distribution via international and especially digital channels, is done on a global level. Moreover, digital distribution through streaming platforms with a global reach is done equally for both global and local artists. This applies mainly to our first case: a Polish jazz band.

3.1.1 Brief description of the cases

The first case study for the music sector is a Polish jazz band: Marcin Wasilewski Trio (MWT). The Trio was founded by three 15-year-old secondary music school students in 1990 in Koszalin, a northern Poland town of about 100 000 people. The band started out under the name Simple Acoustic Trio and quickly began winning awards on the Polish jazz scene. In 1993, the band's drummer changed to Michał Miśkiewicz, son of renowned Polish jazz saxophonist Henryk Miśkiewicz. In 1995, the first Trio album was released by a small Polish music label – Gowi Records. It was an interpretation of works by a famous Polish jazz composer Krzysztof Komeda. The album was positively received by critics and audiences alike, and the band was hailed as one of the greatest hopes of young Polish jazz. In 1999, the internationally famed Polish jazz trumpeter Tomasz Stańko proposed working with the band. This was a turning point in the young musicians' career. They played a series of concerts around the world and had the opportunity to work with foreign jazz stars such as Jan Garbarek, Joe Lovano, and Jon Christensen. Together with Tomasz Stańko, they have recorded three albums for the famous jazz label ECM, located in Munich. In 2005, they released their first album with ECM as an independent trio. To date, seven MWT albums have been produced by this label. The band has performed in several European countries, as well as in the United States, Japan, and South Korea, amongst other countries (MWT About, n.d.).

The second case is located in Stockholm, a city that is globally known as a highly innovative node in the music industry. It is the seventh largest exporter of music in Europe, and the largest per capita globally known artists and producers originate from this network, from the early 90s with names such

as Ace of Base, The Cardigans, Robyn, and Roxette to contemporary global artists such as First Aid Kit, Tove Lo, Zara Larsson, and Lykke Li and globally recognised producers such as Max Martin. The large music exports from Sweden have caused the industry to sometimes be referred to as ‘the Swedish wonder’ (Johansson 2021). This case study dips into the heart of Sweden’s independent music industry, studying how a production network is formed for an emerging artist in the independent music sector. The artist is signed through a licensing contract to one of the largest record labels in Sweden, excluding the majors. The artist had been set to release her first album in 2020, but it was delayed due to the COVID-19 pandemic. The album was initiated when a producer and studio owner with whom she was acquainted took interest in her music, inviting her to play at her studio together with a guest musician. The collaboration took off, and the two started producing her debut album, creating their own record label in the process. To disseminate the music and launch the artist’s career, they extended their collaboration to several additional actors: another record label to licence the music, a PR agent, and a live management agency formed the cornerstones of this collaboration.

Figure 5. Marcin Wasilewski Trio



Source: (MWT BIO, n.d.)

3.1.2 Case study methodology

As indicated above, the music sector is a diverse area because of the complex nature of the product itself, the diverse revenue streams, and the range of music genres, which are governed by slightly different laws and operating rules. At the heart of this sector is the creator and the song (musical

work) they create. Therefore, the starting point and a key variable in the selection of case studies in this area was to analyse artists from different musical universes to obtain a broad picture of the sector as a whole. In addition, considering that the area most studied is the music mainstream, often linked to the functioning of the largest actors in the market, we decided to select two cases located outside this sphere.

Therefore, a jazz band originating from Poland but operating internationally was selected as the first case. This band, on the one hand, operates in a rather niche music genre and, on the other hand, has a supra-local range. The second case study is of a debuting artist from Sweden. The artist performs in the wider genre of pop or Americana, within an independent network that produces music with long-term revenue goals. The artist's activity is thus limited to the local scale, but connected through the actors in the production network with larger geographical scales in their networks.

For the case selection, it was assumed that each case's production network functions differently and that the issues of value and model governance are also different. In the case of jazz music, the binding value is the artistic quality of the music and the artistry of performance, and relationships are largely based on trust and reputation. This determines the functioning of the entire network, in which – despite the undoubted necessity of operating on the market, in a commercial environment – the centre of gravity is located more on the side of cultural values than on economic value. In the production process, specialised technical staff and high-quality equipment are selected, and promotion and distribution are targeted to strictly selected consumer segments. In the case of the debuting artist from Sweden, the artist is just starting to establish a production network in an independent production network operating within a network of actors that produce mainly commercial music, with the vital objective to generate revenues in the long term. The type of governance here is related to that which exists in the majors, where the overriding objective is economic. This means that the main actor here is a recording company surrounded by a network of smaller and more numerous actors, and power is distributed horizontally.

The data for the analysis of the two case studies was primarily obtained from in-depth interviews conducted with various actors operating at different stages in the value creation chain in the production network. The environment of music professionals is quite hermetic, both in Sweden and in Poland.

In the case of the Polish jazz trio, a private contact was used as the entry point into the network to invite the band manager and representatives of several other actors to be interviewed. Some of the interviews, by contrast, were the result of a direct email enquiry and the acquisition of further contacts using the snowball method, based on recommendations from people who had already been interviewed.

In regard to the Polish case, it should be emphasised that any numerical data, including financial, was practically impossible to obtain. People interviewed either made it explicit that they did not want to reveal such data, or diplomatically avoided giving detailed answers on this matter. Certain financial information (e.g. the amount of royalties and the advance agreed with the record company) remains confidential. They are negotiated individually for each project (album). The band leader found the financial conditions satisfactory, both for him and for the band. Concerning remuneration for concerts or participation in music festivals, this data is also kept confidential. One of the reasons may be that the rates of particular artists are different, determined individually for a given event. Artists with a higher reputation are generally paid more, as the prestige of the artist is important for the venue. Furthermore, as explained above, data from the Polish market concerning the music sector is scarce. This scarcity applies both to statistical data collected by official (public) institutions in Poland and to scientific research on the music sector.

During the fieldwork, 13 interviews were conducted with actors representing diverse activities and phases of the GPN. Not every actor who was interviewed has co-operated (directly) with MWT; some of them were contacted because it was impossible to invite the right actors to be interviewed. This was mainly the case for the record label (Astigmatic label, one of the leading jazz labels in Poland, was interviewed instead of ECM), the event agency (one of the Polish leading actors in the field), the festival organiser (Festiwal Miasto Ogródów, a publicly funded niche music festival in one of the Polish cities), and the music publishing company (Sony Music Publishing, which does not deal directly with MWT). The choice of organisations performing similar activities was then made to understand the whole process and gain a better idea about the network. However, some actors (e.g. ECM) were mentioned in interviews with other network participants, and they thus appear indirectly in the analysis.

The interviews were mainly conducted via electronic means of communication (10 out of 13): video-conference or telephone. Reasons for this were, first, the pandemic period, which made people avoid face-to-face contact, and second, distance, as one of the interviewees lives and works in France, and some others are located in different cities in Poland. Only three interviews, the 11th, 12th, and 13th, were conducted face to face, in Warsaw, when the greatest pandemic threat had already passed. Interviews were held between December 2020 and December 2021.

Table 11. List of interviewees for the Polish case

PL	Interviewee	Role
1	Marcin Wasilewski (PL-Int. 1)	Leader of the band, composer, and performer
2	Sławomir Wrzask (PL-Int. 2)	Manager
3	PL-Int. 3	Sound engineer, recording studio owner

4	PL-Int. 4	Universal Music Poland, jazz and classical music distribution
5	PL-Int. 5	Instytut Adama Mickiewicza, state institution responsible for the promotion of Polish culture abroad
6	PL-Int. 6	Jazz Forum, the only Polish jazz magazine
7	PL-Int. 7	<i>Festiwal Miasta Ogrodów</i> , local music festival
8	PL-Int. 8	Astigmatic, indie jazz music label
9	PL-Int. 9	Music Export Poland, state institution responsible for Polish music promotion abroad
10	PL-Int. 10	Event agency
11	PL-Int. 11	Sony Music Publishing
12	PL-Int. 12	ZAiKS (collecting society)
13	PL-Int. 13	Tidal Poland, streaming platform

The second case is that of an emerging independent artist’s network in Sweden. This case was selected because it would be able to highlight the production network of (and actors involved with) an emerging artist as the network is being assembled. Finding willing participants to contribute to the research study was initially difficult, and many interview requests went unanswered. However, it became easier to establish interviews with other actors once contact had been established with the record label and the artist, and the researcher was subsequently able to reference them. This was interpreted as indicative of the operations of the music production network, where personal references and trust are an important dimension of the industry, as discussed further in the text (section 3.3.2). All interviewees were anonymised, as one or more actors did not want their name included in the report.

In total, 13 interviews were held with (a) all actors directly involved with the artist and (b) institutions such as the Swedish Arts Council and a venue booker. The interviews took place both face to face and via video conference tools, mainly Zoom, and they were then recorded and transcribed using software. Interviews lasted between 45 minutes and two-and-a-half hours. In both cases, research findings were coded using common codes in the larger CICERONE project.

Table 12. List of interviewees for the Swedish case

SWE	Role of interviewee	In person	Zoom
1	Artist	x	
2	Producer and studio owner	x	

3	PR agent		x
4	Live management agency	x	
5	Venue booker	x	
6	Record label – CEO	x	
7	Record label – Social media		x
8	Record label – Collective rights manager		x
9	Record label – A&R		x
10	Record label – Logistics		x
11	Swedish Arts Council representative		x
12	Swedish Arts Council – crisis administrator		x
13	Swedish Arts Council representative		x

3.2 Case 1: Marcin Wasilewski Trio

The Marcin Wasilewski Trio (MWT) case project involves preparing a music album – a selected set of songs at the heart of the project. Songs are recorded in a studio, mastered, and then compiled in an album. Although today music is distributed mainly through digital channels, especially through streaming services, where consumers listen to single tracks online, the traditional concept of a music album still exists in the industry, as already explained in the general part of this text.

The recorded album, released on a physical carrier (a CD) is then distributed through physical (brick-and-mortar) and digital (e.g. Amazon) channels. At the same time, digital files are distributed on digital platforms such as Spotify. The same music is also performed at concerts, during the band’s individual tours, as well as at diverse jazz music festivals. Copyrights (usage rights) to music created within the project can also be sold in business-to-business (B2B) models, which means the music is placed in traditional media, such as radio or music television (in this case, a derivative work must be made; i.e. a video clip), or sold for films, advertisements, or video games. A synergy effect occurs in the system, as radio broadcasting or the use of a song in an advertisement may boost ticket sales for live performances as well as album and/or individual song sales. The same applies to live performances, which play a dual role in the project: they can be seen as a product in itself and as a promotional tool for music (individual songs and albums), boosting album sales or online streams.

3.2.1 Phases, actors, and locations

For better understanding of the complexity of the Polish case network, first, the different phases of the value/production chain and the position of the different actors in each of these phases are presented. Second, the characteristics of the individual actors who participated in the study are described, along with the characteristics of those who play an important role in the network but who could not be reached. Information on the latter was obtained indirectly, from the other respondents. Finally, information on locations (i.e. the location and reach of the different actors) is developed.

Phases

The value chain for the MWT case study, analysed from the perspective of the project, revealed that not every phase is always represented in every stream within the music sector. The detailed analysis is presented below.

Creation

The creative stage consists of the creative work of musicians who are members of MWT. They create songs (they are authors and composers) and perform them on stage, during national or international tours, and at jazz music festivals. Performing, perceived as creative interpretation, is also seen as a part of the creative process, which is particularly important when musicians perform music created by other composers.

Creating songs triggers the value circulation in the value chain. Likewise, guest musicians are invited to participate in recordings and/or live performances, thereby adding creative value to the project.

Other actors can also be involved in the creative process, but as advisors. First amongst these actors is the label. As PL-Int. 8 stated, 'Also when we are on tour, we talk about what the next album should be about, what it should sound like, what we should do with it, etc. So it all [happens] as creation together with production'. (PL-Int. 8) PL-Int. 4 added that 'with artists, great artists who have already created milestones in phonography and reached absolute tops in the art of music during their career, with these artists there is simply only talk. When we are building a young artist, we can advise him. But at some point, there is management, and management makes the decisions'. (PL-Int. 4)

Second, managers can participate in decisions regarding the shape of the next album, as 'through discussions with the artist, with the artists, we sometimes try to reflect on some new artistic project'. (PL-Int. 2)

New songs or whole projects can also be inspired by a publishing company, which encourages its authors, on the one hand, to make their already written works public and, on the other hand, to create for a special request, for example for a commercial or a series. On the basis of a brief (demand description), the creator prepares a 'demo' (i.e. a finished version of the work), which the performer will receive to perform or the creator from another area will receive to use:

'As part of our creative activity, we try to work [...] with the author directly on his or her things which he or she 'has hidden in a drawer' [...] not made public. We can also work with such works, and we can also generate an additional stream of income from this [...]. Music labels, looking for new songs, are the principal buyers [...] of these songs written 'to the drawer' [...] or written for a specific purpose, on the basis of a brief, on the basis of commissioned references [...]. Our only influence, if I may put it this way, is to provide briefs ([i.e.] a description of the artist's or client's expectations [e.g.] advertising references), or [...] a hint that the artist would like something in this style, or something completely different from what he has recorded so far. [...] Artists need [...], especially at the beginning, such hints to somehow direct their potential [...] then this spiral of creativity unfolds [...] our role as organisers and people who create these conditions for artists is to give them space, give them time, and give them some inspiration'. (PL-Int. 11)

Production

The production stage involves two activities: recording songs and performing them at concerts. MWT musicians as well as guest musicians are involved in both activities; however, the ECM recording company, located in Munich, Germany, plays a crucial role in the recording activity.

The production starts with finding the right artist. Such an activity is two-sided in nature. On the one hand, the competent people at the label observe the market, including online, and look for interesting artists. As PL-Int. 8 stated, '[Sometimes we come across] a record that was already finished, and you have to 'retroactively launch' it because it just came out somewhere on the internet, on Bandcamp. We decided that it was good enough that it should be released physically, and we should make some noise around it so that people would know about it. (PL-Int. 8)

On the other hand, labels receive proposals from artists wishing to be signed. PL-Int. 2 was fond 'of a story by one of the young Polish jazzmen Maciek Obara, who joined the ECM catalogue in 2019, who himself talks about how he spent 10 years trying, writing to Manfred, sending music'. (PL-Int. 2)

The label representatives (in the case of ECM, Manfred Eicher) choose the recording studio, supervise the recording process, and produce the album:

As regards [the recording studios] he uses, for a very long time he [Manfred Eicher] has used the recording studio in Oslo, called Rainbow Studios, where the legendary records of such artists as Jan Garbarek were made [...] This specific sound [...], it was also created thanks to Manfred, but he also uses [...] a smaller studio in France, called La Buissonne, [and if he could not be present at the recording], then the material was mixed by Manfred Eicher, so some nuances were adjusted afterwards. [...] Yes, this is very important to him [...]. It is also fantastic that there is a huge cohesion here, not only in terms of music itself, but in the way it is presented [...] Cohesion in the context of taking care of nuances [...] Each element of the album

looks different [...] Manfred Eicher chooses the pictures himself [...] This is an author's record label'. (PL-Int. 2)

PL-Int. 8 highlights they 'are always in the studio with the one who controls the mixing table or the mouse at the computer, and the album is conceived together [...]. We know what we want to achieve, and it's not about crystal clear sound quality, something audiophile, because it's not always about that in music [...]. At the very end, our product has to be a masterpiece, which is why we [also] try to have the best graphic cover designers [...]. For me, it's as important as the record being good. (PL-Int. 8)

The contract with the artist is usually signed for one specific album, unlike in popular music. The first important factor here is mutual trust between the artist and the producer. This means that they agree on the terms of co-operation and inform each other about changes in plans. The second important factor relates to greater creative freedom for the artist compared to the mainstream area. Here, the producer allows the artist to decide when they are ready to create and record the next material. PL-Int. 8 stated, that 'Knowing that our relationship is a friendly one, when we start producing an album, we sign a contract for this particular album'. (PL-Int. 8)

The signing of the subsequent record must also fit into the label's accepted publishing plan. In the case of popular music, the system of overproduction is used, as the success of one project usually finances the failure of nine others (Janowska, 2022). The market here is rather buyer-driven. For niche music (e.g. jazz), the strategy is slightly different. Consumers trust a label with a recognised brand name in the market, such as ECM, and the label therefore cares about the highest quality of its products to avoid disappointing its customers. Consumers, for their part, also have confidence in the label that every project launched on the market is worthwhile. It is then necessary to plan the release of new works properly, such that the consumer's willingness to pay for subsequent productions does not decrease too quickly, according to the rule of decreasing marginal utility known in economics:

'We try to keep quite a discipline, not to release too many records in a year, but to make them good enough to be known and wanted. And we make plans [...]. It's about the concept of [an] 'annual releasing plan', so that if we released more records, they would have to compete with each other. [...] In my opinion, this is also unfair towards the artists, because we won't devote as much time to them [as we should]. We have a kind of release plan prepared well in advance, so when we receive any demo by artists who would like to work with us, we often sadly have to decide that even if it was the best material on earth, you don't know what would have to happen so that we would drop everything and want to put it in our release plan. We know how much time we want to spend on one album, what the annual cycle is, and how much we are [...] able to handle that year, plus how much the market will absorb'. (PL-Int. 8)

Nowadays, artists are often also producers, meaning that they record music 'in-house'. This is due to the democratisation of technology on the one hand and the requirements of labels on the other. In the latter case, labels want to receive a finished product from the artist without having to invest in the recording process. As PL-Int. 11 stated, 'it's a very common case where we have these one-man

armies, where the composer is also the producer and the lyricist, because there are also cases like that, and in the age of producing music in your bedroom, it's a very common case. (PL-Int. 11)

However, for some music genres, especially classical and jazz, where live musicians are playing real instruments (compared with electronically generated music), recording high-quality material still requires a well-equipped studio and professional staff. Therefore, MWT's last three albums were recorded in a small studio, La Buissonne, in France, chosen by the ECM head, Manfred Eicher. The owner of the studio, Gérard de Haro, is a sound engineer who performs the recording and mastering processes. As PL-Int. 1 stated, 'always in the case of ECM productions, it is the best people, with whom the head of the ECM label has a direct relationship; I have full trust here. Recently, we recorded in France; it turned out that this is a legendary studio'. (PL-Int. 1)

The band's live performances are organised and supervised by the band manager, Sławomir Wrzask. He fulfils numerous roles, depending on the country and/or city. Sometimes, he deals directly with the venues and festivals organisers (e.g. *Festiwal Miasto Ogrodów*); at other times, mainly abroad, he relies on concert agencies (similar to Alter Art) or booking agents. He handles the location, the technical aspects (e.g. a suitable piano on stage for the leader of the Trio), and the promotion of the concert. He also negotiates the financial conditions of the live performance, including remuneration for artists as well as accommodation and travel costs:

'In a few countries, we had this more or less official representation; that is, we had a booking agent, but at the moment the majority of the market [is] really in my hands. In the sense that I am responsible for booking the Trio and Marcin Wasilewski himself (i.e. his performances solo or in other projects with other artists in the majority of markets around the world) [...]. But there are very specific markets, such as the [...] Japanese, Korean, and Chinese markets. And it is precisely because of cultural or business dependencies and a certain standard of work locally accepted as the right one that representation in this market is indispensable to go there [...].

We don't have a fixed rate; I mean, I think it's necessary and fair that if we want to reach different places with Marcin's Trio's music and meet [...] fans who are interested in this music, where Marcin is invited and welcomed, we try to make our offer flexible'. (PL-Int. 2)

Entities generally active in other areas (e.g. distribution of recordings or live performance) are also often involved in the production of concerts. They can be recording companies (for the present case, ECM or Astigmatic Records) and distributors (in this case, Universal Music). This is because the synergy effect is important: in addition to CDs being sold at concerts, the concert itself is a promotion for the recorded material. This translates into higher demand from the consumer and can facilitate the distributor's negotiations with retailers:

'So we just don't really cover the concerts area [...]. On the other hand, we have a common thread which is called the artist and their work. And that's where we have an opportunity to

do some work [...]. So our duty is to co-operate with the company that produces the concert as much as it wishes, because it is the artists' management absolutely somewhere in between [...]. The aim of management is to take care of the artist in the best possible way, so that they have the most interesting and fruitful career in music [...]. Management then makes money if the artist has a long and happy career [...].

Manfred [Eicher, the head of ECM Records, said], by the way, on the occasion of Tomasz Stańko's funeral, that he appreciates what's happening in Wrocław, Bielsko-Biała, Katowice, but he would like us to organise a concert event dedicated to ECM in Warsaw, and we just did it. [...] In fact, this festival was the last official worldwide communication of ECM's 50th anniversary'. (PL-Int. 4)

Distribution

ECM, which produces MWT's recordings, co-operates with Universal Music's distribution services, which provides global distribution of CDs via both physical and virtual channels, as well as digital distribution, co-operating directly with online platforms (streaming):

'[We] distribute ECM Records extensively [...]; since 1997, we have been distributing them physically in Poland, since 2017 also digitally [...]. As far as [physical distribution] is concerned, each market has its own agreement concluded [...]. The terms and conditions are agreed separately between the company and the respective branches of our company. When it comes to digital, it is a global agreement'. (PL-Int. 4)

Physical distribution, even for jazz aimed at a specific consumer segment, is not a simple matter. First, the primacy of digital distribution has eroded physical distribution networks. Few specialised retailers remain in the market, while general retailers such as supermarket chains have changed their sales strategies in favour of the most popular repertoire. Second, the product life cycle has shortened dramatically – a trend that is also present in other economic sectors:

'The product life cycle in Poland is ridiculously short; it's not 18 months anymore.

As for independent retailers, there are maybe 25 such shops left in Poland, more or less [...]. These are people who absolutely understand what they do on the market; they understand music, and of course they make a living from it, but in fact they live by it – it's a way of life for these people [...]. We have Empik (the Polish retail network for, among other things, cultural products, computer accessories and the press), which has a certain commercial policy, and it doesn't necessarily give a chance to music, which is a piece of art [...]. We work very decently with Jeronimo Martins (a Portuguese owner of food superstores – Biedronka), but these are campaigns; it's not a permanent offer. These are commercial actions [...]. I mean, we ask them what they want. We try to prepare an offer for these campaigns every time [...], and it is the only retail network that we can talk to and co-operate with.

After all, there are no real distribution channels for records in Poland'. (PL-Int. 4)

With regard to international distribution of local artists, the deciding authority is always the head office, which selects projects with international potential. One of the elements for assessing this potential is not only the hypothetical demand for a given artist's music but also the fact that audiences will want to attend the artist's concert. A clear synergy effect is at work here, as touring in a given market increases the demand for recordings. As PL-Int. 4 stated, 'the fundamental questions are whether the artist we are talking about functions or has a potential to function in the international concert circuit'. (PL-Int. 4)

In the case of an established label such as ECM, the catalogue is distributed in most markets where Universal Music has distribution networks. For MWT, this creates the possibility of almost global distribution. For digital distribution, contracts are signed at the head office level.

In addition, concerts are an ideal place to sell albums:

'We first release the album, and then we show it to our colleagues in the head office, and at some point this is followed by internationalisation, which means international availability of the album on our network [...]. In the case of ECM, for example, the important thing is that the records are available at the festival. People like buying records after the concert'. (PL-Int. 4)

'Generally, I estimate that I sell stuff at a concert for PLN 1 000 to 1 500; at every concert, sometimes I run out of records'. (PL-Int. 8)

'But in digital, it goes much faster [...]. Universal Music Group, like all companies (majors), have global agreements [...], but we also have contact with Spotify locally, for example, and we are able to do some communication things, but it's absolutely always in agreement with our co-ordinators [...]. It's been almost four years since [we did digital distribution, and] we get involved in every element; we communicate together. [An example of this is] the playlist'. (PL-Int. 4)

The internet and, more precisely, streaming platforms such as Spotify or Tidal are currently the most popular channels through which consumers acquire, or rather interact with music. These platforms thus belong to both the distribution and the exchange phases. However, as far as digital distribution is concerned, it is noteworthy that individual artists cannot upload their works directly to streaming platforms. If they collaborate with the major labels (majors), these labels have agreements with the platforms to provide content. ECM, whose physical distribution is handled by Universal Music, also works through the major for the digital channel. Artists or small labels rely on the intermediation of new players that have emerged in this area. In Poland, the largest intermediary of this kind is the E-muzyka service:

'On the Polish market, such a player would be E-muzyka as the biggest digital distributor. They [...] are signed to streaming services (i.e. Tidal or Spotify). [There is also, for example, the

platform] CD Baby, and simply the artist signs a contract with them, sends them the files, and we as a streaming service get them. [If we sign a contract with E-muzyka, we get] the files from E-muzyka; then we are billing with E-muzyka'. (PL-Int. 13)

Exchange

The exchange phase encompasses the moment when the consumer listens to music. It may occur in several ways. Consumers traditionally bought music in music stores, on physical carriers (e.g. CDs or vinyls). For jazz music, exchange may take the form of record sales in offline and online music stores, which has already been discussed above. The exchange phase also refers to the dissemination of information about the product or project; hence, any promotional activities should also be included here.

Jazz music is directed at a more niche consumer segment than is the case with popular, mainstream music. This type of consumer values sophisticated music; a high recording quality; and a rather traditional, physical medium. Therefore, jazz producers prefer releasing music on physical carriers and sometimes struggle to convert to digital channels such as streaming:

'ECM has made its catalogue available on streaming portals after a long, drawn-out battle. He [Manfred Eicher] strongly resisted, but the major [UMG] gave him no choice. With an aching heart, literally crying, Manfred agreed to make the catalogue available'. (PL-Int. 1)

However, in this genre, an increasing number of consumers are also using digital channels, more as a source of information about music than as a means of consuming it:

'Even the most hardcore audiophiles are streaming at the moment, simply because that's how they get information, because we're there and we're talking to them. So they know that this or that artist has released this or that album, and therefore they also immediately start looking for it on a record'. (PL-Int. 4)

'We are exploring this market, and we see that it is growing, and [therefore] we would like to be an important part of it in our genre, and use it for promotion as well. If we have a higher number of digital views, well, then it is likely that maybe we are reaching a bigger audience who will show up at concerts and maybe buy the physical album. [There is also] a direct, maybe not on a monthly basis, but on an annual basis yes, impact. [...] it's an extra income, so we take care of that, and we want to be available and win on the big lists [playlists on streaming services], which can also be used promotionally; for example, we can show off that we're on a global playlist'. (PL-Int. 8)

'The playlist can be infinite in length, but you know that the first, second, third positions are the most important, so you negotiate these first positions; you negotiate the cover because the cover is something like the image of the artist that is shown [as the headline of the playlist]. That's also a part of the deal, because [...] two sides care, because streaming cares that it's a recognisable face, [and] the label cares that it's their artist'. (PL-Int. 13)

'[The internet] is a useful tool when it comes to my business and sales activities because, for example, when I see that thousands of people from Singapore are listening to the trio, it's an argument to try to organise a concert there'. (PL-Int. 2)

Streaming platforms are engaged by record labels and music distributors, such as Universal Music, to participate in promotional campaigns for new music projects. These are not exclusive agreements, as music is now actually placed on all possible platforms, but a particular platform may receive priority in communicating the new project. As part of such co-promotional campaigns, the artist uses the media (e.g. social media) to invite fans to listen to their music on a particular service. Special promotional events with the artist are also organised, which are only available to users of a specific service:

'When it comes to digital media, I work with our digital department, which gets material from us permanently and just locates it as it sees it appropriate. [...] certainly what we do and how we do it is not by accident, because we also have some publishing priorities. We have circumstances that are favourable to acting with one artist or another. In the past, it was also a concert'. (PL-Int. 4)

'The record label comes and negotiates with us that they want to do an outdoor campaign like this, and now there will be a message there saying, 'Listen on Tidal' or 'Listen on Spotify'; it depends on who's contributing to the business' [...]. People want to listen to the same content everywhere, and I think the race is not about converting people from one service to another but rather about who will be the first to reach the user's consciousness and become that destination service [...]. When it comes to exclusive content, we started doing it when the pandemic began and the concerts were no longer going [...]; then Tidal had the advantage that we also have video, so we could record some performances, like 20–30 minutes long, kind of exclusive concerts. [...] Then such material is ours, and we can use it for some sort of paid campaign'. (PL-Int. 13)

The media, especially social media, also have a promotional function thanks to influencers (including journalists in traditional media) playing the role of experts. However, this is not a particularly popular promotional channel for jazz music:

'The [artists] believe, and I agree with this a little bit, that we care about the most natural process of convincing our own fans, customers, consumers, whatever you want to call them, just through music'. (PL-Int. 2)

'[Influencers] are trying to be active in the market, but they are doing poorly because they are just incompetent [...]. It [the influencer trend in social media] will still grow, let's be honest. And it will only further increase disinformation around a project that is often a work of art'. (PL-Int. 4)

'[However,] there are situations [...] that music is presented by influencers that everyone could only dream of. And so recently, for example, Iggy Pop, because I think he's an influencer in a sense, because he's been doing a programme on one of the BBC's radio stations for years, presented a track from the Trio's latest album with Joe Lovano. I don't know how many people in Poland can have that kind of success'. (PL-Int. 2)

As indicated above, promotion through and in collaboration with streaming services is now one of the key elements of promotional activity undertaken by producers, music distributors, and artist managers. However, it is still carried out through traditional channels, such as radio or television, as well as visits to music fairs. The radio in particular remains the principal historical way in which consumers can experience music. Specific radio channels and programmes are devoted to jazz music, and cultural television channels broadcast jazz music more frequently than other media. They also invite the artist to special programmes to discuss their new project or simply announce its launch on the market:

'The working model of the jazz and classical department at Universal Music Polska has for years been based on good relations with journalists who cover music. [These are] mainly music media, jazz media sometimes supplemented by mainstream or lifestyle media'. (PL-Int. 2)

'We send out a press release, and it is not aggressive [...]. We send out a decent press pack related to a given album, usually a week before the release, to our mailing base, which we have been meticulously building over the years. There are foreign and Polish journalists, there are internet media, paper media, radio stations, television; [...] we simply have already built up a track'. (PL-Int. 8)

'[I myself] develop a network of connections in various ways. [These include, for example,] my annual visits to the International Jazz Fairs. [...] The biggest one like that takes place in Bremen named Jazzahead.de. [...] being present at these fairs [is] being in the game [which means] being known. [It is worth] to remind [...] the artist, because that's what it's all about, [it is also about] initiating certain relationships [...] sometimes sustaining them, and sometimes initiating a certain idea, an association, meeting a representative of another artist'. (PL-Int. 2)

'There's EuroSonic festival in Groningen, one of the biggest showcase festivals in the EU [...] for the industry. You can catch agent contacts there, make appointments, etc.'. (PL-Int. 8)

Likewise, specialised press fulfil the role of expert references and are a valuable source of information about what is happening on the jazz scene. The public can then rely on their reviews of new releases and live performances. In Poland, one magazine, Jazz Forum, founded in 1965 and devoted to jazz music, is the main reference for Polish fans of jazz. MWT's albums have been reviewed in the pages of the magazine several times.

Exchange also occurs at live performances, where the consumer interacts directly with the music. The organisation of a concert is the responsibility of the artist's manager, who works directly with the venues or, especially in certain markets, uses a concert agency or booking agent, as already mentioned

in the section on *production* in this part of the report. Organising a concert at a specific venue can be the result of either a request from the manager or a request that the band receives from the venue:

'On the one hand, these are my activities (i.e. going outside). On the other hand, these are effectively concert requests [...]. My domain is to be efficient [...] to [organise] the right number of concerts for the right fees and of course in the right conditions, in the right venues [...]. Within a given tour cycle, we try not to play one venue year after year [...] because we think that such a break is needed by everyone. Unless we have an inquiry from a particular venue [...] then we go there. In 2019, we were celebrating the 25th anniversary of the band, so we had an excuse to announce a tour in 2020'. (PL-Int. 2)

Apart from being a product (an experience for the consumer), live performance on tours and at jazz music festivals may be considered a form of or tool for promotion of the recorded music, as already mentioned above. As PL-Int. 1 stated: 'The record is also often bought at the concerts; it's also an important source of record sales. The more concerts you play, the more records you sell'. (PL-Int. 1)

When releasing a new album, the band or, more precisely, the band manager, Sławomir Wrzask, plans a concert tour. The same purpose is served by the Trio's participation in music festivals, both nationally and internationally. *Festiwal Miasto Ogródów*, organised by the city of Katowice in Central-Southern Poland, may be an example of such an event.

'We have that typical classical and jazz event: the launch of artist X with their album. [And] then we work with journalists. Of course, we have festivals that we somehow suggest [new projects] to. Anyway, generally they already know about it and are already dealing with it. [Our suggestion] is such a confirmation that we are talking about the same thing'. (PL-Int. 4)

This type of promotion is also sometimes carried out in co-operation with streaming services:

'It was so that [the label] gave [the streaming platform] tickets, and we organised contests [for users]. Generally, the labels have a pool; there are just some tickets that they can use for promotional purposes, and they can decide which media they choose. That's how radios get tickets for concerts, even though the organiser might be [a concert agency], for example. It's simply a pool for the record company and the distributor'. (PL-Int. 13)

Exchange is also possible indirectly, through other cultural or creative products or services, namely advertisement, films, and video games, even though jazz is not their producers' first choice. Music placement in these products is part of the music publishing stream, and the music publishing company (e.g. Sony Music Publishing) controls the process. A division of a global publishing company offers customers music from its catalogue, but international music is by far the more popular choice amongst producers of the derivative works:

'The ratio of licensing foreign works to Polish works is more favourable for the foreign ones. There are a lot of factors contributing to this, but probably the most obvious one is the recognisability of the works'. (PL-Int. 11)

The promotion of jazz which is considered to be valuable for national culture, also occurs through public institutions, such as Instytut Adama Mickiewicza (IAM) and Music Export Poland (MEP). IAM covers some costs of the Polish artists' international tours, whereas MEP organises meetings between musicians and foreign producers, promoters, or venue operators, as well as their joining in music fairs:

'It wasn't until the year 2000, when the Adam Mickiewicz Institute was established, that more tangible support appeared [...]; it was only then that people started to notice, for instance, jazz music, which is worth supporting because it goes beyond the borders of Poland by itself, and it was then that we reached for some airline ticket support'. (PL-Int. 2)

'The Adam Mickiewicz Institute works very closely with us, but it's mainly for concert activities [...]. It works such that it simply covers part of the costs related to transport'. (PL-Int. 8)

Archiving

Recorded masters, albums, and digital files can be considered forms of archiving. Master recordings are most often stored in the recording studio (La Buissonne has a vast collection of masters), as they are a perfect copy that is transferred to the recording company to make commercial copies, both physical and digital. Music lovers may view CDs or vinyls as collector objects. The cover of each album is carefully selected; there is also a booklet inside with photos and information about the band and the whole project:

'The version on vinyl [is] a work of art for me though, so if we're talking about archiving and about some kind of a work of culture that would outlive us, [...] and if in 100 years somebody would say that there was a [label X] in the history of Polish jazz around 2020, that's important for me, because that's why [I'm] doing it [...]'.

'We've incredibly developed our channel on Bandcamp and encouraged people to buy quickly [the physical products] by using the limited-edition sales model. Today, in fact, people already have to buy every title in advance just to have it. (PL-Int. 8)

Digital files are stored by ECM as well as on the streaming services' servers; however, the goal of such storage is purely technical. The collecting society (ZaiKS in Poland) also carries out a form of archiving, as it stores musical notations of songs and information about the authors. Publishing companies play the same role, but they store works for a specific, practical purpose, namely to be able to offer them to customers:

'The song has to be submitted to us. It can now be recorded online. That is, it can be transferred in mp3 format; it used to be music notes'. (PL-Int. 12)

'We have a global corporate system into which the works of our artists are uploaded [...] in the form of mp3 files. We use it [...] not to archive this intellectual property, [...] but to promote it to our customers. We organise playlists in this system; we send them to clients to whom we want to offer a particular song. It is a marketing tool'. (PL-Int. 11)

In Poland, a public institution called Ninateka (the National Audiovisual Institute) is responsible for the archiving of cultural goods important to national heritage. It houses, amongst other things, recordings of music concerts. These materials are made available to consumers online for free.

Awards represent another form of archiving. They are a form of highest recognition for artists and their projects, awarded by the music community. In Poland, the Fryderyks (named after Fryderyk Chopin) are awarded annually. The award was created in 1994, and the first Fryderyk statuettes were handed out in 1995. The decision-making body is the Phonographic Academy, which currently consists of more than 1,600 performers, creators, professionals from the phonographic industry, and music journalists. In Poland, the public status of the award compares to that of the American Grammy.

Actors

The network actors may be divided into three main groups, following the division proposed by Hull (Hull, 2004): the recording stream, the live performance stream, and the music publishing stream. This division reflects financial streams in the sector. An additional group has also been added, namely the support group, where actors are not directly involved in the activity, but they are part of the value or production chain. MWT is the central node of the network and the lead actor. The band's musicians comprise authors and composers of music as well as performers both in the recording studio (to record songs and albums) and at concerts. All three band members are professional musicians with professional musical backgrounds.

On the recording side, the strategic partner is the record company (ECM for MWT). The band, more precisely, Marcin Wasilewski, the leader, deals directly (without intermediaries) with the label, which means that he negotiates the terms and conditions as well as signs the contract to record an album.

ECM is one of the world's leading jazz labels, known for its exceptional attention to artistic and technical quality, mainly due to the charisma of its founder and owner Manfred Eicher. He produces all the recordings and chooses the recording studio. He also co-decides on the composition of the album, the final artistic and sound effect, and the aesthetic and cover design of the CD.

An additional actor that participated in the study, but who is not associated with MWT, is Astigmatic Records, one of the reputed Polish independent jazz labels. Its role is to shed light on the specific processes involved in the functioning of an independent jazz label.

Recording studio La Buissonne is a specialised supplier. The ECM label chose it to record MWT's three recent albums. The owner of the studio, Gérard de Haro, is also a sound engineer handling recording and producing the master copy used later to make physical (CDs) and digital (digital files) copies of the product. Physical copies are made in a pressing plant, which is chosen by the recording company too; however, the plant's role in the whole network is of minor importance: it acts as generic supplier.

Another strategic partner in this stream is a major in the recording sector, namely Universal Music Group, which acts as the distributor of physical and digital versions of the recorded music. It ensures global distribution of the Trio's albums and provides music in digital formats to streaming platforms.

The streaming platform Tidal is the last actor in this stream and serves the role of a specialised supplier. It provides the music distributor with technical solutions to offer music to consumers.

On the live performance side, the band's personal manager, Sławomir Wrzask, is the strategic partner. He is responsible for organising MWT's tours (i.e. contacting the venues and/or festival organisers [e.g. *Festiwal Ogrodów*]). In some markets, he acts through booking agents or concert/event agencies (e.g. Alter Art). All these actors play the role of specialised suppliers in the network.

The music publishing stream is represented by a music publishing company (e.g. Sony Music Publishing for this study); however, rights management for MWT's works is handled by a music publishing company subsidiary of ECM. In the network, the company fulfils the role of a specialised supplier. Its activities include searching for authors with whom the company will sign a contract, clearing administrative issues with the collecting societies, and finding clients for particular authors' music:

'[I work as] A&R, which means I select authors with whom the company signs a contract and sell sync, which means music copyright licences [...]. I'm looking for authors who are already on the market and feel that they're going to be successful right now, or maybe they've already been successful, or authors who we can help to achieve this success [...] strictly commercial success – that is, putting a song in a commercial or in a film, which simply generates additional money for them. [I also work] with an author's catalogue and suggest to our clients how to use a song, and our network of clients consists of advertising agencies, music consultants, production studios, film studios, wherever there is a potential to combine music with image.

I understand success [also] by regulating the issue of royalties [...] that is, regulating their relations with copyright associations and collective management'. (PL-Int. 11)

A collecting society (society of authors), ZAiKS, may also be included in this group. ZAiKS is a public institution responsible for collecting fees for usage of works by media and streaming platforms and for redistributing collected funds to authors and creators:

'ZAiKS was established so that these dispersed uses of works [...] would help authors to make money. Collecting societies all over the world [...] gradually gained legitimacy [and] contracts with institutions which made significant use of the works [e.g.] radio, television, philharmonics'. (PL-Int. 12)

ZAiKS is a member of European (GESAC) and global (CISAC) organisations whose role is to lobby on the supra-national level for the rights of the authors:

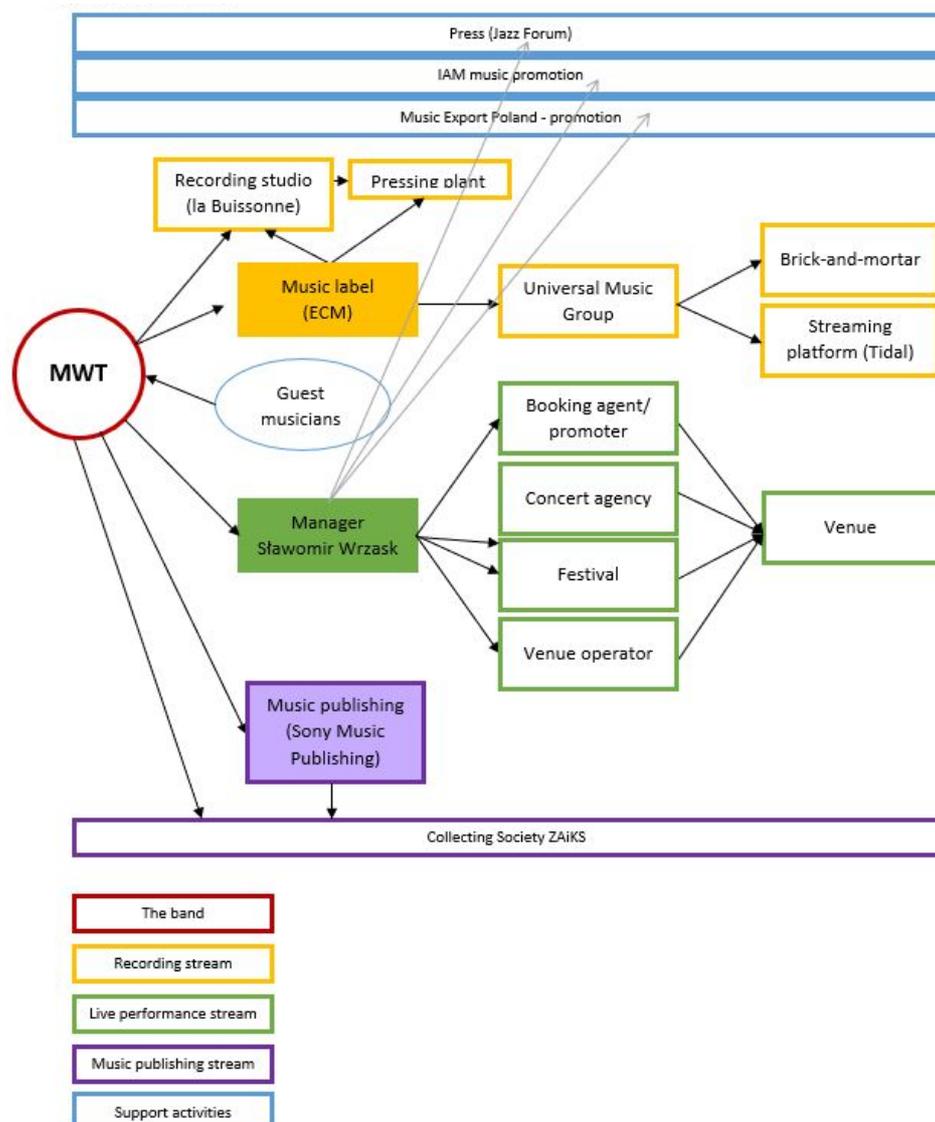
'There are organisations, such as the European organisation, that are concerned with achieving the best possible legal conditions for authors. The world organisation, on the other hand, has another important dimension of activity. In developing countries, it improves standards of activity; that is, it makes efforts to ensure that in places where the culture of exploiting creativity is not as developed as, say, in old Europe or in the Anglo-Saxon world, these standards are improved. It also takes care of the transfer of good practices [...] for the

observance of professional standards; it supports reports; it controls the way in which organisations operate'. (PL-Int. 12)

The last group consists of actors performing support activities in the network, mainly promotion. There are three actors in this field: specialised media, in our case represented by the only jazz magazine in Poland, Jazz Forum; IAM, a public institution (government office) whose role is to promote Polish culture worldwide; and MEP, a foundation created by two Polish collecting societies: ZAiKS (Collective Copyright Management Organisation) and ZPAV (Union of Polish Producers of Audio-Video), whose objective is to increase the export of Polish music worldwide.

To these groups, one may also add guest jazz musicians, the most often renowned in the jazz milieu, who are invited to record music albums with MWT and/or to perform together at concerts. This is the case for Joe Lovano, an American saxophonist and composer who was the guest musician on one of the Trio's recent albums and who participated in the tour promoting this album. These musicians play the role of specialised suppliers in the network. Figure 6 visualises the network of actors.

Figure 6. Network of actors from the point of view of streams in the music sector.



Locations

Instrumental music, of which jazz is an important part, is global per se. In this case, artistic excellence, the brand of the artist, valuable relationships (most often based on the artistry of musicians), and a certain form of courage to expand abroad are of major importance.

In Poland, the roots of jazz go back to before World War II. However, it was only after 1956 that an authentic jazz movement in Poland started to thrive, known today as the Polish Jazz school (Piotrowska, 2013). To this day, the Jazz Jamboree Festival, which began to be organised in Warsaw at that time, is one of the oldest jazz music festivals in Europe, and it has featured performances by artists such as Miles Davies, Ray Charles, Keith Jarrett, and Diana Krall (<https://culture.pl/pl/artykul/polski-jazz>).

Even though MWT originates from Poland and began its career by recording its first album in an independent Polish label, its activity is global. The Trio started by performing at Polish jazz music festivals and giving concerts in Polish venues; the band went to Germany shortly thereafter, where it performed in small German jazz clubs:

'We took the car, and we were doing 5 000, 6 000 kilometres. We travelled around Germany to some venues, some towns, where the earnings weren't great but we could evolve [...]; we were happy that we were travelling and playing jazz in good conditions. We were satisfied that we could just professionally live from this'. (PL-Int. 1)

The Trio started to record in Germany with the famous jazz label ECM, first as a band accompanying Tomasz Stańko, a Polish trumpeter already co-operating with ECM:

'Tomasz Stanko invited us to record the album 'Soul of Things' in 2001, and it is just after that that the producer noticed the potential in us as a young band, a trio that has its own sound, and we intrigued him with our music'. (PL-Int. 1)

The three band members also performed together on world stages, often with renowned foreign artists. Recordings were realised in diverse studios, for example in Norway and, for the recent album, in France, in an independent studio called La Buissonne. Furthermore, MWT signed with the German collecting society, GEMA, which still manages the band's rights. The Trio admits, however, that it may also have had a professional career in Poland:

'I could of course record beautiful music at a good super level. It is also possible in Poland. I work with the label ECM, which already has its channels, established co-operation, its studios. It doesn't need to come here to look for new people because it already has them, but you can make a great high-quality recording in Poland'. (PL-Int. 1)

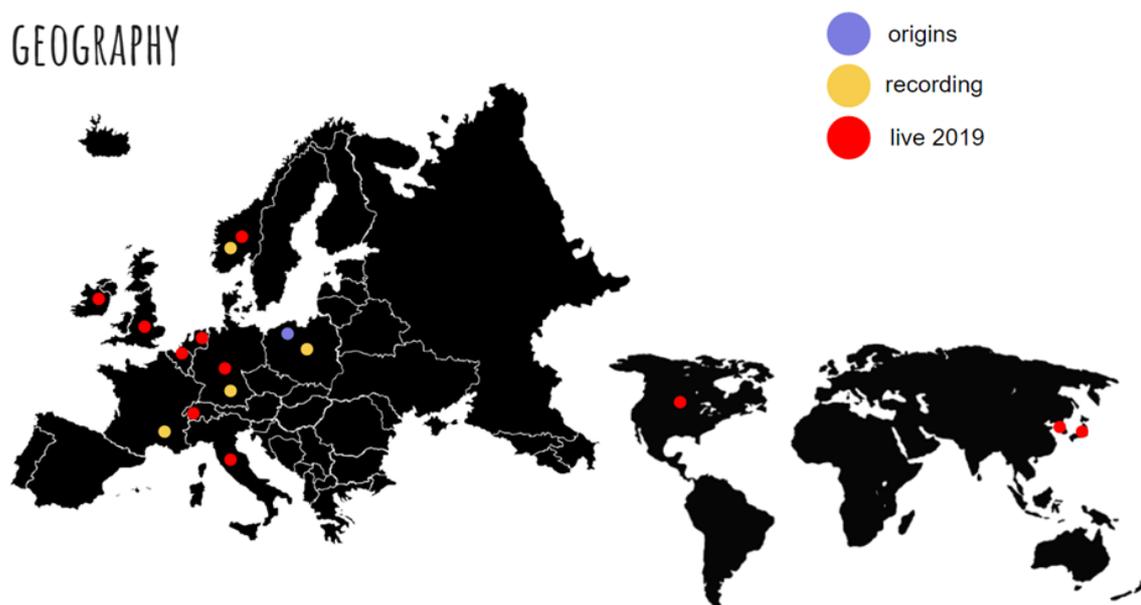
'You can have an interesting, valuable international music career while still living in Poland'. (PL-Int. 11)

For concerts, the Trio has co-operated for several years with a Polish manager Sławomir Wrzask, who also fulfils the role of booking agent and promoter. MWT performs worldwide; for example, their 2019 tour (before the pandemic) included countries such as Japan, South Korea, Ireland, Germany, Italy, Norway, the Netherlands, Belgium, the United Kingdom, and Switzerland:

'The second most important region is certainly Germany. Europe in general is very important for us, the United States, Asia: Japan, South Korea. The band has toured Australia, South America [...]. It used to be that we toured more abroad and now, since the manager came in, we've focused more on the Polish market. Because there weren't enough of us in Poland, and I felt a bit of a dissonance. Now it looks like we play a lot in Poland'. (PL-Int. 1)

The Trio's international activity is supported by Polish public institutions promoting Polish music abroad, namely IAM and MEP, as it is considered important for the promotion of Polish culture.

Figure 7. Main locations of Marcin Wasilewski Trio (MWT)



Even though the Trio's activities are global, especially in terms of concert activity and record distribution through the global Universal Music label, the key areas of activity take place in Europe. The band creates in Poland and performs frequently in Poland, taking part in various events. Recording activities are co-ordinated by the German-based ECM label, while the recordings themselves are made in European studios. Rights management is also handled by a company associated with ECM Records, which is based in Europe.

3.2.2 Relationships between actors

In the literature, it is assumed that in the music sector, the relationship between the different actors is primarily based on economic value (exchange value). The capacity of individual actors and the sector as such to produce this economic value, the contribution to GDP, and the potential for job creation are often analysed. The aforementioned assumption was also made at the beginning of the study. However, on the basis of interviews conducted with artists and representatives of various institutions (actors) operating in the music sector, in the area of a rather niche music genre such as jazz, this assumption has blurred somewhat against other relevant factors. Their characteristics are outlined below.

Despite the fact that live performances are the main revenue stream for musicians, the recording company is the strongest actor in the whole network. The strength of the label (ECM) is symbolic, based primarily on its reputation in the field of jazz music production. This strong reputation has been built on the charisma of ECM's owner and president, Manfred Eicher; on care for the high quality of the product (recorded albums) in terms of music selection, technical aspects, and the appearance of released albums; and on the label's previous artistic successes:

'This is a very good label, the best we can have in our corner of the world [...]; this is also a man, Manfred Eicher, who for over 50 years has been recording excellent musicians from all over the world and through his actions, through the selection of the artists he records, he makes them famous all over the world'. (PL-Int. 1)

Many musicians apply for the opportunity to work with this label, but only a select few receive a contract; the label thus acts as a gatekeeper. The barriers to entry are set high for artists:

'[Manfred] is not only interested in Polish musicians and Polish jazz systematically and systemically [...]. He simply follows what's going on in Poland. He has an excellent overview of which young people are emerging, [and] he asks the question, "well, but this young person, how does he function in Poland, does he participate in concert life, is he recognisable? Where is he in general, how is he communicated?" [He] looks at all this and there comes a decision: well, then we take this or that artist under our wing'. (PL-Int. 4)

The label chooses high quality, which in the case of jazz music means originality, innovation in creation and interpretation, and a high level of performance technique. The chance to match the consumer's tastes and the potential for (mass) market success are less important in this case because music projects shape tastes in this genre (the market is rather product-driven). Aesthetic aspects hence prevail over economic ones, especially for independent labels:

'Money is not the most important thing here [...]. Money is the result of certain activities; it is not the goal. And that is, it seems to me, the difference, because I'm not personally a person who would need to have an incredible number of zeros on my bank account. I'm more

interested in the process in life: how it's going to be interesting. [...] For me, human value has always been quite an important element here. I have the impression that the people I work with consider me to be an OK person, above all honest and reliable. I think that is of great worth. To have a good name, if you like. And that's what I care about'. (PL-Int. 8)

Being the source of power in the relationship, the label defines the financial terms and conditions of the co-operation with the band. In the present case, ECM appears to be a fair player. Moreover, other aspects prevail over financial ones:

'It's a bit like he's imposing the terms and conditions. I have a percentage there, and I would rather not negotiate it [...]. I haven't tried it yet because I'm satisfied. And working with this label gives me a lot [...]. I don't know many jazz or other artists in Poland who live from records, but I do live partially from records'. (PL-Int. 1)

'If a band releases a record, they have absolutely no expense; they don't take their wallet out of their pocket at all to invest in anything'. (PL-Int. 8)

The label exercises control over the production process also by selecting the recording studio with which it will collaborate on recordings. In this case, the studio's position is lower than the label's one. The record company dictates the terms, especially the financial terms, and defines the requirements for studio employees' competences:

'Sound engineer is important. How he works, at what level, but in the case of ECM productions, it is always the best people with whom the head of the ECM label is associated'. (PL-Int. 1)

The recording company also often influences the artistic shape of the project by aligning it with the label's music image. The power of the label is therefore important not only during the production stage of the value chain but also to some extent during the creative stage:

'The producer Manfred, who is a real creative producer who suggests things, cannot be overestimated [...]. We had good vibes with each other and similar tastes in music, a vision in which direction we wanted our music to develop, which brought good results [...]. It's not that he orders us to do something, but thanks to his experience, knowledge, and long-term co-operation with numerous other artists, he has a good overview [...] and intuition, which leads us [...] in the studio; during two or three days maximum of music recording, he can make the music change somewhere. We avoid shoals; he stimulates us in a nice way so that these two or three days in the studio are a really interesting, intensive experience'. (PL-Int. 1)

ECM operates as an independent label; however, it uses one of the majors, Universal Music, to distribute and promote records in individual local markets. The power relationship is to some extent balanced between these actors. On the one hand, ECM guarantees the high quality of its products, which increases the chance of their success in the market; on the other hand, the major offers international distribution and promotion channels, which in turn increase the global reach of the

products. Due to the fact that the director of the jazz catalogue in UM Poland is a former musician himself, the relation is based more on the quality of music than on purely financial and market reasons:

'I am a musician. I play concerts from time to time. [...] I graduated from the Academy of Music in Krakow [...] I also started a different kind of studies. First, there was a modest post-graduate course at the Warsaw School of Economics, called Studies for Cultural Managers [...]. After that I did an internship (in an orchestra as an art manager) [...]. In my process of education, my parents sent me to two schools in parallel: I went to a normal primary school, which was quite hard, and in the afternoon I went to a music school which was hard, too [...]. Within the organisational framework, we do what we as a company should do, but it goes further. It is not doing the duties of a distributor company. It is much more than that. It's a different relationship, a different conversation, a conversation between musicians and musicians'. (PL-Int. 4)

'This is such an understanding of the idea behind ECM and the attention to detail and also respect for the brand as such. For Mr Manfred. So it's like a business, but with a manager with a (musical) background'. (PL-Int. 2)

'Having been involved in music all our lives, we cannot resist leaning with our hats in our hands over this work that Manfred has done. Because he has made absolutely phenomenal jazz recordings. [...] And he has an incredibly sophisticated discussion with artists and market participants in countries that are completely unknown to us [...]. We simply learn so much from Manfred Eicher and from those artists who work with him. [...] Above all, there is a kind of phenomenal artistic taste'. (PL-Int. 4)

Nowadays, the majority of distribution occurs via digital channels; this is also true for jazz. The label is often responsible for signing directly with a streaming platform (such as Tidal); however, it may use the major's (Universal Music's) distribution network. In this case, the label and its intermediary hold the power due to their reputation and the scale of production (financial dimension). The streaming platform is keen to work with the majors, as they offer a broad portfolio of projects, which may translate into an increased network effect.

By contrast, with smaller, independent labels or independent artists, the streaming platforms have more negotiating power. The barriers to entry are high, as these services do not allow independent labels and artists to upload songs directly. Instead, they must use intermediaries, which are the new aggregators:

'We would like some singles from our records to appear [on playlists in other countries], because they can trigger interest in the rest of the catalogue. [...] we don't see the digital catalogue as something that's going to change our lives financially, but it gives the possibility that people will hear about [us] so maybe they will then buy a physical medium [...]. In the

Polish perception, if you have success, even a small one, but abroad, it is already better advertising'. (PL-Int. 8)

Moreover, the system of redistribution of subscription fees collected from consumers, as well as advertising revenue, favours the most popular artists according to the 'the winner takes all' principle. Revenues from streaming of local, niche, or emerging artists are at a low level. Moreover, the distribution of the remuneration from streaming favours performers and their rights.

The artist who co-operates with a recognised label obtains a certain guarantee of quality. The reputation of the label translates into the reputation of the artist, whose value as a brand increases, as well as the value of the product (project) produced. Thanks to the label's network, mainly concerning distribution and hence presence on other markets, the artist can easily co-operate with foreign musicians to realise joint projects, which increases their international reach. In this way, the artist captures the value created during the production phase:

'I could produce myself, set up a label [...], but as long as there is ECM, as long as Manfred is alive, I want to produce as many records as possible, because he's simply a great producer, and I know that behind there is the whole distribution machine, his artistic vision, and values that would no longer exist without him'. (PL-Int. 1)

The label also has both a direct and an indirect influence on the concert area. First, it initiates the organisation of concerts, as was the case with the label's 50th anniversary, as already mentioned above:

'Everything there, even the colours, was accepted by ECM, including the fact that, of course, the line-up of artists was agreed [...]'. (PL-Int. 4)

It can also act as an intermediary for the organisation of concerts by some institutions:

'Artists tend to decide for themselves when it comes to all the concert-related issues. But it happens, of course, occasionally, that we hear from ECM [about an event], or we have a proposal to play a concert thanks to them, or there is an idea that comes from them for a particular event, or we are recommended, or someone gets interested and directs their proposal to ECM'. (PL-Int. 2)

Furthermore, compared with other artists, those signed to ECM are more likely to be invited to international jazz festivals due to the confirmed value of the label's brand. It is also easier to establish co-operation with larger and more successful concert or event agencies in the market or to obtain bookings at more prestigious venues for concerts as well, because concert venues are more likely to invite established artists who are signed to a prestigious label. There is no direct power relationship on either side between the label and festival organisers or concert agencies, as they operate in separate areas of the project. However, concert and event agencies and music festival organisers take on the value created by the artist's collaboration with the label; as such, projects are easy to monetise:

'These records are distributed all over the world, and this is how I gain fans in Japan and Australia and England and the United States. Thanks to this, I can give concerts; I am noticed by festival promoters in various parts of the world, and also here I can present my music and earn money'. (PL-Int. 1)

Between the artist and festival organisers as well as concert agencies and venues, there is an intermediary: the band manager. His relationship with the band is a partner relation, as they work together for common success. Soft skills are key in his work: communication skills, flexibility, responsiveness, reliability, and wordiness. Relationships amongst all these actors are largely based on these skills, as not all issues can be stipulated in the contract. Mutual trust and the reputation of the manager and organiser play a pivotal role:

'My role is one of service [...] to create the best possible conditions for the artist to develop, to work at a given moment, and to support him in the long term [...]. I even joke that the profession of an artist manager is a kind of a public trust profession; that is, if we take those features which exemplify public trust professions, it seems to me that many elements appear in our relation [...] These are things related as much to intuition as to experience, [and] to intelligence [...] and certainly to knowledge, to competence, to relationships'. (PL-Int. 2)

The manager acts on behalf of the artist in collaboration with the distributor (Universal Music). Although the latter is a global profit-driven player, in the field of jazz not only the economic goal but also mutual trust and the quality of the product matter:

'We have a very good relationship with Universal Music Poland. It is also a very smooth co-operation, and we trust each other [...] Promotion, publicity is connected with the moment of a new album premiere and sometimes with a concert tour. [...] Very often we receive promotional support'. (PL-Int. 2)

In addition, personal contacts play a key role when it comes to organising concerts or participating in festivals:

'[...] inevitably I have to develop my network of links with concert organisers, concert halls, festivals, so that I can be known, because there is a lot of competition in this market'. (PL-Int. 2)

When it comes to the promotion phase, Jazz Forum Magazine; IAM, a public office promoting Polish culture abroad; and the MEP office play an important role. All of these institutions exercise a kind of power over MWT. Jazz Forum has existed on the market for almost 60 years; it is the main expert reference for jazz lovers in Poland. Its power is based on expertise, tradition, and the quality of work. It acts as a gatekeeper in the promotion stage, as not all artists and not all projects have a chance to be promoted, especially due to limitations of space, time, and resources. The barriers to entry for artists are high here. An artist's brand, confirmed by co-operation with a recognised label, amongst

other things, is an important argument for promotion in the magazine. Another argument for promotion is the quality of the project (originality, artistic level). Jazz Forum's activity enhances the value of the musical project by promoting it on the market. It also captures a part of the initial value, as it is vested in writing about projects meeting the interests and expectations of potential readers.

The roles of the two remaining organisations, namely IAM and MEP, and their functions in the network are slightly different. They are both public and hence publicly funded offices created to achieve one of the cultural policy goals: promoting Polish culture abroad. Relationships between each of them and the band, usually through its manager, are based on the quality of the project guaranteed by the ECM label's brand on the one hand and by the competence of the staff responsible for music in the institution on the other.

Personal relationships, mutual trust, and respect are of high importance as well. IAM, while funding a part of the band's international tour, wants to ensure that the image, behaviour, and quality of artistic work match the purpose of the organisation's activity, which is also the case for MEP. Both organisations act as gatekeepers for musicians, their power lying in funding possibilities that may translate into increased income for the promoted band from concerts performed abroad. Such an activity by both organisations is important for more sophisticated and less mainstream music genres (i.e. jazz), since their public is less numerous than that of their mainstream counterparts. Therefore, every opportunity to cover certain costs (e.g. travelling) allows the band to perform in distant markets, thereby increasing remuneration for their live performance activity.

A musical project can also be promoted by presenting it to the public at concerts. As already indicated above, elements such as the artist's brand guide concert agencies, venues, and festival organisers decision-making. The artist's brand is based on musical technical skills and artistic expression. Thus, the more qualified and skilled the artist is, the more likely they are to become successful. High quality is also guaranteed by the label and/or positive reviews in the professional press. All these elements may translate into priority in booking or more favourable dates and, in the case of festivals, an invitation as the main star of the festival. MWT's power in relation to concert agencies, venues, or festival organisers is different in Poland and abroad. In the latter case, being signed by a recognised label becomes particularly important, as the supply of artists is high. In this case, the artist has less power in relation to the mentioned actors.

Actors such as music wholesalers and retailers are involved in the distribution phase, both in physical and digital form. Music is supplied to them directly by an independent label or through the distribution channels of majors (Universal Music). In the latter case, the majors have a stronger position in the relationship due to the international scale of their operations and the wide range of different artists or projects that retailers want to offer the consumer. Therefore, independent labels, such as ECM, often sign distribution agreements with majors to achieve global reach.

Media such as radio, as well as concerts are an important element of the exchange phase. Media serve the purpose of presenting music to consumers (exposure or sampling effect), and the parties in the

relationship are the label or distributor on the one hand and the specific medium on the other. In the case of jazz, projects are either placed on stations dedicated to such music or on specific programmes on general stations. Decisions are made based on the expertise of the programme-makers, the artist's brand, and the reputation of the label, although the placement of a song in a playlist or programme may also be the result of agreements between a label or distributor, such as a major and the music director of the station. In this case, the major or established label has more power in the relationship. As far as concerts are concerned, the power relationship is the same as already described above in relation to the distribution and promotion phase, as the same actors are responsible for it.

In the field of music publishing, signing with a global publishing company such as Sony Music Publishing is advantageous for music writers and composers. Although local artists sign contracts with the local branch of the company, the affiliation of the subsidiary to a global company increases the chances of artists achieving not only local but also international reach. In this situation, the music publishing company is in a position of strength vis-à-vis the artists, also acting as a gatekeeper:

'We often say that having a publisher and a music label in the same company is not always the best solution for everyone, and there is absolutely no obligation to do so. By signing with a music label, you can have a publisher under the same roof, and it also works the opposite way, as we always say. That is, signing with one publishing company (e.g. Sony Music Publishing) does not in any way conflict with signing a record deal with any label.' (PL-Int. 11)

Artists with an already established brand are in a more favourable situation than new artists. It is easier for them to find placement because they are functioning in the environment and are known. In the case of new, young artists, the risk is higher, so the demands are also higher:

'Authors who are already well established usually come to us with a catalogue of well-known works, on which we can make an estimate that, first of all, we see the revenue history at ZAiKS. [Therefore, we know] actually how much these works earn, so we know what kind of business it is. Secondly, we know that it's a little bit easier for us to increase that business even more, because if someone comes with a well-known track it's easier to sell it for synchronisation, for example, because often [such an artist] already has a brand [...] With new creators, we try more to meet somewhere in the middle: between expectations and reality. Because we also always ask what the author expects from us, this is the starting point for a frank conversation, so that we know from the beginning whether we are meeting in the same place, whether we can meet the author's expectations at all. And usually such a conversation ends with some kind of consensus that, "listen, maybe not yet, but we are working with you and with this catalogue [and] probably somewhere in the perspective of the next two or three years, we will get to a point where we can offer you [better terms]". My job is to sign an artist based on my intuition and my sense of music, trends, and so on. That is, to sign such an artist who will generate royalties for the company and for themselves'. (PL-Int. 11)

The field of music publishing also includes collecting societies (society of authors), such as ZAiKS. They collect fees for the use of works in various fields of exploitation and redistribute them to the right owners: the artists and institutions owning economic copyrights. However, as they perform their statutory duty (copyright and related rights), there are no power relations between ZAiKS and the artists or the institutional rights holders. In fact, ZAiKS acts on their behalf and for their benefit:

'We do care that the position of the creators is represented and that they are not disadvantaged [...]. ZAiKS is an institution which cares for the creator and the consumer to feel good and to live in a world where creativity and imagination are respected, and where the creator can think about creation and concentrate on it and can rest secure in the knowledge that his money will come into his account'. (PL-Int. 12)

Yet, it is worth pointing out that a certain power relation exists between ZAiKS and, for example, broadcasters such as radio or television. The rates of fees for the use of works, which such organisations are obliged – by law – to pay to ZAiKS, are negotiable:

'They are negotiated and they are also confidential, so the results of these negotiations are only known to ZAiKS and the broadcaster'. (PL-Int. 12)

A different relationship exists between collecting societies and global platforms, which exploit artists' work and should pay appropriate fees for such activities. However, as explained above, the rates for artists from streaming services are low.

As for other platforms, such as Google and YouTube, for many years they have not been responsible for the content they have participated in transmitting, which in fact was the basis of their business:

'Until now, such services have operated under a so-called safe harbour; that is, they have been exempted as intermediaries from copyright liability. [...] The big revolution here was the Digital Single Market Copyright Directive, passed after long and hard battles in 2019 [...]. The directive just states that the intermediaries, since their position in the market is completely different now, they are huge businesses, they can no longer be exempted from copyright liability; that is, the directive imposes content licensing'. (PL-Int. 12)

The appropriation of value

When considering the governance model in relation to the individual actors operating within the analysed network, particular attention should be paid to where value is created, where it is enhanced, and where it is captured.

Value creation takes place at the first stage of the chain (i.e. in creation). Mainly the creators and performers participate in this process. The value is reinforced through the support of entities such as a label, the artist's manager, and the music publishing company. All of these actors can influence the creative process by advising the artists on the direction or the way to act.

The value of the product or project is also clearly reinforced at the production stage, and here the label with a recognised brand name in the market plays a leading role. In the field of jazz, the label brings significant value to the band's personal brand. The performers make up the second key actor; they add artistic value to the created content through their performance. The recording studio and its professional staff also play an important role, as the technical and, in a sense, the artistic sound value of the recording is strengthened here.

The value is also noticeably enhanced in the area of concert activities, thanks to the band manager and other actors involved in the preparation of live performances. Their professionalism ensures that the product (service) in the form of a concert is of the right (highest possible) quality.

A clear enhancement of value takes place during the distribution stage of the finished product (album), as the control of the distribution channels ensures decent and expected monetisation of the product. Here, the major (Universal Music Poland) plays an important role, acting as a distributor of products in both physical and digital form. In this stage, the second important actors are the streaming platforms with global reach. They give the product a chance to reach a wide audience. In the case of independent artists or labels, the value is further enhanced by new intermediaries or aggregators who place produced music on global streaming platforms.

Additional actors such as music promotion institutions (e.g. IAM and MEP) also contribute to reinforcing the value of the product by promoting artists' work in both the European and global markets. In this way, music has the possibility of reaching a wide range of consumers. Promotion further includes the (traditional) media, such as press, radio, and television. Additionally, the promotional activities undertaken by the label, in co-operation with distributors, streaming platforms, and the artist's manager, particularly reinforce the value through both the transfer of the label's reputation and the synergy effect. All of this contributes to reducing the information search costs for the consumer. Consumers can easily find information that, first, a new project has been released and, second, that its value is likely to meet their expectations (give them the expected satisfaction).

When it comes to value capture, institutional actors benefit the most, starting with streaming platforms that poorly remunerate creators and performers. Thereafter, value is largely captured by the label and distributor. The enhanced value of the product or project also significantly benefits the publishing company. If the company signs a contract with an established artist, its risk of failure in terms of music placement in other products is considerably reduced. In the case of emerging artists, the strength of such an institution also gives the company an advantage when it comes to acquiring value.

It is also noteworthy that value capture takes place outside the music sector. First, actors who use music in their works (e.g. in television series or video games) benefit from the value created in the music sector and thus reinforce the value of their products. Second, the IT sector (specifically streaming platforms/services, smartphone manufacturers, mobile operators, etc.), whose representatives develop their products, services, and business models, use the value created in the

music sector to enhance the value of its own products and services. At the same time, the remuneration for the value the IT sector has captured is not appropriate compared with the benefits derived from this capture of value.

3.2.3 Positioning the case within the typology matrix

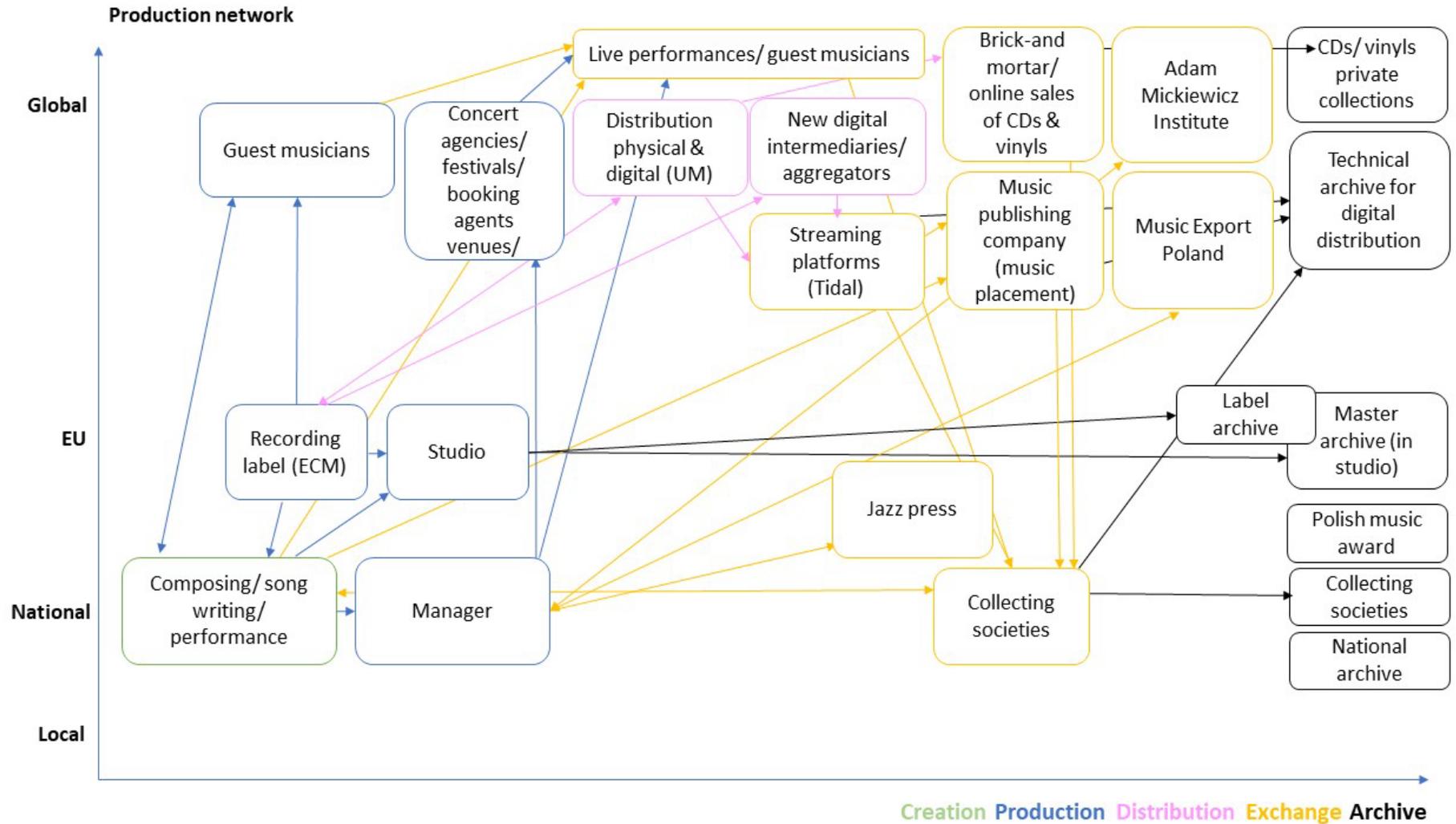
The network of actors and the interconnections amongst them are highly complex. Figure 8 (see next page) illustrates the spatial disposition of the different actors by phase of activity (creation, production, distribution, exchange, and archiving) and location (local, national, EU, and global). Some elements' location in space is not obvious, so the perspective of the creator/performer and their project has been adopted. Thus, for example, concert activity is performed globally, although each concert takes place physically in a specific place (locally). Regarding promotional aspects, organisations such as IAM and MEP are established nationally, but operate at the EU or global level.

In the merit-based governance model, reputation, trust-based relationships, professionalism, and concern for the art or artistry, for the highest quality of the implemented project, play a leading role. However, the present study shows that this type of relationship can exist not only in networks dominated by individual, independent actors – as intuition would suggest – but also in networks including institutional partners. The independent label (record company) is a key element in a network that is based on reputation and quality of performance. Other actors, such as the distributor (majors in the recording stream) and the music publishing company (also majors in their area) seem to consider relationships based on reputation and artistry to be more important than relationships based on economic (financial) dependence. This can be explained by the fact that a large proportion of the distribution and music publishing activities start in the national subsidiaries of the majors, where professionals with high knowledge and a pro-merit attitude are employed.

The label's reputation also influences the network configuration in the live music sub-sector, although here the relationship is rather horizontal. Artistry and artist branding are of major importance.

The situation is different in the digital distribution area. It is governed by global actors with technological roots and a strong position. Content is of secondary importance here, and the nature of the relationship is primarily economic (financial).

Figure 8. Production network of the Polish case.



Source: own elaboration

Table 13. Governance and spatial organisation of the Marcin Wasilewski Trio network

PRODUCTION NETWORK PHASES	Local/regional	National	Intra-EU	Global	GOVERNANCE
Creation	Creators	Creators			
Production			Lead actor		
Distribution				Strategic partners – private sector	
Exchange		Strategic partners – private sector		Distributor	
Archiving		Strategic partners – civil society			
Network level					Multiple lead actors

Source: own elaboration

In the case of the music sector, the typology matrix has to take into account the three sub-sectors into which the music sector is usually divided: the recording sub-sector, the concert sub-sector and the music publishing sub-sector. Within each sub-sector there are, on the one hand, the same actors and, on the other hand, actors specific to each sub-sector.

As far as the creation phase is concerned, here there is MW Trio - a music ensemble that both creates music (is the author) and performs it, which means it is the creator of the artistic interpretation of the works. It operates on a national level, as the musicians come from different Polish cities. In the production phase first we have an artist-performer, i.e. the MW Trio, that is present in all the sub-sectors. In the recording sub-sector, there is a recording studio and a label (recording company). We can consider these entities to operate on an Intra-EU level, as the band originates from Poland, the recording studio is located in France and the label in Germany. In the concert sub-sector, there are entities such as concert agencies or festival organisers whose role is to produce a live music event with artists and audiences. Concerts are organised in Poland, in Europe and beyond, so in this case the level is global. The production phase does not include the music publishing sub-sector, as the rights management companies use the product that has been produced in the recording sub-sector (music recording) and transfer the rights to the work to external entities, e.g. film producers, producers of commercials or computer games. The production stage is therefore skipped here.

In the distribution phase, in the recording sub-sector, there are, for example, streaming platforms that simultaneously operate in the exchange phase. This is because an exchange is made through these platforms: final consumers gain access to information about music and to the music itself. In the music publishing sub-sector, a publishing company operates in this phase, whose core activity is to place

recorded music in derivative works in order to generate revenue from the exploitation of copyright. In the case of the concert sub-sector, the distribution phase is skipped because the event production phase is directly followed by the exchange phase, when consumers are exposed to live music. All these activities take place on a global scale.

The exchange phase in the case of the recording sub-sector includes, in addition to the aforementioned streaming platforms, also traditional media, e.g. the press, through which the public is informed about the recorded music. The media (press) also play the same role for the concert sub-sector. However, the main element of this phase is the event itself: the music concert. As far as the music publishing sub-sector is concerned, in the exchange phase there are mainly collecting societies that collect payments for the use of recorded music rights and redistribute these funds to the entities entitled to receive them. These activities also take place on a global scale.

The archiving phase refers to the recorded music. Recordings on physical carriers such as vinyl or CDs, as well as digital catalogues held by streaming services, music publishing companies or even record companies can be considered as archiving activity. Information on music in the form of a description or scores held by collecting societies can be considered as a kind of archiving as well. Also, the recording of a music concert, whether for archiving purposes only or for release as a recording, be it on DVD, BlueRay or as a digital file, belongs to the archiving phase. Archiving also has a global dimension.

Power in the network is quite concentrated. The leading actors are both MW Trio and the band's manager, as well as the recording label, ECM, which - due to its reputation and very strong market position in the jazz music genre worldwide - has a decisive voice, especially in matters related to recorded music. Although the label is not involved in concert activities or the band's participation in jazz festivals, its reputation is an important factor influencing the strength of the band itself and its manager.

3.2.4 Dynamics: Changes over time

Recent years have seen intense changes in the music sector, partly due to the digital revolution and the emergence of digital distribution channels. First, the formerly clear divisions between the different streams of activity are blurring. The companies in different streams (areas) operate more horizontally, collaborating with one another in a number of ventures and also involving new intermediaries, namely streaming platforms:

'Our role today is different from 10 years ago. Of course, it's still about record sales, but it's the sum of physical sales and digital exploitation. It's also still about the artist creating a piece of work, releasing it in some way and then actually doing a tour because they've created a new piece of work and people want to hear it live, so those mechanics haven't changed; what's changed is communication [...]. The company is really more of a music company than a record

company at the moment [...] we have a whole department that deals with brands, with companies that need artists to communicate their business. And it's not only about synchronisation for commercials, for films or for theatre productions, but it's also about artists' participation in certain events'. (PL-Int. 4)

'[Streaming] is the form in which the whole world consumes music [...]. We don't know what will happen in the future, there will probably be something new, some other form to which we will also have to adapt. But at the moment, it's definitely a place or a medium which, when compared to the previous years, increased the consumption of music and the access of all people in the world to music'. (PL-Int. 11)

'As far as digital is concerned, in general our decisions are determined by the current results of analyses carried out by our own or external companies. [...] The music business is digitising rapidly at the moment [...]; we have been digitalising for more than 20 years, because Philips, who owned us [back in] 1998–1999, gave the push to digitalise the catalogue'. (PL-Int. 4)

ECM, which ensures the distribution of MWT's albums, acting through Universal Music Group, has long resisted distributing its catalogues on digital platforms, mainly in the streaming model, which has already been highlighted above. Its main concern was that streaming as a way of distributing music is inefficient. Providing consumers with access to millions of digital files in exchange for an extremely small subscription fee deprives music of its value:

'A single subscription fee on any of the services certainly makes it easier and broadens access for many people. The downside, of course, is that it dilutes the price of a single play or a whole album'. (PL-Int. 11)

Furthermore, digital distribution also favours the cannibalisation of physical products by their digital substitutes, even though it seems that jazz music is less susceptible to this phenomenon:

'Recording is still an exploitation [of works], and it's still a business. Because let's remember that very often, where physical sales decrease, digital actually comes in as a substitute. And in classical and in jazz, the process is slower because, here, there is also an element of quality, a slightly different experience, pleasure, and contact with the product [...]. The business is going to change a lot in terms of record sales. However, I think classical and jazz record sales are likely to continue. It will be a different sale, and I don't know if there will still be vinyl. This fashion may well die out, but the record, some form of record [...] maybe it will be a DVD, will stay, because there will always be some group of people who will want a different contact with music'. (PL-Int. 4)

Moreover, artists' (as well as producers') remuneration for music distribution in streaming services is dramatically low:

'Unfortunately, I have to say that this digital technology dressed up in streaming portals does not allow an artist to function at a decent financial level'. (PL-Int. 1)

'Services such as Spotify, which is operating in a different business model that appeared fair, are completely different [...]; these are institutions which sign licence agreements with collective rights management organisations, but here, of course, the devil is in the detail, and we should ask what the royalties are – that is, whether digital music consumption, for example, brings creators adequate remuneration in comparison with, for example, the situation when these streaming services did not exist'. (PL-Int. 12)

'For every click [...] probably 70%–75% is distributed for performing rights – that is, really for the phonogram [...] – and the remaining 25%–30% is distributed for economic copyrights [...], so it also shows these imbalances'. (PL-Int. 11)

'With streaming it was like with ringtones. It started as a beautiful enterprise [technical innovation], but then somebody realised that music still needed to be played [using these inventions]. And that's when the discussions started. After all, to this day, this model doesn't really correspond to the wishes and expectations of artists. [...] Where the artist has understood the mechanics [of doing things], they have started to behave in a way that brings them closer to the users of these services and makes them just popular there. [Today] operators have understood that only in collaboration with those who produce music, create music, only here do we really have a future'. (PL-Int. 4)

As discussed previously, streaming can sometimes be an additional source of income, although it is mostly perceived as a way of promoting other artistic activities, such as concerts or recordings on physical media. It also builds the artist's brand:

'With an ever-growing catalogue, we feel that it also gives us some extra element of "money for nothing". I call it "money for nothing" because theoretically, [music] placed somewhere [online], and [...] it brings in a few hundred pounds a month. So at the end of the year, when this money is distributed to the artists and so on, we see that digital has actually earned something there. But to base our business on that, it's completely [impossible], well, because it would need to make millions of views [...]. Last time we checked the statistics, it breaks down more or less, depending on the title, but globally taking this statistic, our customers on Bandcamp, it's 60% foreigners, 40% Polish'. (PL-Int. 8)

Technological change also brings challenges and opportunities for collecting societies. They must adapt their way of functioning to the new modes in which both individual and institutional users utilise cultural goods. This may represent a promising new area of activity for them:

'As technology changes, these challenges for collecting societies are increasing [because] there are more ways to use creative works. Technology is evolving, and culture is basically available

now in a very simple way, not just when we go to the theatre, to the philharmonic, or to a concert. But also when we take our phone out of the pocket, we basically have the whole music base or access to films. It is such a handy Cultural Centre. So organisations like ZAiKS make sure that the law keeps up with technology. It is actually impossible for an author to physically be everywhere their works are played or used. This is why authors associate with organisations such as ZAiKS, so that ZAiKS, on their behalf, authorises the use of their works; that is, grants licences, collects royalties – that is, the author’s remuneration due for the use of creative work. And then it would distribute this remuneration, and that is not so easy’. (PL-Int. 12)

The redistribution of remuneration in a digital environment can be facilitated by today’s latest technology, namely blockchain:

‘First and foremost, the advantage of this technology is the full transparency of the royalty flow [...]; thanks to this, every creator or artist can see who has consumed their music, where, and in what quantity’. (PL-Int. 11)

As the market changes, the role of recording and publishing companies and collecting societies evolves, and so does the role of the artist’s manager:

‘[There will be an increased role for] artist management, who will be able to provide a complex [...] service, who will work holistically with the artist to build him up. Or, if he is already built, to properly develop his career’. (PL-Int. 4)

When it comes to the COVID-19 pandemic, the live performance stream was the most affected. Music bands promoting their new projects had to cancel their tours:

‘In spite of the pandemic, we released a record which unfortunately we could not perform, a record with a very famous American saxophonist Joe Lovano [...]. The crisis also clearly showed how many people were out of work; there were [anti-crisis] shields implemented [by the government], but it wasn’t just musicians, performers, it was also the stage industry, the production industry, which got hit very hard’. (PL-Int. 1)

‘Let’s just hope that another pandemic will not come along so that we do not lose the work we have been doing because, to be honest, it has killed a lot of export potential: where we were supposed to be and where we did not go but were supposed to go’. (PL-Int. 8)

‘Crisis shields’ have been launched by the government – by the Ministry of Culture and National Heritage, amongst others – and by collecting societies for their members:

‘It turns out that in a crisis situation, when suddenly there is no money, an association which supports its members financially by paying out, for example, financial allowances to people who find themselves in a difficult situation, is a very valuable institution, and it is worth functioning in such a network’. (PL-Int. 12)

The crisis has also unleashed the creative potential of artists, as they are often the initiators of new solutions:

'[In the face of a pandemic,] no one has digitised as quickly, I feel, as classical artists. This process of quick education and understanding of what we need to do to not only save what we're doing, but to continue to do the same things in the future, at the level we want to do it, has happened absolutely in a flash [...]. The crisis is imposing a certain professionalisation of activities and the need to look at the costs of our business'. (PL-Int. 4)

3.2.5 Impact

The functioning of the various actors in the music sector within the production network has economic, social, and cultural impacts on the economy. The contribution to GDP and job creation falls into the economic dimension, while the working conditions of the actors in the sector fall into the social dimension. The cultural dimension relates to the cultural value that music conveys.

Economic impact

As already been stated in the introductory part of the report, the music sector accounts for approximately 4.4% of the EU's GDP and 12 million full-time jobs across Europe (IMPALA 2016). However, as jazz is a niche genre, its share of global recorded music is 1.4% (Music©right's blog, 2018); therefore, the level of impact of MWT's activity on the economy is quite insignificant compared with that of the whole music sector. Moreover, it was impossible to collect financial data during the fieldwork, and the economic impact assessment can thus only be expressed in descriptive terms.

Some people in the MWT network are self-employed or work as freelancers (e.g. the artists [musicians of the band], the manager, and the recording studio owner). Their revenues are irregular and based on the projects they realise. MWT, however, living and creating music in Poland, co-operates with a German label to produce their music, and the copyrights are managed by the German collecting society GEMA. Revenues from recorded music are thus rather on the German side.

The ECM label, which is highly reputed in the jazz milieu, is a small author company located in Munich. Even though the label has produced more than 700 albums by diverse jazz (and also contemporary classical) musicians for more than 50 years, a limited number of those musicians' sales have been of significant economic importance (e.g. Keith Jarrett's 'The Köln Concert' sold more than 3 million copies). When producing albums, the label co-operates with a few actors, such as a recording studio for recording and mastering the recorded music, a pressing plant to produce physical copies of the albums, and photographers and graphic designers to design the CD booklets. Recording studios are often small entities employing only a few people (e.g. Studios La Buissonne, where two people work: the owner, who is also the sound engineer, and the office assistant). Photographers and graphic designers are typically freelancers or self-employed. Only the pressing plant can be a larger company,

employing more people; however, its role in the network is of minor importance, as it is a generic supplier, co-operating with diverse companies on the market. In terms of employment and job creation, the recording stream network does not have a large impact on the creation and production stages either.

For distribution, both physical and digital, the label co-operates mainly with a major record company, Universal Music Group, which supervises the whole process. Global distribution is co-ordinated by the head office, but the MWT manager co-operates with the Polish UMG jazz unit (and more precisely the director of the unit), mainly for promotion of new projects in Poland. Even though this co-operation involves the largest world recording company, it would be an exaggeration to include the major as such in the network, since jazz distribution represents only a small part of the company's overall activity. One should, however, note that the distribution and promotion stages add the most value to the project, allowing the Trio to be globally recognised. The value created at the distribution stage and augmented by the activity of public promotion institutions, as well as media (e.g. press), is hence captured within the concert stream.

It should also be emphasised that the digital distribution of music positively impacts the growth of certain IT sectors and their business models, namely that of smartphones, mobile telephony, online music aggregators developing new services (e.g. Tidal), and intermediaries between the independent artists and labels on the one hand and the streaming platforms on the other. All these actors operate nationally or globally. Despite the fact such an impact applies to the entire music sector and works especially for mainstream genres, jazz music is also involved. These industries capture an important part of value created in the recording music network as remuneration for the copyright owners, and especially artists, remains dramatically low. For example, access to a digital music platform such as Tidal may be added for free to the mobile operator's tariff plan, which augments the value of the operator's offer at the expense of the cultural content providers.

As stated previously, the role of MWT's manager is to organise the band's live performance activity. He usually works alone, often directly contacting various venues in Poland and across the world, as well as festival organisers in different locations. The economic impact in terms of the venues' and festivals' turnover, as well as of employment and job creation, is higher than in the recording stream.

Organising a concert requires employing technical staff, such as sound and light operators, administrative staff, piano owners (for MWT's leader, Marcin Wasilewski), and people responsible for promoting the event in the local community (e.g. through local media). In the case of a festival, the number of these employees increases significantly. First, there are volunteers, which is why the impact of a music festival is of great importance for the region in which it takes place. In addition, neighbouring sectors, such as the hotel and catering sectors, are involved, especially when it comes to festivals; their impact is the object of a separate study within the present project. It is, however, noteworthy that important venues and music festivals are attended by audiences sometimes coming from afar, which periodically makes cities and/or regions thrive.

The jazz music genre is seldom the object of music publishing activity. This sub-sector generates lower value compared with the other two sub-sectors (recording and live performance). It is therefore impossible to assess its economic impact.

Social impact

The social impact analysis consists of an examination of the employment and working conditions of the workforce in the MWT network. One may divide this workforce into three groups: representatives of private companies, small (e.g. the self-employed manager of MWT and the recording studio owner), medium (the ECM label), and large (Universal Music Group, Sony Music Publishing); employees of public institutions (e.g. certain publicly owned venues, such as *Festiwal Miasto Ogradów*, or Polish theatres), as well as MEP and IAM; and finally, the artists. The main common characteristic of all three groups is that they work out of a sense of passion rather than for financial gain.

Those who work for larger companies, important (foreign) venues, or concert agencies are often full-time, relatively well-paid employees. Their working conditions could thus be compared to those in other sectors of the economy. The situation of the self-employed is slightly different, as cash flow is strictly connected with the projects that are realised. For example, the manager's activity of organising concerts for MWT cannot be performed in times when an album is being conceived and recorded. Moreover, during the pandemic, all live performances were cancelled. Furthermore, labour costs (i.e. taxes) and social security costs are high in Poland, which makes such a business quite risky. The situation of the French recording studio owner is similar. His activity depends on music projects by individual artists and/or record labels; staff costs; and the maintenance costs of all the recording equipment, which is important. As the activity is strictly commercial, the studio owner cannot benefit from public aid to develop his business, even though he produces niche, high-quality music, potentially of great value for national culture. Another Polish example is the jazz magazine, where passion for music prevails over financial benefits. The magazine hires only a few people to ensure current activity of the organisation, whereas music reviewers and journalists work as freelancers and are paid for the work performed.

Employees working for public institutions are typically full-time employees. However, they are usually underpaid, principally because of insufficient funding of cultural activity in Poland, with public spending on culture at 0.5% of the GDP. This underfunding is mainly the case for Polish local and regional entities, where public spending on other activities often prevails over spending on cultural activities. The staff of these institutions, when preparing an event (e.g. a festival), often work longer and more than contractually agreed, namely in the evenings and at weekends, and frequently without being paid extra for overtime. Nevertheless, this is, in a way, inherent in their activity, which they agree to when they undertake this kind of work.

The last category covers the artists, who, in our case, are freelancers. Their working conditions in Poland are particularly difficult. One of the reasons is that they work on a project basis, signing civil law contracts that do not provide social security, which proved particularly dangerous during the

pandemic period. Such an activity requires sound private financial management and planning. Even though MWT can live partly from record sales, its principal income is from concerts, which are irregular. In addition, when the concert period ends, a time of preparation follows for the next project, and income then becomes almost non-existent. This situation is a consequence of the lack of regulations regarding the professional status of artists in Poland. Their adoption could not only resolve the lack of social security but also ensure a minimum of resources between the projects carried out.

Different associations or collective actors represent musicians in Poland, including collecting societies, which appeared to be particularly helpful during the pandemic period. Yet, the band is not a member of any such body and, for royalties, it belongs to the German association GEMA.

Cultural impact

As stated above, in the jazz music field, more importance is attached to cultural value, especially aesthetic value, than to economic value. While stars in this genre can have high incomes, jazz music is usually created as 'art for art's sake'. This kind of approach is characteristic of the overwhelming majority of actors in the MWT network. The MWT leader admits he is happy to make a living from his music, mostly thanks to co-operation with an internationally recognised label. However, music is the most important element in the whole process. He also refuses to give in to trends or the public's tastes. He expresses himself and in this way shapes this genre of music, participating in its evolution, while the brand, the quality of play, and his integrity and honesty win the favour of listeners.

This attitude is shared by the band manager; the head of ECM; employees of public institutions, especially organisers of music festivals; and – to some extent – people representing private companies such as UMG or Tidal. This translates particularly into motivation for those involved in the commercial part of the jazz music market. Music is the main value for them, and financial goals are achieved in parallel to artistic goals. The music reviewers who work with the jazz magazine are also primarily driven by a passion for music, and the magazine's activities, although commercial in nature, are also prompted by this passion.

Jazz music, being an inherently less commercial and more niche genre than mainstream music, is also of public cultural policy interest. It contributes to one of this policy objectives, namely the promotion of creativity and high-quality cultural goods and services, which is a value per se. Moreover, musicians are proud to represent Poland and to contribute to the creation of a positive image of Polish music and, consequently, Polish culture abroad.

It is worth emphasising the influence of an organisation such as ZAiKS on culture, but understood in a broad sense, namely a certain culture of thinking about creativity and artists. In recent years, ZAiKS has invested in reshaping its image, aiming to change the way people think about the role of this organisation and, above all, the role of copyright in the functioning of CCSs. This change in perception translates into economic gains because consumers who understand how artists function are more likely to want to support them:

'All the work that contributes to building social awareness of what creation is and that creation is work and that work should be paid for, remunerated. These are effects that cannot be measured immediately. And they are difficult to measure, but in the perception of copyright itself, for example in the 90s and now, we can already observe an enormous change [...]. We work in a sector which, due to its innovativeness, can significantly change the functioning of the economy. It employs young people, it evolves quickly, it is dynamic, and also the pandemic has shown how much it is needed to maintain social relations. It has suddenly turned out that it is due to culture that we are capable of surviving confined in this strictest lockdown [...]. The element of promotion [...] promotion of culture [...] is very important. We have the Creativity Support Fund, which supports creative activities, yet also proves how extremely important it is for various cultural events to function'. (PL-Int. 12)

3.2.6 Policy implications

For the case of the music sector, the policy implications relate to institutional support, including cultural funding; regulatory issues at both the national and European level; and the question of cultural and, more precisely, general music education.

As regards support from public institutions, the main issue is that culture as such is still insufficiently supported in Poland. Since 1989 (i.e. since the fall of the communist regime), public expenditure on culture has amounted to approximately 0.5% every year. In 2011, the then Prime Minister Donald Tusk and cultural representatives signed a 'Pact for Culture'. One of the main requests by the artistic milieu in Poland was that the government allocates 1% of GDP to cultural funding. However, this commitment has never been achieved. It is thus essential to develop a better cultural funding system, one geared towards the new digital reality. The current forms of raising funds for culture are neither relevant nor sufficient; for example, the use of the private copying levy in a situation in which consumers listen to music mainly in the form of streaming is not justified. More appropriate solutions should hence be used, such as blockchain, smart contracts, and micropayments; furthermore, legal and regulatory solutions should accompany technological progress:

'I hope that the two huge topics that are now an image challenge for ZAiKS (i.e. the Copyright Directive and the private copy levy) will reach a completely different stage and that we will be able to say that we have just become one of the developed countries'. (PL-Int. 12)

Another issue concerns the regulations related to the functioning of individual artists on the market. Since 1989, many laws have been adopted to regulate various areas of cultural activity in Poland, but the situation of artists is still not properly addressed. As already indicated in the report, due to the specific nature of artistic work, the forms of employment of artists (creators and performers) are also specific and of a precarious nature. The adoption of a law on the rights of the professional artist could regulate their situation. A draft bill addressing these issues was presented in 2019, covering issues such as social security or support in difficult situations (e.g. a break in artistic activity). The lack of

solutions in this area has become particularly apparent in the wake of the COVID-19 pandemic. Due to the fact many artists work on short civil law contracts and do not have a self-employed status, they often have no rights to public health services. The project also covered an update of the list of devices subject to the private copying levy, mainly smartphones. The draft was presented for public consultation and aroused many negative comments; it also became an object of ‘black PR’ from the IT environment. To date, it has not been adopted.

A further issue to be regulated – not on a local but on the European level – is the functioning of international streaming platforms (e.g. Spotify, Tidal, and YouTube). The algorithms of these platforms are hidden, and it is unclear, first, on what basis royalties are calculated and, second, on the basis of which indicators (data) the promotion of certain artists takes place in the systems of these platforms. In addition, the redistribution of subscription income and income from advertisements is inappropriate, and many artists do not earn any money from the distribution of music on such a system, even though their works are listened to by consumers:

‘Record labels or publishers have been fighting internationally for years to raise these streaming royalties [...] the first moves have been made towards raising these rates [...]. However, this is not the end yet. And there’s still a lot to do’. (PL-Int. 11)

‘YouTube and Spotify are two completely different models, but in both cases, the royalties the creators get are insufficient. [...] It was only at the EU level that a change could be introduced. And still with great difficulty, because the lobbying budgets, which are engaged in preventing legislation that would deplete the profits of large technology companies, are huge’. (PL-Int. 12)

As these platforms operate globally, regulations in this area can and should be implemented on the European level. Regulations should also refer to protection against the dominant position of global corporations operating in or connected to the music sector. The protection is especially about both the concentration in the concert industry and Big Tech, which captures a large part of the value generated in the music sector.

Another key issue that requires the adoption of effective solutions is culture-related education. This includes two dimensions. First, music education within the general education system in Poland is at a low level. This results in a low cultural capital (also in the area of music) of cultural consumers and, consequently, the disposition to consume the most mass, least sophisticated genres of music. It is also reflected in a lack of understanding of artists’ work and its importance, both for the economy (economic value) and for social development (cultural value). A prime example of the inefficiency of education ‘to culture’ is a poor level of substantive public debate on the draft law on the rights of the professional artist. Second, Poland needs specialists working in the music sector in ‘non-creative’, administrative, and organisational positions (i.e. artist managers, promoters, distributors, etc.):

'In the music business, you only have to be 20 years old and you can start working for a music company; that's how it has been for years [...] anyway, to this day the common perception of the music business is that we sit here listening to records or files drinking coffee [...]. There are not enough art managers in Poland to take care of all the interesting artists. [...] as long as a number of people [musicians] who have achieved their [professional] goals in music [...] do not cross over to the other side of the river and start work in organisation and management with the same enthusiasm as they did with music, nothing will change'. (PL- Int. 4)

'[There is] a very big gap in the industry when it comes to educating staff to manage these musicians who don't have management. [Artists] are probably doing it because they have to, because nobody can do it for them, or they don't have that person, but they would rather not do it'. (PL-Int. 8)

'When I moved to Warsaw, I went to all the music events I could think of that were open. I went to community centres for open trainings for artists on how to promote yourself in social media. There was also a festival or a conference with workshops, and I remember that there were presentations by Kayax [artist management and label] and by music institutions. They trained artists on how to manage themselves, how to create their musical identity'. (PL-Int. 13)

3.3 Case 2: Network formation of an independent debutant artist

The independent music sector contains myriads of workers, firms, and creatives that are defined by not being under the umbrella of the three major record labels (European commission, 2017). The majority of all music that is produced can be labelled as belonging to the independent sector, and music produced in this part of the sector has various production networks (Impala, 2022). A music product is typically tied to an independent record label, either by the record label owning the rights to the master recording or as a node for dissemination. Some artists are also not signed by a label within this part of the sector; they produce their music in a DIY structure. However, being connected to a record label is often part of an artist's career progression. The Swedish case highlights a debuting artist and the building of a new musical career in the commercial independent record label market. We identified it as belonging to a music genre with a governance typology defined by merit building and recognition as key factors in how the governance of the network is produced, but still operating on market terms. This case study was chosen by identifying an independent record label and a signed, debuting artist positioned within the commercial part of the independent music industry, with a governance typology similar to that of the majors: a record label as a clear lead firm, but with smaller and more actors in the supply chain and a more horizontal power distribution. We found that this governance typology did not quite describe the case, the artist, and the associated producer shaping the production network – which will be explained further down in the text.

The artist in question is a Stockholm-based singer-songwriter producing music in the wider folk pop/Americana genre. She is signed to Sweden's largest independent record label, which has offices both in Sweden and in the neighbouring Nordics. The artist released her debut single in 2019, an additional single together with a globally known Swedish artist in 2020, and her first album in February 2022. As mentioned in the case study description, all actors in the network have been anonymized, to ensure anonymity of actors that did not want to have their name included in the report.

3.3.1 Phases, actors, and locations

Actors

The examined production network of this case highlights a number of actors involved in the launching of a musical career. Apart from the artist and musicians, this specific network also contains a recording studio manager and producer, a larger external record label with a number of people involved, a PR

agency, a live management consultant, and concert bookers at different live performance venues. These individuals were identified as the key nodes of the network, often working in close co-operation with one another and having long-lasting relationships. Some key dissemination platforms were also mentioned: most importantly, Spotify, where the different actors implement break-through strategies, as well as social media platforms such as Instagram and Facebook for building an artistic persona.

Apart from these actors involved in the production and dissemination of the musical product, some key institutional actors were identified as well. The collection agency STIM was mentioned both as an observer of remuneration and as the publisher for the lyrics and scores in this case study. Publishing was done without personal contact through the registering of songs via STIM's membership webpage. For the individual musicians and workers in the industry, the labour union for independent musicians and producers (SOM) was highlighted as being particularly important, as its lawyers could advise members on matters such as remuneration and contracts. In the production stage, the Swedish Arts Council was also mentioned as an important actor, not only for its COVID-19 relief that helped active musicians when the live scene was shut down but also, primarily, for the support distributed to various forms of recording projects, which can help alleviate the risk of new recording projects.

The interviewees also highlighted non-local institutions as important sources of industry support at different production nodes. Swedish export music was mentioned as an institutional actor that facilitated contact with the European music industry for the smaller companies in this case study, primarily through international networking activities that opened up doors to new relationships and projects. IMPALA and Merlin were continuously emphasised as important actors representing the independent music industry in general, both advocating for better rights for workers within the industry and bringing some leverage to Spotify and other platforms. This was highlighted because small independent actors often have little leverage to influence these platforms in comparison with the major record labels that own a large share of the platforms.

Phases

The production network of the debuting artist, containing the phases of creation, production, distribution, exchanged and archiving, is outlined below, phase by phase.

Creation

The creation phase of the singles and debut album involved the artist writing most of the songs that were eventually recorded, in co-operation with the studio producer and record label. The lyrics and score were then published through STIM's membership webpage, and the collective rights for the songs were distributed through them. In the creation phase, decisions were also made regarding which musicians would be part of the recording. The first recording was made when the studio

manager and producer had musicians over from the United States, but further on in the recording process other musicians have been chosen to be part of the act and the recordings.

Production

Production is often carried out either by a record label or by the musicians themselves. In this case, production was carried out by an independent studio owned by a producer who had heard about the artist through a common friend. In 2019, the studio produced music for a drummer who had recorded a solo album with different artists. One such artist was an internationally known Swedish artist; the drummer asked if he could record this song at the studio, and in return record something else. The studio producer, who had recently begun work on the artist's material, agreed, and the debuting artist recorded her first song through this constellation. The debuting artist and the studio manager then continued to work on songs and recording, both writing and producing music together from the studio. An additional project was designed and carried out with Nina Persson from the Cardigans. The artist contacted her and asked if she would be interested in doing a recording; she agreed, and they did a full session together in Southern Sweden, using the studio manager as their producer.

When the producer and the artist continued to work together and started to produce the drafts of a first album, they set up their own record label to own the rights to this master recording and the immaterial rights to the music products they produced, and all music designed and produced by them is owed by this label.

Distribution

To distribute the music recorded in the studio and owned by their own record label, the duo brought in a number of actors. They met with several record labels before choosing the one they are currently with to disseminate their music: a large independent label. The record label offers two different types of contracts: artist contracts, where the label owns the master recording for all time, and licensing contracts, where the record label owns the rights to distribute the music for a set number of years. Since the studio had already shouldered the responsibility of financing the recording, having a licensing contract with a larger actor was favourable for them, as they could own the recording but disseminate the music with this larger label. The record label then advised them to meet with a live management agency that they had been working with for several years, helping the duo to schedule, arrange, and market live performances. During the COVID-19 pandemic, which is when the album was originally planned to be released, this form of dissemination was nearly absent, but the co-operation has continued.

The artist also has a PR agent that works with musical talent by focusing on the logistics of releasing an album and planning media engagements and the actual release of the album. The PR agent also works on the social media presence of the artist, developing their artistic persona in cooperation with the artist and the external record label. The external record labels' and PR agents' roles are fluid, and sometimes interchangeable regarding these issues, as the artist explained:

We did an interview for [a radio channel] when the song was released. That was something both the record label and the PR agent set up. But it is difficult to explain; it's very fluid with the roles of the PR agent and the record label. Sometimes they are doing the same job, but in different ways... It can be through different networks of contacts.

PR planning focuses on developing the artist's public persona. This is done through discussions between the artist and both the PR agency and the record label, where the record label also has a full-time staffer working on their artists' social media profiles. Tasks are not clearly divided in this step, but are rather marked by close collaboration of actors, tapping into their niche skill sets and contact networks. The PR agent, the external record label and the artist also plan how to work with different algorithms on different platforms, for example by working with pre-saves and releasing music on days when few releases are made.

Live shows and concerts are organised through a live sector manager, who secured the artist an opening act for larger bands at larger venues in Stockholm, such as Nalen. Here, the number of network contacts is key, and close personal ties exist between the live sector manager and other actors in the network, all of whom know different venue owners and bookers and are knowledgeable not only about where music can be disseminated for the artist but also which venues are appropriate for their specific sound and artistic persona. Several interviewees emphasised the importance of live music performances, not only to showcase the music of artists but also to build a fan base. Connecting face to face with a group of potential fans is a key step of dissemination, as it leads to further streams online. Knowing which venues have potential fans for which genres then becomes a vital step in the dissemination process. The artist, who had planned to release her debut album during 2020, and her team chose to postpone the release of the album to accommodate for live performances, which highlights the importance of live performance for dissemination as a central part of the network. Live performances build interest for the artist, which then translates into streams and fans that can interact with other parts of the network.

Artists tend to have a manager who organises all of these different actors, since the manager keeps in contact with these actors and organize the logistics surrounding interactions. The debuting artist does not yet have a manager, but the producer/studio owner functions partly as one, having been key to introducing the artist to the above-mentioned actors. The artist saw a manager as a possibility further down the line, as her career progresses, but added that for '*now, I'm the person that answers emails and am responsible for being in contact with everyone. It's a lot of work, so in the future I might choose to incorporate a manager to take on these tasks*'.

Exchange

The main form of exchange for music products is the sale of tickets to live performances, which tends to be the largest income source for artists and musicians. This is also the main type of exchange for live management agencies, which receive a percentage of the revenue generated at the concert

venues. To date, exchange for the recorded music in the case of the debuting artist is primarily based on streams from online platforms, for which the licensed record label receives its share of income. According to interviewees, streams take a longer time to build profit than traditional CDs did, and building a loyal fan base that returns to the songs is important so that streams continue to be generated. Although most of the streams occurred in Sweden, and to some extent in Europe, the artist could also see, through Spotify for artists, that there were also listeners in faraway countries such as Mexico and the Philippines.

The duo has agreed to share all future revenues equally. In exchange, the producer has taken all the initial risk of financing the projects.

Archive

The music is archived and registered by STIM, as mentioned in the design stage, where the music is then catalogued. The master is catalogued by the studio and by the external record label the artist and the producer licensed their music to. Spotify can be thought of as an archive, where musicians build their own library of the music the record label wants to disseminate, and it is often the platform to which artists and other workers turn to gain inspiration and see which music is popular. Social media is also used as an archive to build an artist's artistic persona and to build and connect to a fan base.

Figure 9 (see next page), depicts the network and the five above-mentioned phases. The arrows indicate flows where two actors have some type of contact, such as contact regarding the product, financing, or support. Blue arrows indicate the flow of music products.

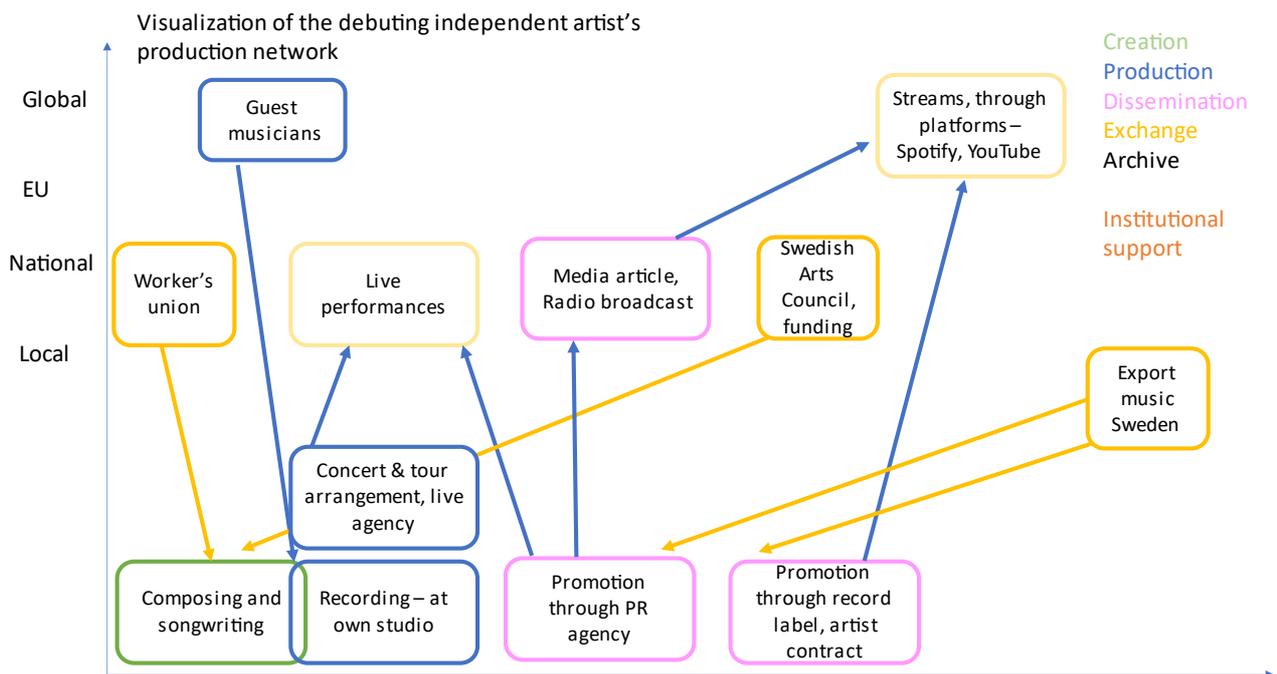
Locations

All activities in the creation, production, and dissemination stages take place in Stockholm, where the external record label's creative department, the PR agency, the live manager, the studio, and the artist herself are located. The interviewees stressed the importance of being physically present and located in Stockholm – not for the work itself (for many people, physical infrastructure other than a computer and a desk is unimportant) but to be close to other professionals. Many new contacts are forged during projects, on night outs, and these contacts – if successful – are nurtured, as they are the building blocks for successful projects. Knowing someone who knows someone is a key dimension of the network, and becoming established is described as one of the toughest parts of a professional's career. As one interviewee stated, *'I don't think I would need to be located in Stockholm nowadays; I do all my work in front of a computer. But when I was starting out, and people didn't know me, you had to put yourself out in front of potential clients'* (PR agent). One representative of the record label stated that proximity is important even on a small scale: *'My understanding is that generally, from all the labels I've worked at, is that physical proximity is very important. So, for example, when I worked at Universal, where we were placed at different floors, the people that sat next to each other on the same floor worked together more than those on different floors'* (External record label CEO). Working

closely together and forming close-knit professional networks formed the basis of the case, meaning that professionals needed to be not only in Stockholm but also at the places and in the projects with other workers.

Dissemination, however, was further from Stockholm, with live performances being planned across many parts of Sweden. Here, the live manager had contacts with venues all over the country, knew the types of music they played, was able to direct suitable artists, and put the debuting artist in front of audiences who could grow into fans.

Figure 9. Visualisation of the debuting artist's network



3.3.2 Relationships between actors

In this case study, there is less of a clear lead firm than what was expected from the chosen typology. We anticipated that the record label would act as a lead firm that financed and owned the master recording and that had significant influence over other parts of the production network. Rather than a clear lead firm governing the network, however, we found that a number of actors closely cooperate through trust and long-lasting relationships and that the songwriter and producer have a high degree of power over both the creative side and the dissemination side: they are able to choose the people with whom they collaborate. This section describes some of the key aspects of the relationship between actors, highlighting how the team working with the artist and the producer was assembled, the importance of long-term contacts and networks when it comes to risk management, and the governance of the production network.

Organising a team

When the producer/studio owner and the artist had decided to continue working together after the recording of the initial single, they also decided to set up their own record label to own the master recording. The producer had considered starting a record label earlier, and it came to fruition as the co-operation between him and the artist started. To own the recordings and have full rights to the work they produced, having their own label appeared to the duo as the most beneficial way to produce their music. This was possible because the producer owned the studio; had a long career as a producer, songwriter, and musician, and thus had the means to invest in this project. The duo set up a contract for this label, where they would each receive half of all future proceedings. The creation and production phases were then entirely owned and controlled by the duo. For the dissemination stage, they decided to bring in external parties to help with the launch of the project.

This started with identifying another record label to licence the recordings to and that would be responsible for dissemination. They met with several record labels to present their work through the producer's network of contacts. The labels were both independent and major labels, and the duo's concern about being a low-priority client as a debuting artist at a major led them to opt for an independent label: *'If you are a new artist, it can look very good on paper [to be signed by a major]'*, the artist explained, *'but they can't guarantee that you will be a priority and do a lot of work for you. You know that you can end up on a desk'*. They also chose the record label based on their impression of the person with whom they met. She quickly organised a live show as an opening act for a larger American band, giving them a strong impression of the label and of their contact person at the label. They then started a round of negotiations, receiving advice from lawyers from a labour union, and managed to get the years the external record label would receive the proceeds of the master down to seven years.

Via the record label, they were also put into contact with a PR manager to assist with the launch of the album. The artist had researched the agency beforehand and found it to be favourable. The duo had also met with more than one PR agent but chose this one because they were focused on the Nordics, were part of the independent scene, and represented artists whom the duo admired. The PR agent was brought in for a set period of time, with the duo paying for the amount of time it would take to launch the album. If the collaboration was successful, the PR agent would then continue the collaboration for the next cycle of album releases.

The live management agency to whom the artist is connected was also recommended by the record label. The choice of agency was similar to the choice of the record label: the duo considered larger companies such as Luger (part of the global Live Nation) but decided on a smaller firm, a three-man operation, where the owner had substantial work experience within the live management industry, having worked for Luger and thus having a well-developed network of venues around Sweden. Working with a smaller firm was seen as important for a debuting artist for the same reason as working

with an independent record label: as a smaller artist, if the project was not an instant hit, the duo was unclear about whether they would receive attention for a long period of time or just *'end up on a desk somewhere'* (artist).

Together, the aforementioned different actors formed the basis of a strategy for the release and dissemination of the artist's work. The roles of the actors are fluid; they bring their niche skill sets, but the division of tasks is not clear-cut. For example, the record label helps to set up live shows and advises on social media presence – aspects that the live management agency and the PR agent also work on. They have a close-knit co-operation, exchanging ideas, taking forward a common strategy, and building an artistic persona through the output in media, the types of venues chosen to perform at, and the sound of the songs. The PR agent described it as, *'We are like a structure of a lot of small islands, with few employees where you put together a team consisting of a PR agency, live manager, maybe a publisher, maybe a manager, and a record label. So there are five pieces of pie to work with, and at least three of them need to be in place in order for it to work properly.'*

In organising the team, the artist and the studio manager could decide who they wanted to work with: several record labels, PR agents, and live management enterprises were of interest, and the duo chose the ones they thought would best represent them and on the basis of liking the people they engaged with at these firms on a personal level. This was also true for the PR agent, the record label, and the live management agency, which were in conversation with one another before taking part in the team. Having the confidence that others were interested and that a team was being assembled made them interested in the project. Having a full team was seen as an important part of making a music product work. All the interviewees (including a booker for a live venue that had hosted the artist) received far more requests than they could take on, and knowing that a functioning team was assembled gave them the confidence to invest in this one. The PR agent described how *'we turn down perhaps between 80%–85% of requests of those that get into contact with us, and it is almost never due to the quality of the music, that can be very good, but it is due to questions of organisation. If they haven't built by themselves, or do not have a team around them, it becomes very hard to work with'*. The producer and studio owner himself, with over 20 years of experience, having worked with Swedish artists who have become globally known, was another a marker of confidence. His belief in the artist and the project and his investment in the production of the singles and the album also created both interest and reassurance in the project.

Furthermore, the actors expressed their desire for long-term commitments, wanting to support and develop an artist for a longer period of time than just a hit. This was seen as something that differentiated them from the major companies, which they considered to be driven by short hit spans, dropping artists when they were no longer successful: *'I believe in the independent sector, even from a capitalistic perspective actually. I believe that people last longer if you have a clearer and smaller perspective'* (Producer). This also meant that actors carefully selected who they wanted to work with, as they wanted artists who could have a *'career for 10–20 years, instead of until the next hit'*.

Risk management through trust-building with long-term contacts

As the risk of taking on new artists is high, and only a small portion of artists make a substantial living or income from their music, there is a high degree of caution in adding new and emerging acts to one's repertoire. This is reflected in the different nodes in the production chain, where newcomers have difficulty breaking into the music industry, and for workers in nodes other than design and creation. Having a well-established network, where if you say a project has potential, people are prone to believe you, is an important part of this industry's production network. For the debuting artist, this was clear: all of the actors involved believed in the music that she and the producer created, but having contacts who were able to lend credibility to the project contributed to their power to choose the collaborators in their team. Most of the actors in the network had also previously worked together in different constellations, which meant that they had experienced positive outcomes with the different actors before. During the interview, the PR agent realised, *'I can hear that when I talk about this, it is perceived as a closed world that builds a lot upon recommendations. And it was like that in this case, a chain of recommendations that made everything fall into place'*. He highlighted that the PR agency do take on newcomers without this level of support, but to take on a project, a team was still needed. Knowing the members of the team made a project easier to take on, partly because of trust in the tastes and instincts of long-term contacts and well-functioning prior collaborations, which made the individuals more likely to work together again.

When discussing the career trajectories of the interviewees who worked at nodes other than in the creative phase of the production network, similar patterns emerged. Breaking into the music industry depended on developing networks of contacts through working on different projects together. One early career Booker responsible for the repertoire at a central Stockholm music venue attested to this: she had worked in the industry in various ways since her teen years, slowly building up a network through successful projects undertaken. Breaking into the industry could hence be difficult because to be trusted, one had to get a foot in somewhere and start to build a reputation. Both she and the live management agent had started their careers arranging small gigs outside of Stockholm, which grew into larger projects in their respective hometowns, eventually leading them to Stockholm to start their own businesses based on the years of experience they had accumulated either working as freelancers or as part of a larger company. The producer explained that a career in the music industry *'is the fruit of some type of endurance I'd say – you are in a world that if you do things well enough, the people you work with will talk about it. I'd never get a job through putting out an advert somewhere [...]. Everything is very centred around what you do, what comes out of your work, and which reputation you get'* (PR agent). Not only excelling at one's work but also being sociable and easy to work with were highlighted as important parts of building a music career; it is *'incredibly important not to put people off. It's hard to put your finger on, but it is a craft that takes many years. Either you have that knowledge of making people feel welcome, or you don't'* (Producer).

When the companies themselves wanted to hire new staff, they did so cautiously, as they needed to know whether they would be able to work with the person and whether that person had the 'drive'

to work in the industry. Formal qualifications were less important than the personal networks the candidate had built and the projects they had successfully undertaken. This case study highlights the importance of having these contacts to set up the type of system required to create a new act. In this case, the artist already knew the studio producer, which meant that a level of trust had been established before the project started. The producer's early investment in this project served as a sign of confidence for other actors. Moreover, the producer already had a number of contacts with whom trust had been established in the past; therefore, the duo was able to choose partners that would suit them. All of the other actors expressed that they recognised the talent of the artist, but knowledge of those contacts reassured them of her talent, which made taking on the project easy.

Governance of the network

The governance of the network is shaped by the artist and the producer, who had the ability to meet with a number of record labels, amongst them a major, and then choose which record label they wanted to license the recordings to. Based on the literature review, we had initially expected the record label to have a far more influential role. Since the producer had already taken on a large portion of the risks associated with the project, and the duo had created their own record label to retain ownership of the master recording, they were also free to choose other actors to work with. With the producer having taken the risk of upfront investment in the recording, barriers for other actors to engage with the debuting artist were lowered. The studio producer's experience, reputation, and network also lent credibility to the debuting artist. This credibility furthered the duo's potential to govern the production chain, where the producer had already broken through the barriers to entry, and it meant that people trusted that the artist would add value to their repertoire.

The duo could also choose smaller firms in order to have the full attention of the people working at these nodes; they did not want to be drowned out by the sheer number of artists present in the major companies. When selecting the independent record label instead of the major, this was understood as being the main motivation for that choice, as well as wanting to be seen as an artist with a longer career in mind than just the album.

Governance of the production network of the debuting album was, however, limited to the creation and dissemination phases. In the exchange phase, Spotify and other streaming platforms were mentioned as the main nodes for dissemination. Having any type of control over how music was presented or used at these nodes was not possible, as Spotify operates in a space closed off to artists and other actors external to Spotify. The assembled team had strategies to maximise the attention they received on Spotify, but no insight into how and where music products were listened to. Here, they viewed being part of the independent sector as negative, as they could not have any control over how the music was used, whereas they considered majors to have better contact and more influence with this key node.

3.3.3 Positioning the case within the typology matrix

Case 2 was originally chosen to represent the independent governance model, from the popular sector, in contrast to the first, Polish case, which represented the independent, but niche and merit-driven governance model. We originally assumed that this would mean that the record label would act as a lead actor, influencing the production of the recorded music from creation to exchange. Instead, we found a network model where influence was much more horizontal and where the artist and the studio owner had the power to choose strategic partners. Simultaneously, the actors they engaged with also had the power to either engage or not engage with the project. This means that the governance of the network is horizontal: different actors have the power to influence and engage, or not engage, with the network. Through reputation and knowledge of one another, the actors had built trust and were able to form a network for the project.

This distribution would not necessarily be typical of other early career artists. We found that the studio owner, who could finance and produce the recorded product, was instrumental in the development of the network, and with a well-established reputation, he was able to guide the configuration of the network. This actor could, in a sense, be considered a lead actor. Due to the other actors' close collaboration and ability to choose their clients, as well as the shared future profits with the artist, we still consider this network to be horizontally governed.

The production network was defined by a spatial presence in Stockholm. The majority of activity in the phase, from creation to archiving, took place in Stockholm, where these relationships of trust could be developed. The distribution component of the network has other dimensions. If COVID-19 had not disrupted the live sector, the artist would have performed her music nationally. The music that was released on Spotify was primarily streamed in Sweden and the Nordics, but the project was also already streamed in countries further away, such as the Philippines.

Table 14. Governance and spatial organisation of the case 2 network

PRODUCTION NETWORK PHASES	Local/regional	National	Intra-EU	Global	GOVERNANCE
Creation	Creators				
Production	Creators				
Distribution	Strategic specialized partners – private sector			Distributors	
Exchange		Strategic specialized partners – private sector			

Archiving		Strategic specialized partners – public sector			
Network level					Horizontal

3.3.5 Impact

Economic impact

The economic impact of this case is difficult to measure, as the artist is debuting and in the early stages of her career, and the potential economic impact of the product produced is thus not yet known. As several of the interviewees highlighted, streams also take longer to generate revenue than CDs do; the former have a shelf life of a few weeks or months at most. Hype can heighten this revenue generation; however, in the long run, revenues are built by long-lasting fans who return to listen to the song after the hype is over. The restrictions put in place during the COVID-19 pandemic also meant that the release process was delayed. As the artist could not go on tour or perform her music live, the entirety of the debuting process was put on hold for over a year. This highlights the importance of the live sector and physical performances of music for the whole production network, although they are typically thought of as different streams. Stripped of the ability to build a name and fan bases, the PR agency, record label, manager, and live agent decided that the strategic move would be to wait, even though it could mean loss of streams over time.

Although the music product and the progression of the artist’s career are not yet known, surrounding this project we found a number of smaller actors and firms that were not only essential parts of this project but also active parts of the independent music sector. As the music industry has become increasingly centred around the three major record labels, which have an 80% share of the music industry, smaller firms and freelancers have also found ways to produce and disseminate music. In this case, we interviewed the record label that worked to disseminate the master recording, a company that had upwards of 90 employees and offices in most Nordic capitals. The smaller companies, such as the PR agent and the live concert agency, also had some full-time employees; one company had grown quickly from its inception in 2017 to having three full-time employees as of 2021. The interviewees who had started their own businesses within this competitive market had a few things in common. First, they had garnered substantial experience in the industry before building a niche skill set, and they had a network of contacts that knew and trusted their skills. Second, the founders of the record label, the live concert agent, and the PR agency had previously worked under the major umbrella, with stable employment, before taking the leap to create their own firms. The four smaller-sized firms that were present in this case profiled themselves in the independent market, but still had contact with and undertook projects for the majors. Profiling in the independent sector

was often understood as a way to work with music sustainably, where the longevity of artists' careers and the freedom both to create the sound they wanted and to protect variety within the music scene were valued.

The independent music scene in Stockholm has created an ecosystem of small, independent firms working successfully on the side of the major dominance. They provide jobs and contracts to a part of the music industry that, in many ways, is seen as more artistically driven, and they stand for a more innovative and durable part of the music industry, according to the interviewees.

Social impact

According to the interviewees, the music industry has become harsher over the past decade, as the number of music products in circulation has grown significantly. This is especially true for new artists, who have not yet built up a reliable fan base. This does not mean that it is impossible to create a new career, and the caution many interviewees expressed when taking on new artists is also based on their desire for their artists to enjoy long careers. One interviewee explained that *'it is possible to have new acts today and breakthrough today. Everyone says that it is not possible – but it is. You just need to have good music, and a good story around that music. Most artists will not break through today, but that is because there are so many more artists'* (PR agent). When taking on a newer artist, or a new project, most actors view an artist's career as a set of building blocks, where they slowly but surely try to establish the artist's career. Most also saw this as a key difference between the independent sector and the major record labels: there is more pressure from the latter to have hits and profits from many songs. Their view was that the independent sector *'is a very parallel business to the majors, and the independent sector has a different stance; it's almost like an ideological conflict between the two [...]. We come more from the [perspective of] "how can we make the artist as good as possible?" and "how can we make the artist's career last into the future?"'* (PR agent). This longevity and investment in an artist's career, rather than their direct output, was also highlighted:

the major labels have a completely different way, where the music has to work quickly. Just look at the turnover there – they perhaps throw out 40 new singles and see which sticks and continues with those and leaves the rest. I tend to look at it as if they are working with songs, and we with artists. Songs are important to us too, but it is the whole picture that matters. We have many artists that will perhaps never have a hit, but that have built up a loyal fan base that exists over a longer period of time.

Being a debuting artist or early career worker is often fraught with precarity and uncertainty. Actors in the case study recognised this and still sought to add new material to their repertoire, despite not knowing whether the project would be a success. For debuting artists, one interviewee also described how they would have a lower cost for their projects, or rather, if the artist is well known, they would be able to charge more, not only to make profits but also to allow for newer acts to come on to the

scene – something that the workers in this part of the sector prided themselves on. A long-term perspective on an artist's career (i.e. seeing it as a building block for long-term co-operation) made it possible to invest in new artists, where actors not only listened *'to their own guts'* but also discussed their thoughts with different actors whom they trusted.

It can be noted that all of these small firms knew one another and had previously worked on projects together. They described the Swedish music scene as small, and stated that *'everyone knows everyone'* (Record label – social media). Once established in the music scene, with one's name recognised by other professionals in the industry, running one's business and taking on new artists seem to be easier than prior to this level of establishment. The artist had a contact from the beginning of the case, which lent credibility to the artist and eased the process; she was also able to choose which actors to work with. Building trust was also important for other parts of the chain, in order to receive projects to work on, continue working on new projects, and know which actors would perform well: *'I know that if I call [person's name], I know that she will do a good job. If I call this venue in Southern Sweden, I know that it is [an] appropriate gig for the artists'* (live manager). However, for debuting artists, such as the case studied, this also means that someone in the circle must signal that the music is worth investing in. In this particular case study, the artist's connection to the studio owner, who invested in producing the master recording, meant that other firms were willing to take on the risk of adding a new artist to their repertoire.

Even if the actors saw themselves as a more sustainable part of the music sector, the cut-throat competition was visible throughout the chain. Long working hours and uncertainty in one's early career (before having an established network of contacts) were evident in many of the interview transcriptions. One interviewee explained that, in regard to the trust the artist had in them, *'the largest limit that has been in the company is that even if I perhaps can only work for 10 hours a day, plus concerts at night, I too have perhaps a girlfriend and friends [...]. I think many of my artists don't see it as that they are working with a company with three employees; they see it as that they are working with me. It is flattering, but perhaps not always for the best'* (live manager). The social impact of the independent sector, which seems to work on having long, sustainable careers for their artists, is that other parts of the network are sometimes more fraught than the major firms are. Many of the interviewees worked for the majors (both live and recording) before opening smaller, independent businesses, and the working conditions for small actors beyond the creation stage are perhaps less sustainable.

Cultural impact

The interviewees saw themselves as more artistically driven than the large majors, since there was more space to consider the artists' careers in the long term, instead of success per song. They considered the major streams to be competitive and commercial, where artists were quickly dropped if they did not succeed with a hit. The workers in this part of the sector had a sense of pride; most had

previously worked in the major companies but saw themselves as having less demands for direct financial success. They had room to build artists' careers long term and to represent an array of genres and innovative forms of music. One of the interviewees said that they view the independent sector as the part of the sector where newness and innovation take place. New genres and artists, who are not directly picked up by majors, often begin within the independent sector and are picked up by the majors later. This was a point of pride for several interviewees, with these independent sector workers considering themselves to be more artistically driven than their counterparts in the major networks:

I think the most who work here are proud that we are independent, so it is like an attribute you carry with you. We are freer in the artistic expression; we don't get told what to do as much (External record label CEO)

The cultural impact of the case, where the different actors took the risk of bringing in a new artist and developing their artistic career, as well as the work with other artists in their repertoire, is that the actors, at least in their own view, can support a wider set of cultural aesthetics and music genres than what is expected in the majors' mainstream production. Even though most interviewed actors worked within the genre of pop music, they still understood their repertoire and artists as being free to have higher degrees of artistic value in their work. Several of the actors in this network had also worked for major labels in the past, before starting their own smaller niche within the independent sector, and two repeatedly reported factors were the ability to co-operate with artists they believed in and the freedom to develop and support the artistic sounds they wanted.

3.3.6 Policy implications

High barriers to entry into the music scene in Stockholm

Almost all interviewees (except the artist and the interviewed venue booker) have been working for well over a decade, starting out at other larger companies and then starting a company of their own. Many described difficult work situations, for example '*I was hoping I would be able to take [a] vacation this summer – but not this year*' (live manager) and '*Well, I'm used to living at the poverty line by now*' (concert booker), working long hours, often in the evenings, to establish a reputation for themselves. Once they had established their career, reputation, project partners, and network, the precarity of their working situation reduced. However, the barriers to working within the industry are high, often necessitating self-exploitative practices such as free work and overwork to compensate for a lack of experience, often with other forms of employment on the side.

At the same time, the music industry depends on new ideas and perspectives to create novel, innovative music products in collaboration with several new actors. The challenge of entering the music industry could be alleviated through paid internships or contact meetings where young career

workers could expand their networks. To some degree, this type of policy regarding networking is successfully implemented in building contacts with established and new contacts abroad. Actors such as Music Export Sweden have been instrumental for many of the actors in building contacts outside of Sweden and building networks and consequently music projects outside of the national borders.

The Swedish Arts Council and the Swedish Arts Grants Committee were also instrumental in the production of the debuting artist's album and the career-building processes she was engaged in. Receiving one stipend to sponsor part of the production of the new album was beneficial for both the producer and the artist, as it alleviated some of their initial investment in the album. The Swedish Arts Grants Committee had also awarded the artist an art's stipend, meaning that she could use the money for photographs and to take some breaks from her day job. Support in an artist's early career, which is a fragile stage, could help more people break through and build a career in the industry.

3.3.7 Final remarks

This case study showcased the early career organisation of a debuting artist in the independent sector, revealing that governance was surprisingly horizontal, with much of the power over the production process belonging to the artist and the producer. This was attributed to the previous contact the artist had with the producer, as well as his investment in the debut album. The producer's contacts and reputation with established enterprises in the independent sector, as well as his financing of the recording, gave the project weight and made it attractive for several other actors to take on. In addition, the artist and the producer had options regarding who they wanted to collaborate with. The actors in the dissemination stage (an external record label, the PR agent, and the live management agency) were all familiar with one another from earlier, successful projects. The production network was marked by high levels of trust and close-knit collaboration in launching the emerging artist's career. Trust-building is a form of influence and power in this part of the independent sector, where collaboration is key, and having a well-established career, with many successful acts, makes one a trustworthy person with whom people want to collaborate. The interviewees' journeys to arrive at that point were marked with precarity, and many of the younger professionals explained that they worked hard and put in long hours – even after many years in the sector.

PART 4. Conclusions



4.1 Conclusions

This report set out to perform an analysis of the European music sector, as part of the larger EU Horizon2020 project CICERONE. The report, building on an in-depth literature review and a statistical analysis of the sector, investigated two networks within the European independent music sector. The background analysis highlighted the challenge of statistically mapping the industry, as current database codes make it difficult to capture the activities in the sector. Nonetheless, the music sector is the third largest CCS, with the independent sector accounting for the majority of recordings and employees (European commission 2017; Impala 2022).

Understanding the cases through the GPN lens helped us unpack the relations amongst the actors and highlight the power dynamics of the industry. However, the cases selected for the study – first, MWT, which creates and performs jazz music and, second, a debuting independent Swedish artist – differ from the original GPN concept wherein there is a leading company with a strong position. They also diverge from the model most often analysed in the literature, characteristic of popular music produced by global corporations, in which power is concentrated in the hands of these corporations, which are leading in their respective fields. The differences are due to several factors. First and foremost, according to one of the concepts adopted in the literature, the music sector is made up of three sub-sectors (three streams), with a concentration of power traditionally in the hands of the leading companies. All three areas are structured as an oligonomy: an oligopsony in relation to numerous suppliers (artists) and an oligopoly in relation to numerous consumers (music consumers). The leading companies take over the value created by the artists at the creation stage; amplify it intensively, especially at the distribution and promotion/dissemination stages; and then capture most of the value resulting from the consumption of music in the form of recorded music, live music, or music placed in derivative products, including other cultural products.

Adopting a project perspective has revealed numerous connections between these three areas, such that each stream can be considered a separate network, and in the case of the project, these networks are closely interconnected. It would therefore be difficult to decide whether the role of a global recording company, a global concert company, or a global music publishing company prevails. Their activities and the power they exert in their networks overlap, reinforcing the synergy effect and thus increasing the value of the product or service. Hence, instead of a lead actor in the network, a multiple actor structure should theoretically, and ideally in practice, arise.

The study also demonstrated that the multi-layered network described above works differently in the case of both a niche genre such as jazz and popular (commercial) music produced by independent actors (independent in the sense of being independent of the market-leading majors).

MWT, apart from representing a niche genre, also functions to some extent on the independent circuit in each stream (in each network). This applies primarily to the area of live performances, as the band is not associated with any large concert company. As far as the stream of recorded music is concerned, the record producer is indeed an independent label (ECM), but in the jazz area its importance is similar to that of the majors in the popular music area. The barrier to entry, namely the possibility of collaboration, is set high. In the case of the third stream, music publishing, the Trio is represented by an affiliated company (an extension) of ECM. Therefore, this situation is again similar to that in the area of recorded music, where the leading music publishing companies are affiliated with recording companies. The element that fundamentally distinguishes this analysed case from the area of popular music is the fact that the Trio's collaboration with ECM is essential for the band's functioning in the entire multi-stage network comprising all three streams. However, this significance is built not on the size of this actor, its global reach, and its market power, but on the brand. This brand, in turn, is personified first and foremost by the head and founder of the label, Manfred Eicher, who is an icon in the jazz music genre. His education; experience; musical taste; professionalism; and commitment above all to the aesthetic value of the music he produces, which surpasses the potential economic value to be gained from the product, in fact make him a lead actor in the network, but one who is a music producer.

The case of the debuting independent artist in Sweden showcased the early career organisation of a debuting artist within the independent sector, revealing that the governance was surprisingly horizontal, with much of the power over the production process belonging to the artist and the producer. This was attributed to the artist's prior contact with the producer and his investment in the debut album. The producer's contacts and a reputation with established enterprises in the independent sector, as well as his financing of the recording, gave the project weight and made it attractive for several other actors to take on. Moreover, the artist and the producer could choose who they wanted to collaborate with. The actors involved in dissemination (the external record label, PR agent, and live management agency) were all familiar with one another from previous successful projects. The production network was marked by high levels of trust and close-knit collaboration in launching the career of this emerging artist. Trust-building is a form of influence and power within this part of the independent sector, where collaboration is key in building a well-established career. Having participated in successful acts is imperative for attaining new projects, and breaking into the industry can be difficult.

The analysis further showed that in such a cut-throat part of CCSs, trust and merit become important ways to build capital and succeed within the industry, and power is gained by having long careers and successful actors, meaning that an experienced actor is able to influence which actors get involved in projects and which actors to invest in. This also means that it can be difficult for young artists or professionals to break through or for music products intending to be exported.

The independent sector supports and invests in parts of the music industry that are ignored by the majors. This sector's networks are shaped by the dominance of the majors, but it has created new networks of smaller actors that support more artistic and innovative careers. Some genres, such as jazz, fall almost entirely within the independent sector, but co-operation with majors occurs at certain points in the network for successful acts such as the Polish jazz band, mainly thanks to the fact that they are signed with a renowned jazz label that can use Universal for distribution.

The notion of location is important in the GPN concept because, in traditional economic sectors, the place of activity of individual actors has significant implications, first for the actors themselves and, second, for their environment. Their impact on the local environment is also evident. As far as music is concerned, given its theoretically global character due to its immanent features, the location of the individual actors is not particularly important for the functioning of the whole network. Although it is possible to identify music that – due to the language in which the songs are performed – has only a local scope, this does not exclude its global expansion and links to global networks (actors).

Another important concept in the GPN concept is embeddedness: network, societal, and territorial. Network connections based on values such as trust and reputation appear to be crucial for the functioning of the different actors in the network. In terms of work culture, the work in the music sector, especially when it comes to artists and employees in public cultural institutions belonging to the network, is similar in nature to the work of artists in other areas of CCSs. The work of artists, by its very nature, is precarious. In addition to secondary employment, as well as long and late working hours, precarity is also prevalent at any point in the music industry's network, especially for less-established actors. The independent music sector tries to overcome these issues for artistic careers by focusing on longevity rather than hits.

Breaking into the music industry, in either the independent or major parts of the industry, is difficult. Most musical acts never make a profit, and for workers in other parts of the network, the competition is severe. Building networks of trust and merit is key to being included in the music industry, at any point of the network, and is a point where policy could help new actors connect to established actors. These types of policy interventions are successful in connecting established actors (e.g. Music Export Sweden and MEP) to external markets. Smaller local initiatives of this kind could make the first stages of one's music career less precarious.

Furthermore, working conditions are closely linked to regulations. First, they relate to professional artists' status, which, in Poland, is still unregulated. Second, they relate to the public funding of projects (in this case music), both at the national and EU level. A number of institutions and funding programmes fulfil their statutory function, particularly in relation to the independent music sector analysed here.

It is also worth emphasising the importance of music education, especially within the broader framework of ‘education for culture’, which, especially in Poland, operates at an insufficient level. Investment in such education increases the cultural capital of music consumers, thereby motivating them to consume more and more music, and this can have clear positive economic consequences for the entire production network. It also influences a better understanding of the positive externalities produced by culture, such as social cohesion or increased levels of artist-inspired innovation.

According to industry reports and academic works, COVID-19 has been a challenge for the music industry, which is well established. However, it has not affected all parts of the network equally, but has had consequences particularly for creators and the live industry. For record labels and producers, the impacts have been less severe, as they have had their repertoire evenly consumed. For less-established acts and for the building of the live sector, the actors in the network cannot easily be replaced, due to the long-term building of networks that are imperative in any part of the sector. If one music venue has closed, especially in smaller cities, due to COVID-19, it is not clear whether it will be replaced in the near future, as that actor and its larger network of contacts have disappeared.

The fast-paced changes that the industry has undergone over the past two decades (i.e. digitalisation and democratisation of tools to produce, distribute, and promote music) continue to change the networks and the value circulation in the industry. This became apparent under the impact of the COVID-19 pandemic. Despite the hope that the internet and the tools it offers to the various actors (especially the individual, independent actors operating in the production networks analysed in the present research) would ensure the actors’ ability to function better in the network (i.e. above all, to capture a greater share of the value produced), their situation has changed only slightly compared with the period before the technological revolution. One might even be tempted to say that it has worsened. This is because new actors (new entrants) have appeared on the web, mostly originating from or linked to the IT sector. They have been able to build their business models on the value produced in the music network, but instead of adding value to the products and services produced in the music sector, they have taken some control of the network and have also captured a large share of the value produced. This means that policy support is needed in regulating how music products are remunerated and who controls the data and value created by different parts of the network.

Finally, it is worth noting that technology is rapidly evolving, and these changes lead to rapid shifts in the consumption habits of music consumers, which in turn influence the behaviour of the various actors in the network and the network’s configuration. Meanwhile, regulations, for example regarding creators’ appropriate remuneration for music distributed on streaming services, are not keeping up with these changes. A thorough redefinition of copyright and related rights – which, despite attempts to amend, has still not been adapted to the digital world – would reduce the tensions existing between the various actors in the network, especially between artists and the new technological powers. These tensions could be replaced by an additional synergy in the network of production that enhances the value produced within it.

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Appendix A. Methodology

A1. Research methodology

Introduction

The general aim of the CICERONE research, and in particular of WP2, is to understand the role of Cultural and Creative Sector (CCS) in the local development of EU countries starting from the configuration and dynamics of their global production networks (GPNs). This work package is based on a case study approach combining quantitative with qualitative research. The former is aimed at positioning the sector along a number of dimensions, while the latter will uncover the more in-depth aspects of the GPNs of the selected industries. While the project adopts a prevailing qualitative approach, it also envisages secondary data analysis. The case study approach is coherent with the research aim because of its ability to cover both the phenomenon and its context.

This appendix presents the main methodological issues of the WP2, some of which have been pointed to at the beginning of the reports.

Methodology stands for the systematic examinations of procedures and modalities of explanation that are used for the analysis of empirical data³.

In social sciences, empirical research may adopt a descriptive or an explorative logic; however, all research is always informed by a theoretical apparatus, even though the connection between theory and empirical research takes different connotations in the different disciplines/fields.⁴ Notably, epistemology draws a distinction between explanation and comprehension. Explanation implies the search for a stable nexus of causality between two (or more) variables, independently from the social and historical context. The underlying assumption is that we should be able to identify universal laws explaining the nature of observations (like in the so-called hard sciences). Comprehension refers to the traditional Weberian conception of understanding the meaning of the action for social actors. Such a meaning is influenced by institutional, normative and cultural dimensions that are spatially and historically specific. Reality is not simply described, but it is read, analyzed and interpreted.

In a situation where universal laws are inapplicable, the logic is to search for empirical generalizations. In order to move towards empirical generalization, social sciences make use of models or typologies

³ Selvin, H. C. (1958). Durkheim's suicide and problems of empirical research. *American journal of sociology*, 63(6), 607-619.

⁴ Rueschemeyer D. (2009) Usable Theory: Analytic Tools for Social and Political Research.

starting from Weberian insights. Weber describes ideal types as ‘mental constructs, formed by the analytical and one-sided ‘accentuation of one or more points of view and by the synthesis of a great many diffuse, discrete, more or less present and occasionally absent concrete individual phenomena, which are arranged according to those one-sidedly emphasized viewpoints into a unified analytical construct’.⁵ Through ideal types, reality is recomposed and synthesized starting from classificatory categories, so to help researchers to identify dynamics and mechanisms that underlie social processes.

Traditionally, empirical research is based on either qualitative or quantitative methods (or both). The distinction between the two has a technical nature: the choice depends on many elements, such as the research questions, data availability or the approach that drives it.

The choice of the method: the case study

Among many qualitative methodologies, case study research investigates in-depth into a real-life phenomenon by considering its situatedness and contextual embeddedness.⁶ Such a case can be an individual, a group, an organization, an event, a problem, or an anomaly.⁷ Contrary to the quantitative logic, the case is chosen because it is of interest⁸ or for theoretical reasons.⁹ Unlike experiments, the contextual conditions are not delineated and/or controlled but are part of the investigation.

In the case study methodology, the selection of cases is a crucial phase, and generalization of results is mostly based on that. There are two modalities to select case studies:¹⁰ random and information-oriented selection. Random selection is usually chosen to avoid systematic biases in the sample; in such circumstances, the sample size is decisive for generalization.

In social science research, cases are generally not randomly selected because it is difficult to in depth explore a huge sample. Moreover, random selection not necessarily provides informative cases, while in a research based on information-oriented selection of cases, the generalizability of results can be increased by the strategic selection of cases. As Flyvbjerg claims:

“When the objective is to achieve the greatest possible amount of information on a given problem or phenomenon, a representative case or a random sample may not be the most

⁵ Weber, [1904] in Rossi P. (1974)(ed.) *Lo storicismo contemporaneo*. Loescher, Torino: 124-125.

⁶ Ridder, H.G. (2017). The theory contribution of case study research designs. *Business Research*, 10(2), 281-305.

⁷ Burawoy, M. (2009). *The extended case method: Four countries, four decades, four great transformations, and one theoretical tradition*. Univ of California Press; Stake, R.E. (1995). *The art of case study research*. Sage, London; Yin, R. K. (2014). *Case Study Research Design and Methods* (5th ed.). Thousand Oaks, CA

⁸ Stake, R.E. (1995). *The art of case study research*. Sage, London

⁹ Eisenhardt, K. M., & Graebner, M. E. (2007). Theory building from cases: Opportunities and challenges. *Academy of management journal*, 50(1), 25-32.

¹⁰ Flyvbjerg, B. (2006) Five Misunderstandings About Case-Study Research. *Qualitative Inquiry*, 12(2).

appropriate strategy. This is because the typical or average case is often not the richest in information. Atypical or extreme cases often reveal more information because they activate more actors and more basic mechanisms in the situation studied.”¹¹

Information-oriented selection of cases implies that case studies are selected based on the expectations about their insights into processes, agency, strategies (information content). The experiment in hard sciences can also be seen as an extreme example of information-oriented selected case studies.

*“Carefully chosen experiments, cases, and experience were also critical to the development of the physics of Newton, Einstein, and Bohr, just as the case study occupied a central place in the works of Darwin, Marx, and Freud. In social science, too, the strategic choice of case may greatly add to the generalizability of a case study”.*¹²

Cases bring new knowledge either because they have a strategic importance in relation to the general problem or because they help to test the validity of the theory. Moreover, case studies allow cross-country comparison: the different contexts shed light on different dynamics related to economic circumstances, national and local regulatory framework, labour market, local culture and know-how, and so on. According to Robinson¹³ the choice of the territory assumed as the basis of the comparison (being it a nation, region or city) should be carefully chosen in relation to the single case study rather than assumed a priori.

Research design and research steps

As said, WP2 is based on a mixed methods approach of investigation. This means using both quantitative and qualitative tools; primary and secondary data allow a complex research design composed by several interconnected research dimensions: a sector description, an analysis for the identification of the case studies and the case studies themselves.

Industry description

Quantitative data was used to have a factual overview of European GPNs in CCS together with literature and desk analysis.

Literature analysis and quantitative (secondary) data were used to explore and describe the features of each sector, its quantitative consistence and its European production network, its role in the European economy, the territorial distribution of its companies and the typical business models.

¹¹ *Ibid.* p.229

¹² *Ibid.* p226

¹³ Robinson, J. (2011). Cities in a world of cities: The comparative gesture. *International journal of urban and regional research*, 35(1), 1-23.

1. Literature review – for each industry
 - a. Configuration of the Production Network (input-output structure) in the selected industry
 - b. Prevailing governance typology in each industry (e.g. power relationships, barriers to entry, value adding mechanisms, labour processes/skills ...) + possible governance typologies considering single interfirm relationships
 - c. Key socio-institutional dimensions affecting network configuration/dynamics (e.g. fiscal incentives, property rights, labour legislation, path dependent cultural aspects) at various levels (European, national, regional)
 - d. (possible) Changes over time (e.g. digitalisation, technologies, ...) + possible firms upgrading processes (value capture strategies)
 - e. (possible) National variations and specificities (e.g. national funds that support the film industry)

Statistical mapping of production network of CCS in Europe

Statistical data at the EU level (by Nuts 1, 2, 3 if possible) on number of firms, employment, VA, ... relative to the *different network phases* (e.g. creation, production, distribution, etc.) composing the Production Networks of the 8 selected CCIs.

Case studies in WP2

One of the strengths of the research lies in the fact that the great variety of case studies share a common unit of analysis. This is the production network of actors, firms, organisations involved in projects, which is very much in line with a whole body of literature on forms of collaboration in the cultural and creative industries. According to Watson (2012, p. 168), the benefits of a such project-based approach are:

“... first it moves beyond [solely] structural analyses to allow for an understanding of the importance of agency in project work; second it allows us to move on from firm-level analyses to develop an understanding of the complex social networks involved in [production networks]; and finally it moves on from research at the meso-level on inter- and intra-firm networks to provide micro-level analyses of project work.”¹⁴

Such an approach enabled the whole research to take into account agency *and* structure as well as their interaction, thereby heeding the view of Powell and Smith Doerr¹⁵ who conceptualise networks both as relational forms and structural ones.

¹⁴ Watson, A. (2012). Sociological Perspectives on the Economic Geography of Projects: The Case of Project-Based Working in the Creative Industries. *Geography Compass*, 6(10), 617-631, p. 618.

¹⁵ Smith-Doerr L, Powell W (2005) Networks and Economic Life. In Neil Smelser and Richard Swedberg, eds. *The Handbook of Economic Sociology*, Russell Sage Foundation and Princeton University Press.

As anticipated in *The Cicerone approach to production networks* section of this report, cases were selected on the basis of their informative power and of the theoretical expectations about their insights. Particularly, case studies represent a sufficient range of variation in terms of key business model characteristics, geographical span within the EU limits and cross the borders of European countries, finally and obviously they are accessible to researchers.

Such choices aim at bringing new knowledge on the contribution of the European CCS to local development, sustainability, social cohesion and (local) identity. Furthermore, as already discussed, an information-oriented selection of case studies increases the generalizability of results.

In details, theoretically based case study selection was grounded on the review of the existing literature on CCS and their organizational forms¹⁶ assuming a novel viewpoint. Three common aspects underlie this choice.

- A) GPNs in the CCS, as in any other industries, are characterized by differential power relations. Powerful actors (the lead firm) are those who drive networks and make things happen: as explained, their ability derives from their control of key resources, namely physical, economic, technological but also social, political and immaterial ones. The control of resources however does not automatically imply that the actor is powerful until power is exercised. Rather than being matter of actors' position in the network (more or less marginal actors), power should be conceived as the capacity to concretely exercise control within it. Governance identifies the authority and power relationships that affect how resources – material, financial, human, etc. – are distributed and flow along the chain. Following Gereffi it is possible to distinguish between two typologies of networks: the producers- and the buyer- driven chains. Governance as drivenness embraces a broad idea whereby governance refers to the whole chain dynamics: this concept is meant to capture the power that lead firms exert over other participants and to highlight its ability to govern the chain by making decisions about where, how and by whom goods/services are produced. In the identification of concrete governance typologies characterising a specific sector, the concept of governance as drivenness is one important aspect¹⁷.

- B) Relationships between lead firms and the other actors in the network differ across industries due to the particular features of the products/services produced, to the production process and the organization of that specific industry. The configuration and coordination of global production networks are also shaped by the expansion of demand and markets. Goods and services' demand needs to be created and sustained by final consumers and end users (i.e. think about the increased role of merchandising). It is therefore important to satisfy customer pressures, (i.e. price, quality), the so-called time

¹⁶ Different disciplinary insights have been gathered from literature in business, economics, sociology, economic geography.
¹⁷ Greco, L. (2016) *Capitalismo e sviluppo nelle reti globali del valore*. Carocci, Roma.

to market (i.e. time imperative) as well as the basic access to the market and to new markets (i.e. in emerging economies). Finally, the choices and strategies of production networks are also influenced by financial considerations, which relate both to firms' activities and to their shift to non- manufacturing ones. Such aspects refer more to technical, organizational dimensions and demand that are shaped primarily by the industries' internal logic.

- C) As underlined, the innovativeness of the CICERONE project lies in the application of the GPNs perspective to the CCSs. Whilst a vast array of studies has concerned the manufacturing industry, considerably less attention has been devoted to the cultural and creative sector. The empirical work required by the project intended primarily to make a contribution to the understanding of the CCS considered by the project at European level. Nonetheless, the empirical research aimed also to account for the broad institutional context in which production networks operate. Institutions do not only influence chains' dynamics but should be considered constitutive of these networks in ways that are critical for understanding their social and economic consequences: institutions were therefore not be considered external to the networks even though they are not strictly connected to inter-firms' relationships.

For each industry, case studies numbers range between two to four, according to the identified typologies, complexity of the case studies, availability of interviewees and so on.

Case study analysis

The empirical research based on case studies (namely the production network of projects) was carried on through the exploration of the single network-nodes and their relationships. Qualitative data was used to produce novel knowledge in the field and constitute the base for further research.

The explicative power of the selected case studies lies in the fact that the analysis is able to produce a 'substantive' representativeness of the EU CCS rather than their statistical one; in other words, case studies analysis allows understanding dynamics, mechanisms, relationships, etc. useful for explaining the functioning of such sector.

After selecting case studies, the empirical investigation was carried out using interviews, observations, ethnographies, digital ethnographies. The key dimensions of the analysis are: the network configuration and its geographical footprint; the governance dimension (power relations; value creation); the variety of embeddedness forms; the impact on socio-economic development.

As already indicated, production networks are socially and territorially embedded, beyond their organizational embeddedness. Societal embeddedness places economic actions within a multilevel institutional and cultural framework. Territorial embeddedness appreciates the differing ways in

which firms are anchored to different places and to its specific resources and features, for instance the local culture, labour forces, policies, raw materials and so on. Ultimately CCS industrial dynamics in Europe was analysed both in their ideal-typical sense (by accounting for the specific sector-level characteristics affecting inter-firm linkages) and with concern to the differentially embedded nature of their economic activities. Attention was paid also to the ways in which actors mobilize and deploy resource, forge alliance, shape regulatory structures through discursive constructions and mechanisms that legitimate the GPN configuration, i.e. eco labels, fair trade, ethical labour, environmentally friendly productions, etc. Consideration was also devoted to any relevant policy (or the lack of it) at the different stages in chain, which may affect the way in which the whole chain is configured. Policy analysis has looked at different kind of policies, i.e. cultural but also industrial as well as regulatory and trade policies. Additionally, policy and policy environment were addressed in their multiscale nature.

A unifying matrix focusing on the two key dimensions of governance (power) and spatial footprint allowed synthesizing the case study results by conducting a series of comparisons in different contexts. In addition, the systematization in the matrix is designed as a tool for policymakers in support of better CCS-relevant policies.

Research strategy

Preparing the interview

For each node of the production network, interviews were made to all the informed people that were considered suitable to understand the mechanisms at play in the node. The number of interviews was decided by each team according to the availability of interviewees and the information to be gathered. Three or four pilot interviews were recommended in order to recalibrate / reorganise the interview script; in some cases, interviewees were not available for the interview, but they were asked a number of key questions via mail: this solution was adopted if no alternative was possible. Empirically, the field was accessed through a company, which represents a node/phase in the network; starting from that, the whole network (both relations among phases and phases themselves) has been explored.

At the beginning of each interview, the interviewer presented him/herself and presented the research. The interviewee was given a leaflet containing information on the research as well as on the specific role that the EU can play in this field. After the signature of a consent form on the part of the interviewee, the interviewer started recording the interview. Interviews were done in person or in videoconference when the situation required it.

Each case study gathered qualitative data on a number of topics, which are detailed in the next section containing the interview outline, namely

- The interviewee profile
- The organization profile

- The network configuration
- The governance structure and strategies
- The embeddedness
- Policy
- Contribution to development

Qualitative data gathering

All interviewees allowed recording the interview with digital recorder. Interviews were then transcribed *verbatim*, pointing out emotional status only if particularly relevant.

Each interview was labelled and stored using all the following variables:

- Industry
- # case study
- Phase of the production cycle
- # interview (within the phase)
- Geography (Nuts3)
- # interview (within the industry)
- Date (DD/MM/YY)

Interviews coding

A two-step codification was used:

- 1) Codification of the interview according to the homogeneous excerpts on the basis of thematic areas identified for the research:
 - Network configuration → CODE: NET-CON
 - Spatial organization of the networks → CODE: GEO
 - The governance of the network → CODE: GOVERN
 - Embeddedness → CODE: EMBEDD
 - Institutional conditions → CODE: INSTIT
 - Policy → CODE: POLICY
 - Contribution of the production network to the development of European regions → CODE: EU_DEVELOP
 - Any other relevant issue that we might "discover" → CODE: OTHER

- 2) Codification of all the excerpts in each of the previously identified thematic areas (input-output structure, its spatial organisation, governance, institutional conditions, role in the EU development, other) based on relevant analytical categories.
 - Ex. Mechanisms of value appropriation; modalities of cooperation among organisations; upgrading mechanisms, working conditions, social/cultural embeddedness; any other new element

A2. Interview outline

Profiling the case study

A first step in the interview outline was to profile the interviewee and her or his organization, company, or agency.

Interviewee's profile

Themes to analyse:

- Position within the organization/agency/company/etc.
- Years spent in the position
- Main responsibilities
- Years spent in the organization/agency/company/etc.
- Years spent in the industry
- Years spent in the field
- Competences required for the job
- Any other relevant theme

- What is your job position within the organisation/agency/company/etc.?
- How many years have you been working in this position?
- What are your main responsibilities?
- How many years have you been working in this organisation/agency?/company/etc.?
- How many years have you been working in this industry?
- What are the main skills/competences required for your job?

Organisation profile

Themes to analyse:

- Brief history of the organisation
- Core business
- Legal nature of company
- Employees
- Any other relevant theme

- What does your organization/agency/company/etc. do/develop?
- What is the main activity performed by your company/organization/agency/etc.?
- What is your core business?
- Is your organization/agency/company/etc. independent or is it a part of a bigger company? (if yes) how responsibilities with the headquarter are distributed?
- How many employees does your organisation/agency/company have?
- Can you briefly tell me about your or organisation/agency/company? (*gather some information on its history, key moments, etc.*)

Network configuration

The second step of the interview outline aimed at shedding light on the whole cycle of cultural production from creation to final users (actors involved, roles, geography). In what ways is the industry X articulated/organised? How does the division of labour occur in the industry? Who are the main actors? Their roles? The geography?

The sketch of a diagram together with the interviewee can be a very useful tool at this stage: we suggest to use a large sheet of paper and start with the interviewee in the middle; then add the other organisations/agencies/actors/... involved in the different phases (locate the phases at the corners of the paper). Use this diagram as a map throughout the whole interview.

- Among the projects (services/activities/goods/event) that you briefly presented us, let us consider now the chosen one (possibly it should be one that involves an extended/extra-local/European/international network). Please, help us to identify the whole cycle of cultural production and your role in it.
- Who are the actors that are involved, together with you, in the carrying out of your project (i.e., customers, intermediaries, consumers/audiences, etc.)?

Actors involved

Possible actors involved:

- Artists, composers, designers, creatives
- Producers
- Suppliers, impresarios
- Audience, customers
- Intermediaries, dealers, experts, critics
- Media, influencers
- Archivists
- Any other relevant actor

Themes to analyse for each actor:

- Description of the actors
(Who they are? Big or small organizations/groups, independent, subsidiaries...)
- Role played by the actor in the network
- Type of resources mobilized (financial, economic, reputational, technological resources...)
- Any other relevant theme

- Who do you work with?
- Who are the people that are involved in the realization of the project?
- Who are the suppliers that are involved in the realization of the project?
- Can you tell us more about them?
- (i.e. SME / large organizations, public/private, local/global, independent/subsidiaries, etc.)
- What kind of resources do they mobilize in the project?
- (i.e. a service, an idea, technical or professional knowledge, raw materials, a semi-product, a final product, financial assets, etc.)
- Who are your customers? or your audience?

- Do you sell directly to the final consumer?
- Are there any actors in your business that you would define as intermediaries? Why? For instance, because they help your product/you to be visible, or they “translate” your work for the audience, or they appreciate particularly your work.
- Is there anybody that helps you in promoting your products/projects? (e.g. art curators, advisors, critics, etc.)
- Do they have an impact on your business? How?
- What do they do precisely?
- What does their intermediation consist of?
- Could you give me an example of a situation in which intermediaries were useful to your business?
- How did you come in contact with this intermediary?
- How did they find you?
- Has your relationship with intermediaries changed over time? Why?
- Do media and influencers play a role in your business?
- How do they impact on your activities?
- How do they get to know you?
- Let us consider the social media. Are there any influencers on Instagram/Facebook/etc. that have an impact on your strategies/activities?
- Have your own accounts an impact?
- Do you use them to promote your project?
- Have you or has your organisation got an archive of your projects (creations/services/activities/products)?
- Have you or has your organisation been part of a show/exhibition/etc.?
- Does collecting exist as a practice in your business?
- (If yes), Who are the collectors? Does a collecting market exist?
- Who decides on what will be archived and in which form?
- Have your projects ever been part of a collection?
- Are there any museums/institutions particularly important in your sector that collect major/innovative works?

Spatial organisation

Themes to analyse:

- The geography of the network
- The issue of physical distance
- The management of distance (if relevant)
- The management of communication (if relevant)
- Any other relevant theme

- Where are the actors/organisations of the network located? (Use the diagram to identify actors)
- (consider all the phases of the PN)
- Have you ever experienced any problem due to the distance? (for instance, dealing with something implying face-to-face communication; the need to check a process personally; ...)
- How do you communicate with the different actors in the network?
- Do you need to travel a lot?
- How is the geographical distance managed?

Governance

What kind of relationships govern and regulate the network organization in the Industry X? What are the economic, socio-institutional, political aspects affecting inter-firms' dynamics?

Relations among network organisations

Themes to analyse:

- Type of relationships between actors (formal/informal)
- Decision-making process concerning the project. (who decides, autonomy / cooperation / subordination, participation)
- Existence of standards / conventions to follow
- Resources: type of resources that the interviewee can mobilise, whether they are specific or generic, easy to find or difficult, locally based, ... type of resources that the interviewee needs, whether they are specific or generic, easy to find or difficult, locally based, ...

- What's your role in the network?
- What [actor/organisation x's] role in the network? (Use the diagram to identify actors)
- How do your customers/suppliers/partners/... choose you?
- How did your customers/suppliers/partners/... get to know you?
- What are your relationships with customers/suppliers/partners/... based on?
- (i.e. trust, competences, flexibility, quality, price, uniqueness, etc.)
- Has your relationship with customers/suppliers/partners/... changed over time? Why?
- Has your relationship with your customer(s)/audience impacted on your business in terms of production/profit growth, number of people working in the company/organization/agency/etc., visibility, etc. Could you quantify it?
- Do your suppliers/partners provide you with standard projects?
- Have you ever asked them to customise their products for you?
- Do your suppliers/partners provide special goods/services that are difficult to find?
- Do your suppliers/partners provide special goods/services that only they are able to provide you?
- Have you ever developed a project together with suppliers/partners?
- How do you select your suppliers/partners?
- How did your suppliers/partners get to know you?
- Have you ever had any problems with suppliers/partners? how did you solve them?
- Has your relationship with suppliers changed over time? Why?
- Do you have direct relationships with the consumers/audience of your project?
- (if yes) How do you manage it?
- Does audience/final consumer participate in your creation/production/distribution/exchange/archiving processes? How?
- How important are audience/consumers' preferences/judgments for your projects/business/activity?
- Does their judgment affect your creation/production/distribution/exchange/archiving processes?
- How are your relations with your customers/suppliers/partners/...regulated/governed?
- (i.e. formal agreements, informal accords, individual contracts, codes of conducts, etc.)
- Have you got any exclusive agreement with your customers/suppliers/partners/...?
- Does it include non-disclosure clauses?

- Does it include the use/concession of technologies/knowledge that are protected by (any kind of) agreement that you cannot use/replicate for other processes?
- (If yes) what kind of agreement?
- Who decides how to create/produce/develop/make/provide/etc. the project that you carry out?
- Does your customers/suppliers/partners/...participate in such a process?
- Do you have a say in such a process?
- Has your customers/suppliers/partners/... their own margins of autonomy in such a process?
- Do you have your own margins of autonomy in such a process?
- Can you/your customers/suppliers/partners/... negotiate terms and conditions of the creation/production/distribution/exchange/archiving/etc. process?
- Is there any quality standard to be respected in such a process?
- What are the consequences in case of non-compliance with the contract/standard?
- Do you envisage any kind of reward for your best suppliers? What does it consist of?
- Do you have any knowledge of the destination of the project (service/activity/good) that you produce/ create/develop/make/provide/etc.?
- In your opinion, how easy would it be for you to replace your other customers/suppliers/partners/...with others?
- In your opinion, how easy would it be for your customers/partners/... to replace you with other suppliers/partners?
- What do you/ does your company/organization/agency do better than others in your industry?
- What is your specific asset/advantage with respect to others?
- How important is reputation in your business? What elements are crucial for it?
- How do you build your reputation?
- How do you make yourself/your organization/agency/company known?
- Have there been any crucial moments in your organization' history/your career that have changed your reputation?
- Have there been any people that have been particularly important for your career/your organization' growth?

Price and value

Themes to analyse:

- Mechanisms at play in the price and value formation (decisions, relevant aspects such as brand, status, reputation, production...)
- Actors involved (or excluded) in value/price formation
- Any other relevant theme

- Who decides the price of the project that you exchange with your customers/suppliers/partners/...?
- On the basis of what dimensions?
- (i.e. market position, competencies, reliability, reputation, brand, design, technology, etc.)
- Can you/your supplier(s)/customer(s) negotiate the price? On what basis?
- With respect to such a price do you think that your contribution is adequately rewarded?
- Could you tell us how much it costs the realization of the project that you exchange with your customers/suppliers/partners/...?
- How often do you receive a non-monetary reward for your work? What do you receive instead?

- Does the price of the service/activity/good that you exchange with your customer(s)/supplier(s) allow you to run your activity/business according to legal and social standards? Why/Why not?
- Do you know the final price at which the project (service/activity/good) is sold?
- In your opinion what are the elements that contribute to determine the final price of the project?
- (it might be the price of the final good, the price of the ticket of a concert/show/exhibition but also the price of the whole exhibition/festival)
- Do you think that the final price of the project is appropriate? Why?
- Do intermediaries impact on decisions about the price of your project? How?
- In your opinion does the final price of the good/service reflect its value?
- In which stage of the production cycle (refer to the diagram) is the value of the project mostly created?
- Who are the actors/organisations in the PN that gain the most from the realisation of the project? Why?

Working conditions, labour and collective actors

Themes to analyse (when applicable):

- Profile of the workforce/associates/collaborators/partners
- Recruitment process and wage definition
- Organisation of work
- Presence and role of trade unions in the organisation/agency/company/etc.
- Presence and role of trade unions and/or business/trade associations in the industry
- Any other relevant theme

- Do you have employees/collaborators/associates, etc.?
- How is your workforce composed?
- (i.e.: percentage of professionals/consultants/technicians/workers, etc. out of the total, but also percentage of women/men, percentage by ethnicity, etc.)
- How is work organized in your organization/agency/company, etc.?
- (i.e.: on projects, regular working time, piece rates, etc.)
- What types of contracts does your organization/agency/company mainly apply to them?
- (i.e.: fixed-term contracts, permanent contracts, agency staff, freelancers, consultants and contractors, etc.)
- Do they work mainly full time/part time?
- Where do they mainly work?
- (i.e. offices, ateliers, workplaces, at home, in co-working spaces, etc.)
- What aspects do you mainly consider when selecting the workforce?
- (i.e. skills, formal training and education, experience, reputation, flexibility, technical knowledge, etc.)
- Do you employ foreign professionals/workers? Why?
- Do you have internships? Do you have any specific agreement with schools/universities in this respect?
- How do you set salaries and working conditions for your workforce?
- (i.e.: collective agreements, plant level agreements, informal agreements, individual negotiation, etc.)

- Does your organization/agency/company set any productivity incentives/bonus for your workforce?
- Do workers have a say in the activity carried out by the organization/agency/company?
- Do your workers must respect any codes of conduct?
- Do your workers must respect any non-disclosure agreements/clauses?
- Are trade unions present in your organization/agency/company/etc.?
- What are their main claims?
- Have they ever helped you? When?
- Do they influence your business? How?
- (i.e. through the bargaining process, strikes, demonstrations, disputes, etc.)
- Have you had any conflicts with unions recently?
- (If yes), Could you tell me what was the issue?
- How did you negotiate your positions?
- What is the role of business associations/trade associations/etc. in your industry? (at different levels: local/regional/national/international)
- Do you participate in some of them?
- (If yes), How is this beneficial?

Skills and knowledge

Themes to analyse:

- Main skills/competencies/resources required in the industry
- Skills/competencies/resources that make the interviewee / organization crucial / important for the network.

- What kind of skills/knowledge/competencies/technologies/etc. are involved in/needed by your production/creative/distribution/etc. process?
- Do you have any specific expertise that makes you irreplaceable to your partners?
- Do you find skill/knowledge/competencies/technologies in the local labour market or do you need to acquire/buy them from abroad/very far from you/in a difficult way?
- Do you provide any training programme to your workforce? Who decides for them?
- Does/do your customer(s) play a role in such a process?
- (i.e.: sending consultants/technicians/skilled workers, organizing training programmes, etc.)

Innovation

Themes to analyse:

- Main innovations for the industry and the specific economic activity
- Impact of innovations on the cycle of production
- Impact of innovations on relationships with partners
- Impact of digitisation
- Any other relevant theme

- How do you keep yourself informed on the latest technologies/innovations/trends/etc. that are relevant for your business?
- (i.e.: fairs, contests, consultants, journals, magazines and sector publishing, etc.)

- What is the most important/recent innovation that has been introduced in your creative/production/ distribution/exchange/archive process?
- (focus on different types of innovation: product, technological, stylistic, in the distribution, ...)
- Who/what urged this innovation?
- How did this innovation impact on your business?
- (Please, explore the different implications of this innovation)
- Did it allow you to develop new organizational capabilities?
- To hire new/qualified workforce?
- To reach other customers or/and enter new/different markets/businesses/activities?
- To acquire new/better capabilities?
- How did innovation impact with your work?
- Have you been asked to acquire new skills?
- How did this innovation modify your relationships with the other actors/organisations of the network?
- Have you ever needed/solicit collaboration with schools/universities/ laboratories/education centres/etc. for developing/learn any innovation?
- (i.e. for finding skilled professionals/workforces and/or for developing new skills/competencies/knowledge)
- Is there any research centre with which you cooperate to research and develop new services/products/ideas? Are they private, public or are they the result of public-private partnership?
- Has digitalisation had an impact on your activity? How?

Embeddedness

Relations between the production network and the region

Themes to analyse:

- Resources that the territory/context offers and relevance for the activity carried out
- Advantages/disadvantages connected to the area
- Role of Institutions
- Policies
- Any other relevant theme

- What kind of resources can this territory offer to your organization/agency/company, etc.?
- (Here's a list of possible items that you may explore: know-how, traditions; logistics; skilled labour; research structures, academies and schools, innovation hubs, incubators; geography and natural resources);
- For instance, with reference to social resources:
- What kind of social resources can the community of this area offer to your company/organization/agency/etc.? (i.e. local work ethos/culture, informal relations, attitudes towards the economy, openness to innovation, diversity, social values, cultural activities, etc.)
- In what ways are they relevant for your activity?
- Do you think that the local community supports your economic activity? (If yes) In what ways?
- Would you say that it is strategic to be here? Why?

- What factors keep you here?
- Has this territory a special reputation in your industry's tradition? How do you benefit from it?
- (i.e. territorial brand that may help your activity?)
- What are the problems of the territory that impact on your organization/agency/company, etc.?
- Do institutions (regional, local authorities, ---) in this territory encourage economic initiatives in your industry? In what ways?
- Do institutions (i.e. region, local authorities, ---) encourage cultural initiatives in this area? In what ways?
- Does the economic and institutional context in which you work help/hinder your activity? How?
- (focus on fiscal requirements, industrial policies, labour regulation, environmental standards, trade policies, etc.)
- Do you think that the existing policies at regional level are adequate to the needs of your organization/agency/company?
- (focus i.e., on innovation policies, labour and tax regulation, incentives, industrial policies, etc.)
- Do you think that the existing policies at national / international level are adequate to the needs of your organization/agency/company?
- (focus on innovation policies, labour and tax regulation, incentives, industrial policies, trade policies, intellectual property right agreements, etc.)
- Has your organization/agency/company, etc. tried to influence policy making?
- Has your organization/agency/company, etc. benefited from policy initiatives developed in industries connected to yours?
- Do you participate in some regional-funded project/initiative?
- In your opinion what should be done at a policy level to promote/help your industry/activity?

Contribution to socio-economic development

Themes to analyse:

- Socio-economic impact of the PN on the region
- Birth/decline of new/traditional job/economic activities connected to the PN
- Birth of new professional/technical schools/courses connected to the economic activity
- Collaboration with institutions/universities/schools
- Participation of the interviewee/organisation in local cultural/social initiatives
- Economic/social/environmental sustainability
- Any other relevant theme

- Does your involvement in a network of (global) activities impact on the economy of the region you work in? In what ways? (i.e.: incomes, employment and wages, local taxation, touristic trends, etc.)
- Has your participation in the network favoured the birth/diffusion/expansion/decline of new/traditional jobs/professionals and/or economic activities connected to it?
- Has your participation in the network favoured any collaboration with universities or local schools?

- Has your participation in the network favoured the birth of new professional/technical schools/courses/etc. connected to your activity?
- Has your participation in the network favoured the development of local cultural and social initiatives?
(i.e.: festival, fairs, competition and contests, community revitalization programs, urban regeneration, etc.)
- Has your participation in the network favoured the involvement of your organization/agency/company, etc. in the social life of your locality/region? (i.e.: charity initiatives, with prisons, etc.)
- Do you support/promote any local association/organization/initiative/festival/fair/sport club/etc.?
- Are you involved in any local association/club/organisation for the promotion of the local society?
(i.e. local festival, local fairs, etc.)
- Has your participation in the network contributed to improve the well-being of your workforce's conditions in this region? (i.e.: labour standards, diversity promotion, health and safety, etc.)
- Has your participation in the network contributed to improve the environmental sustainability of your economic activity? (i.e.: introducing cleaner technologies, environmental sound processes, materials, etc.)
- Do you think that your business has contributed to change/improve your region's image/reputation? In what ways? (i.e.: local specializations, brand rent effect, testimonials, etc.)

Concluding session

- In your opinion, how important is your contribution to the production network you participate in?
- How do you think you are contributing to the development of local society?
- What are the main values that inspire your activity/organization?
- How do you imagine this industry in ten years' time?
(focus on e.g. cultural hybridization, technological innovation, new markets, etc.)
- How do you imagine you/your activity in this industry in ten years' time?