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Music Business and Marketing:
An exploration on independent artists capabilities

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Abstract

The research work proposed falls in the area of “Marketing, reputation and branding” and is framed around the subject of music distribution and artist promotion.

Since the music industry acquired a global perspective the presence of major companies has been a need for artists so they could use their infrastructure to approach the market. Something that was highly needed in outdated markets that required physical means for the music to be reproduced and copied saw a major shift with the use of digital audio services that allowed playback and distribution at a lower cost and more accessible to every kind of artist.

However, in the digital streaming services world markets are still flagged with barriers of entry and the same major companies along with new entities have access to “exclusive” distribution methods that secure a higher market share and seem to end up in a higher probability in artist success. The use of “playlist distribution” and other systems of promotion end up leaving independent artists in a similar situation as the one that defined the last decades of the nineteenth century.

This work will focus on analysing these market structures, their possibilities and requirements as well as the independent artist’s capabilities to either access them or find a higher return through similar or other promotion methods. It will also be focused on the evolution of these markets and the presence of “high budget” companies and their role in them.

The ultimate objective is to find out the means of promotion used in the digital era music business create the conditions of monopoly because of the large gap in success capabilities they present and in case it is not, to state what are the most effective ways of “breaking” an artist without being part of this market.

Key-Word List

artist, independent artists, music distribution, marketing, music labels, playlist, digital audio, streaming services.

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1. Introduction:

a. An Overview of the Music Industry

The digital revolution came into play in the music industry with the apparition of Peer-to-Peer downloads of MP3 files. The, then understood as piracy, had settle the bases for online music selling platforms and streaming services. This implied a democratization of the music distributing channels making them accessible to artists and simplifying the process by which a track recorded in a studio reached the public. Also, the same democratization process happened in music creation due to the development of technological advances and the accessibility towards digital creation software's. The best example of this could be Garage band, a digital audio workstation (DAW) being included for free on every mac OS or IOS platform.

This has led to a common understanding in music studies and industry that the power has shifted from music labels and publishers towards artists making them able to overcome barriers of entry that existed in the traditional industry: *“Record labels and production companies may lose in the new environment of digital music distribution. As artists gain control [...] intermediaries will lose profit”* (The Move to Artist-Led Online Music Distribution: Explaining Structural Changes in the Digital Music Market, 2005)¹.

b. Research Methods and Objectives

The higher goal of this research work will be to understand if this statement is true, or it is only an illusion as the most effective distribution and marketing strategies are still widely inaccessible for small and independent artists and rely on either economical support or the use of networks only reached by high end companies.

For it we will use the following methodologies:

- ❖ **Revised bibliographical work** on the topic to understand academic views on the music industry and marketing, as well as its history and future tendencies. This will help to clarify the social sciences vision on the topic and limit non-academic

¹ The Move to Artist-Led Online Music Distribution: Explaining Structural Changes in the Digital Music Market. (2005b). IEEE Conference Publication | IEEE Xplore.
<https://ieeexplore.ieee.org/stamp/stamp.jsp?tp=&arnumber=1385598>

views from music marketing gurus and other personalities which, if used, will be clearly stated so that they serve as complementary and not as a foundational layer of the work. This other kinds of opinions and research, that in other sciences will be particularly useless, will be accepted in this work because of the music industry dependence on experience and “inner knowledge”².

- ❖ **Interviews with members of the industry** ranging from artists and producers to managerial positions or experts on the topic will be used to shed light on the evolution and understanding of marketing strategies and recognise which are most effective so that, finally, we could state if they are accessible for independent artists and bands. This will also serve to clarify the role of certain media and other marketing intermediaries in the process of development of an artist career, to what extend they serve a fundamental purpose (Directly linked to the artist value-numeric performance) or a collateral purpose (They expand information on the artist for its audience but do not directly affect sales or career path – under normal conditions).
- ❖ **Online data sources** like Spotify for Artists, Chart metric and others such as Spotify charts API’s will be used to study traffic-time relations between artists and to analyse the presence of actors inside distribution chains, like major label presence in playlists or radio.

Setting a measurement standard for marketing campaigns has been a difficult task since the digital impact of most modern strategies, although more data susceptible, is harder to relate to real situations like sales increases or monthly listeners in the streaming services case.

Also, the influence of randomness driven factors such as algorithms and digital trends formed by them makes it difficult to correlate if the new audience is being pushed by a campaign done in real life (IRL), by digital marketing campaigns or just by the nature of audience flows in a streaming platform.

Consequently, artists tend to measure their performance in KPI’s (Key Performance Indicators) that are used for comparison and understanding of marketing strategies.

² “Inner Knowledge” understood as the familiarization and recognition of behaviours and information that is only available to workers of certain parts of the industry but never limited by contracts or any information disclosure agreement.

- c. Monthly listeners: This is the number is defined by Spotify as the number of “unique users who stream your music at least once in a 28-day window”. Therefore, this number is dependent on the number of new users that find a music artist and the consistency the artist can have in releasing new music, which directly impacts the follower probability of listening to a track a month. Also, traffic will be ignored due to how it gets represented in the peaks formed by this metric.
- d. ROI or Return on Investment: A more generic KPI used across all marketing disciplines which establishes the relation between the money in and the money out. Sometimes ROI will be assumed or estimated due to the lack of information on the exact artist accounting.

$$ROI = \frac{\text{money earned} - \text{money invested}}{\text{money invested}}$$

- e. Engagement: In digital marketing this KPI serves to estimate the health of an audience considering a good health resembles a high engagement therefore making the audience prone to like, comment, talk about the product, share...
- f. Retention Rate: This KPI will be solely used for this research project in order to do endogenous comparisons³ between artists in a period. The value for traffic will be directly crossed with a time value so that the relationship is established, using the form of a simple growth formula to derive the factor. This metric will come into value whenever we need to measure the real impact on fanbase a distribution or marketing strategy has taking out the effects of virality. Although virality will be considered a good thing for brand success, having a big deviation between virality and loyalty in listeners means an artist will be generating stages of success and failure and that the retention of the possible new audience is not being accomplished therefore creating a margin of underperformance.

³ When talking about endogenous variables it will mean that they will also serve as a comparison if the same variable is applied under same circumstances to the artists compared.

3 Month Retention Rate

$$= \frac{\text{Monthly Listeners}_{t3} - \text{Monthly Listeners}_{t0}}{\text{Monthly Listeners}_{t0}}$$

On the area of study of the research, it was chosen because of personal experience and previous knowledge and work on the topic. I had a career as an artist for over 5 years in which marketing was a key point of my efforts and studied every possible way of increasing figures. In 2019 a campaign for promoting a single based on saying that we had lost an alpaca in Madrid just for a few days after confessing that the alpaca had been found inside one of my music videos was a huge success and made the project go viral on a small scale, reaching the point of having interviews on the topic. This kind of view on “Guerrilla Marketing” created a way of understanding music promotion with no economical resources that has been a tendency among the last years only in this sector. This could be explained by the highly competitive environment and the lack of time and attention by the audiences.

Since then, the ideas of economical sciences and finance, which I also study, ended up creating a way of understanding the music industry from a non-artistic point of view without being an artist. This work is not only the outcome of research and thinking on the topic, but the filters of experience dealing with the music and recording industry for years.

The objectives of this research are not to find or explain the perfect methodology for independent artists to promote themselves and their product but rather to depict the framework in which the material factors of music production have change the consumption and therefore the promotion of the tracks. The study aims to do field level research understanding fully the real capabilities of marketing and promotion of artists due their complex situation inside markets. There may not be a perfect way to market an artist into success but surely there are more efficient or waste less resources in not creating the expected impact. Finally, to understand how the luck factor of success can be reduced in order to make campaigns achieve higher goals and meet artists targets.

2. Theoretical Framework: The economic vision of artistic disciplines

Music commercialization is a highly variable and complex topic in which forms of artwork, craftsmanship and a highly competitive business environment merge. Due to the nature of the song itself, an intangible asset is normally the “product sold” and the company behind it is a person or a group of persons defined as an artist or band. In this research work we will use both terms as synonymous as both refer to the entity behind the representation of the musical product.

To simplify this complex market structure, we will use economic terms to all of the procedures that engage in the process of marketing and music commercialization so that the next objectives are matched:

- A simplistic economic view of the process allows us to identify market changes across history and the continuous revolutions the industry has been subjected to.
- All artistic features are stripped away, and music is assumed to be a perfect product. This is a process common in all music business studies as it allows us to compare bands, eras, campaigns and, most importantly, numeric values without the connotational value of attachment and liking linked to the songs or bands.
- It standardizes music making and distribution across genders and in the cases of anomalies, as there are many, they will be clearly stated in the work.

Music marketing will have two variants, it is either focused on the artist promotion in terms of branding and image creation, reputational changes or rebranding purposes... or focused in bringing a return to the table, therefore funnelled towards direct consumption of the songs or selling live tickets or merchandising. Also, the concept of music marketing will be cross-linked with the product as in the conceptual environment of songs usually messages about the artist are being promoted and it is difficult to raise a barrier that clearly separates both.

In terms of the supply chain view: producers, engineers and songwriters (People who collaborate in the making of tracks but do not hold the performing rights of them) are assumed to not be part of the representing artists/bands as this is the majoritarian case for modern pop music. Economic value is created in the making of either digital or physical copies of an album, EP, track... and the distribution of the same with copyright and other rights over the object. This will be pre-assumed as the creation/recording of a song,

although a mixed process, if never distributed it is not an economic activity as it just implies an artistic value.

When addressing research on the topic three main strands could be identified: Cultural studies which reduce the music on its conceptual norms behind it and the values it shares with communities or majorities. Economic views that address music making as something non artistic and analysed through revenue and profit creation by englobing it inside a pure material-value related activity and Marketing research which is highly focused on case studies and individual stories therefore limiting standardization of norms and finding patterns across actors that participate in the market.

Due to these three reduced approaches a mixture of the traditional marketing approach and economical views on the topic will be used. Also, this could prove highly beneficial because of music distribution market evolution... the tendency among the last years has been a reduced “time of consumption” per song, reduced profit per musical work and an increase in the volume of consumers due to accessibility to streaming services. This has in some cases lead to a popular belief of music becoming a fast-food market.

Although the main genre of study is pop music for which mass communication strategies are used, in some cases we will refer to specific genres to justify exceptional cases in which certain distribution or marketing strategies will work or be used.

3. History of modern music Marketing: How distribution models shaped promotion

The modern idea of music marketing developed in the mid to late 20th century although it was anything but new and artist were, decades before, concerned by it as the existence of printing advertising of “Musical Opinion” which appeared around the 1870s as Rd. Mihalıs Kuyucu (2021, 14) suggests. Therefore, this stated the change from “interpersonal music marketing” when a musician and a listener connected due to music (James R. Ogden, 2011,2)⁴ and this made persuasion possible. Live performances were understood as the focus of the bands and artists in order to captivate listeners the same

⁴ Ogden, J., Ogden, D. T., & Long, K. (2011). Music marketing: A history and landscape. *Journal of Retailing and Consumer Services*, 18(2), 120-125. <https://doi.org/10.1016/j.jretconser.2010.12.002>

way they represented most of musician's revenue. Lack of recording infrastructure and little accessibility of the same were also a key factor in musicians' dependence on this.

It was anyway the democratization of the radio and other playback devices what started the development of music marketing the way we know it today. Mass distribution allowed for mass marketing to appear making what in essence was the same product to have a market that supersized it. This is also what breaks the barrier of geographical barriers of access to tracks as radio and playback ready products were able to access several markets at the same time, they were part of a person's culture, therefore being extended not only by distribution but by normal people. As Paul Théberge wrote, "*Any discussion of the role of technology in popular music should begin with a simple premise: without electronic technology, popular music [...] is unthinkable*". This was the cornerstone in the possibility of overcoming geographical and natural limits in the spread of the musical product. It was also the second world war and the later development it implied for winner countries what allowed the development of the complex technical array of technical devices that came into use (Theberge, 2001,3).

This is the era where "record making became the driving force of the music business" in which profit was made from "someone's intellectual work or intangible goods" (Miroslav Škoro, 2013, 785). This process then started to create what today represent pop music. A first characteristic is the creation of the "hit song" which followed Warhol-like patterns of production... the best example can be the Motown era in which more than 5 tracks were made every day by musician assemblies and then curated by what Berry Gordy called a "quality control" meeting. These songs were written by specific musicians and usually handed out to singers or bands in order to be the performers. It followed Ford's idea of chain production but with a rare product in the starring space: music.

A second characteristic could be the appearance of the artist as a celebrity which created a public figure out of the performer giving them a product like possible approach for commercialization. "*Celebrity culture became a feature of social life, especially in the developed world, during the late 1980s/early 1990s, and extended into the twenty-first century, assisted by a global media, which promoted, lauded, sometimes abominated, and occasionally annihilated figures*" (Ellis Cashmore,2014,8⁵) "From this point onwards,

⁵ Cashmore, E. (2006). *Celebrity Culture*. En *Routledge eBooks*. In-forma. <https://doi.org/10.4324/9780203962916>

music labels will focus on creating products out of artists in order to appeal to major markets.

To this era, we will refer as “traditional music industry” and before continuing it must be understood that we are simplifying a period of minor changes in music consumption which also determines the marketing approach. The late 70’s idea of disco artists being used to sell records has abrupt differences with the early 90’s punk scene in which revolutionary and counterculture ideas were expressed in terms of artistic content but due to the structure of the supply chain, consumer behaviour, price determinants in terms of behavioural economics and the overall actors influencing market funnels were similar.

The first turbulence in this model was the Peer to Peer (P2P) revolution provoked by Napster possibility of song sharing across the internet. This allowed for digital download of music to be possible in the form of MP3 files. However, Napster never resolved copyright issues therefore incurring in a piracy crime being shut down in 2001 after a large legal battle against the RIAA (Recording Industry Association of America). (Magali Dubosson-Torbay et al. 2004, 1)

4. Value and production chain in music distribution

a. Non-tangible nature of the product

Music creation understood in its most simplistic form and in a reduced situation with no external collaboration is something that does not imply an economic activity nor implies a direct relationship with the generation of capital inside a society, the same way a craftsman making a chair for himself to sit at does not imply any of the previous conditions. However, both situations face a turning point at the time that the product is created with the collaboration of other actors (suppliers) and placed upon a regulated market in order to be exchanged for the two most basic economic resources, either for money or for time.

At this point of the productive chain, chairs are a material asset with instrumental value that can be easily valued with market fundamentals such as bid-ask relationships, material quality, scarcity or other desirable characteristics such as comfortableness. Even in the markets for chairs with an “art” or unique perspective these basic ideas merge with the

intangibles of art-intended products to determine a price and an economical behaviour of the asset.

Music radically diverges from this idea due to the non-tangible character it is tied to by nature and since the modern era of music distribution, it highly depends on the possibility of it to be recorded copied and reproduced to be a market product and not because of someone's performance.

b. The value chain from the traditional and modern era.

In the context of the pre-streaming era but after the P2P revolution we on the traditional value chain (Magali Dubosson-Torbay et al. 2004, 1⁶) in which the cost of acquiring 10 tracks was for the consumer 17\$/19\$ and the recording artist and songwriters received respectively 11% of the wholesale price and 0,755\$ per song. For artists this will end up in a received revenue of 1,54\$ per album. A basic economic analysis of this situation would enforce the idea of the recording not being the most important part of the product, which in part is true as for music to be copied and sold in mass markets the later structure is more important than the song itself.

The production process of a music track or album will subsequently follow steps that, in a professional environment supervised and developed by field professionals, englobe artistic and business activities, sometimes clearly differentiated, sometimes not. (*See Figure 1, Page 14*)

There is a reason for this emphasis on the understanding of the traditional value chain in music production which is that record labels and publishers were a non-replaceable part of the commercialization of a song. This relegated absolute control of the branding and marketing of artists to the major companies above them which lead to failure and success cases. When understanding the evolution of the business we find a cyclical structure of welfare-crisis-welfare due to streaming services incursion and the power changes they implied in the music supply chain

⁶ Dubosson-Torbay, M., Pigneur, Y., & Usunier, J. (2004). Business models for music distribution after the P2P revolution. *Proceedings of the Fourth International Conference on Web Delivering of Music, 2004. EDELMUSIC 2004.*, 172-179. <https://doi.org/10.1109/wedelmusic.2004.6>

Recorded Music SC - Pre iTunes

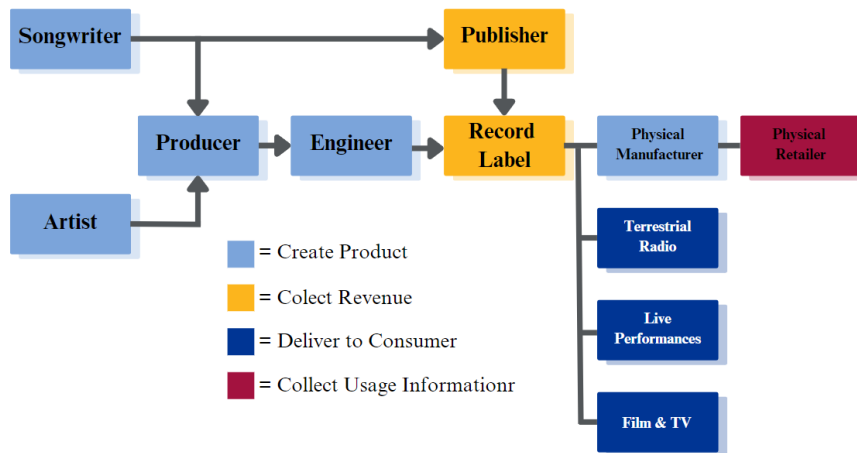


Figure 1. Self-elaborated, "Disintermediation in the Music Supply Chain"⁷

c. The influence of streaming services

The digital model of music consumption brings into the table three major shifts from the traditional viewpoint. First is accessibility to markets is shifted "directly" to the artist and "eliminates" the need for a record label.

Second is the possibility of doing the branding and marketing tasks via the digital world: social media, digital newspapers, content creation dependant platforms such as YouTube and other non-traditional media such as twitch.

Third and one of the most important and most under viewed items is the unification of price, first by the iTunes model creating a three-way structure for music pricing: \$0.69, 0.99\$ or 1.29\$ which do not imply a determinant impact in consumer behaviour. Later by the streaming services model by which users do not pay an amount per song but a monthly fee to have access to a catalogue of tracks.

⁷ Area, U. A. D. (s. f.). *Disintermediation in the Recorded Music Supply Chain*. UCLA Anderson Global Supply Chain Blog. <https://blogs.anderson.ucla.edu/global-supply-chain/2015/08/disintermediation-in-the-recorded-music-supply-chain.html>

This makes artists not exchange their music for money but for time. When a user is inside of this platform his main currency is the cost of opportunity of listening to one artist instead of another. This enhances competition and highlights the importance of being “the first in line” in order to perform to the best of the artist ability.

5. Modern Digital Music Marketing

Music marketing englobes various objects of promotion and different returns can be expected depending on what the ambition of the campaign is. Two main objects of promotion can coexist and are usually subjected to the audience: The artist (band) or their music. When talking about artist promotion we are debating on any form of promotion that looks to improve his image.

a. Social Media

Social media platforms are the image of the artist, and their effectiveness is highly dependent on the genre audience use of that social media. Some genre related communities tend to be more prone to have better conversion rates in an specific social media as it could be for the “*hyperpop*” subgenre in twitter. This will highly alter the proficiency an artist will find in his conversion rate when doing campaigns or just by everyday activity. Social media platforms have also tended to be a must inside the artist industry as, for example, a Spanish specialized media on rap music stated in an interview for this research that “*they have not been approached nor known an active artist nowadays with no social media profile*”. Active use of it can be debated in the case of stablished artists as it usually follows periods of activity-nonactivity but there tends to be existence of the official profiles.

b. Content delivery platforms

Content delivery platforms like patron or YouTube are another way of marketing for artists which usually lye on the branding side of the promotion as they allow for a more v-log style of videos in which the lifestyle of the artists can be promoted. C.Tangana’s use of YouTube during the Covid-19 era to promote his album “Bien:(“ by telling his quarantine story or later Rigoberta Bandini’s interviews of famous artistic personalities form ways of developing a brand idea via conceptualization which can easily be forwarded to fans. These forms of promotion usually do not imply high conversion rate

due to the funnel distance between the promotion and the artists repertoire but help with the establishment of audience loyalty and more extensive discovery of the music maker.

c. Streaming platforms

Streaming platforms are today's main source of listeners and, in some cases, of revenue for artists. They could be defined as "*services that send video, music, etc... over the internet so that people can watch or listen to it without having to download it*"⁸. They have the most impact in the listening experience as they are every day's way of reaching someone's music.

Promotion and marketing tend to be funnelled from other media towards them and some of them have acknowledged their power and started favouring artists with new features such as Spotify's possibility of putting a banner on their home page with an artist new album or special campaigns including.

d. Digital media

Digital Media is also a possible platform of exposure for artists and in some cases, it can be a very big link with certain opportunities. Usually, the ability of breaking an artist **through** digital media campaign is very limited but the chances of an artist breaking into the industry without appearing in digital media are more. Inside digital media we will consider a division considering the audience and content the media itself has. The difference will be between generalist media in which the target audience is broad and more "non-musical" concerns will be mentioned. On the other hand, specialized media in which, although audience is usually smaller and more critic, a more music related message can be pushed through.

e. Radio

Radio was once the main source of new musical product discovery for audiences, niche based, their presence in day-to-day life and possibilities of outspreading a song simultaneously among different socioeconomical and geographical audiences made them a bottleneck strategy for artists. Nowadays this has been substituted by streaming and although they are still present, competition has made them less powerful in terms of reach and engagement. Generalist or "mainstream" radios are usually out of range for emerging

⁸ *streaming service*. (2023). <https://dictionary.cambridge.org/dictionary/english/streaming-service>

or upcoming artists and their appearance in them is usually exceptional. In the case for specialized radios this are usually the most common space for upcoming artists [...]

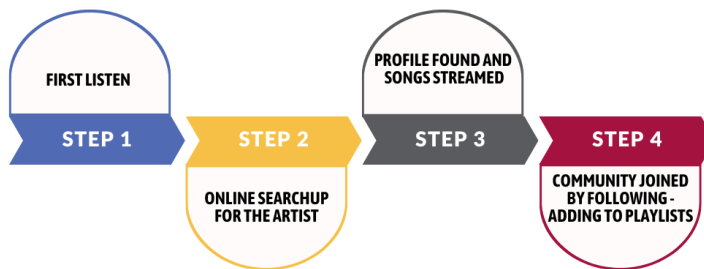
Comentado [ÁC1]: Expand/justify and add data research

f. Editorial and Algorithmic Playlists

Streaming playlists are the most common way of promotion used in music nowadays due to certain factors.

- g. Most direct funnel between the discovery of the artist and the ROI cycle accomplishment due to the coincidence of this two in the same act. This means that in the moment someone listens to the song at the first time it is a direct listen or monthly listener in streaming services therefore reporting profit right away.

Artist discovery via exogenous inflows



Artist discovery via streaming playlist



Figure 2. Self-Elaborated

- h. Large already existing audiences: Some of the playlists in Spotify outsize in followers the artists that appear in them (editorial playlists) by massive amounts and they usually do not present huge barriers of entry due to the democratized ways of access they present. (Example: "Novedades Viernes España" Week 13. 2023)

| Artist Name | Monthly Listeners | ML v. Playlist Reach |
|----------------------|-------------------|----------------------|
| Apartamento Acapulco | 20.659 | 1378% |
| Cala Vento | 76.066 | 406% |
| Noia | 23.360 | 1219% |
| Quinkyoddgirl | 2606 | 10925% |

This figure exemplifies the relation between the total audience of the playlist and the total audience of the smaller artists featured in it. Although not providing an effective return on investment in surely explain the amount of exposure a track featured in these medias can find.

Apart from editorial playlists we can also find other two types of playlists. Personalized playlist which follows an algorithm based on your interactions inside the app to provide the user with a spectrum of new music to be discovered or revisited⁹. This are:

- Discover Weekly
- Release Radar
- Daily Mix
- On Repeat
- Repeat Rewind

⁹ *Help - Types of Spotify playlists – Spotify for Artists.* (s. f.). <https://artists.spotify.com/help/article/types-of-spotify-playlists>

The algorithm, as stated by Spotify on its website, is based in behaviours such as play, skip, save, share...

The last type is listener playlists which are created by users. Although the majority of this ones are user's personal playlist there is a lot of interest inside the private sector of music promotion on this topic as it allows to develop a fanbase and control portions of market share inside the app. For example, "Deep House 2023" accounts for 5 million followers which implies a bigger market share than Top Hits USA official playlist (196.100 Followers) or the Top 50 Global (1.7M followers).

6. Marketing capabilities and their relationship with scarcity of resources

For this chapter of the purposed research a line must be drawn between major labelled artists and independent ones and for the correct understanding of both an examination of the usual patterns inside music contracts, an environmental study of promotion factors and a cost-benefit analysis of means of promotion shall be done.

Even though major labels do not account for the majority of artists that participate in musical markets – something somehow logical understanding that access to the market is free but these companies cannot account the physical capabilities to provide a career intention for all of them – They account for the majority of the market share as they tend to either sign the biggest projects in the industry or achieve that small musical projects acquire bigger market share than the one that independent artists have.

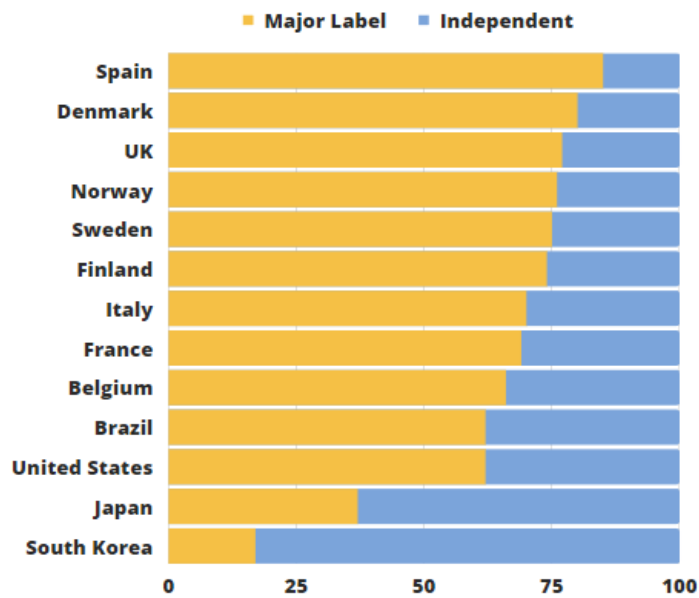


Figure 3. Self Elaborated on Data by "Statista"

a. Major Label Business

The traditional big companies inside the music business have been the ones that faced a bigger restructuring inside the digital era of the industry as they already had a profitable business operation regime that relied largely on the CD/Vinyl recording. As they were required to change most of their already existing structure and take losses.

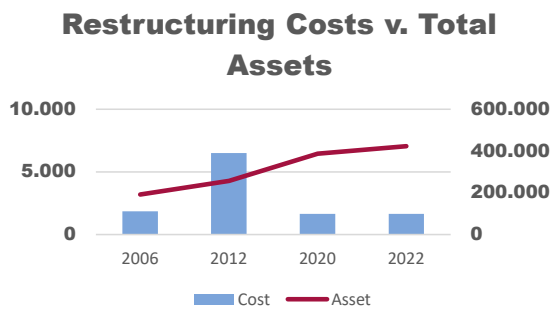


Figure 4. Self-Elaborated on "Sony Music UK" annual reports.

By analysing “Sony Music Entertainment UK Limited” annual reports an extraction of the total of Assets presented by the company has been compared towards the proportion of restructuring costs and the biggest amount of this was destined on 2012, the year in which Spotify’s value per song achieved its max value until today (*Figure 4, Revenue in Billion Dollars*). This was the shifting point in which most of the major labels decided that streaming platforms were here to stay and most of them developed a new enforcement of musical projects which developed new methods of marketing, distribution and even contracts.

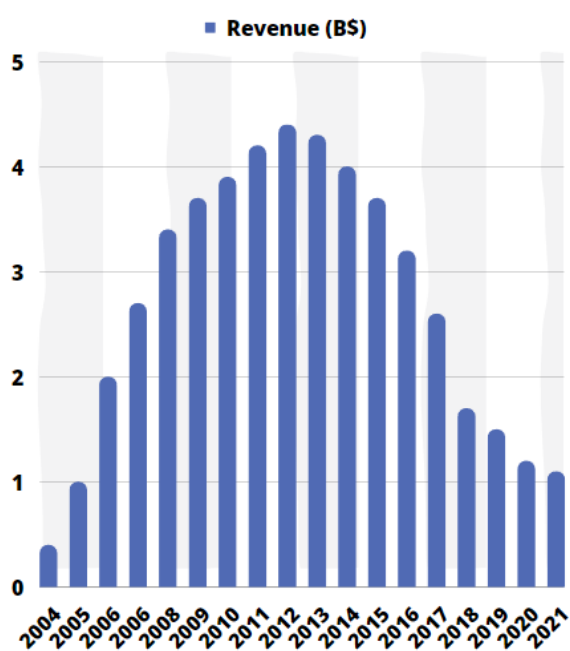


Figure 5. Self-Elaborated on data by "Statista"

10

Major Labels usually operate under 360 contracts, also named “multi-right” in which the artist does not only sign their music but all the complementary rights derived from most content and products produce and usually this implies an exhaustive control of the artist imagery and development. The beginning of the use of this contract came from live

¹⁰ *Digital music - global revenue 2021* | Statista. (2022, 22 septiembre). Statista. <https://www.statista.com/statistics/263109/global-digital-music-revenue/>

distribution companies such as “Live Nation” which already mentioned them in 2008 and signed deals with U2, Madonna, Nickelback and Shakira.¹¹

The 360 deal | Extract from LiveNation presentation back in 2004

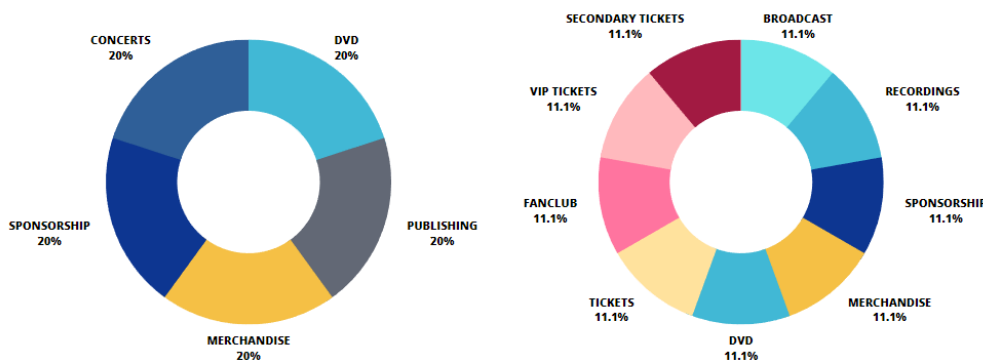


Figure 6. Self-Elaborated, based on Live Nation Presentation 2004

Later, major labels decided to implement the same type of legal form incorporating the recording rights into the procedure and justifying it by two different arguments. On the one hand the “just desserts” arguments in which labels use their figure of authority as developers of most pop musicians talents and carriers, and use this to justify their right to own most of the career related turnover and not only the music. Also the argument called the active partnership in which labels state that this kind of contract gives them more incentive to participate and support the artist long term due to the growth and turnover possibilities they have. (Lee Marshall, 2012, 79-83)¹². Due to this control and influence on the artist career the percentages of income received by labels have tended to increase in a bigger proportion than costs but at the same time they gain the possibility of

¹¹ Marshall, L. K. R. (2013). The 360 deal and the ‘new’ music industry. *European Journal of Cultural Studies*, 16(1), 77-99. <https://doi.org/10.1177/1367549412457478>

¹² Marshall, L. K. R. (2013c). The 360 deal and the ‘new’ music industry. *European Journal of Cultural Studies*, 16(1), 77-99. <https://doi.org/10.1177/1367549412457478>

improving the artist impact in some business parts that were not used before such as social media image, documentaries, public appearances...

Until this point we have analysed major labels business model as of a single artist "production" but this firms operate in a more financial than business term by advancing the capital needed to artists and then replenishing the losses by taking a dominant percentage of the total turnover. This applies to a concept called "management of artist rosters" which implies that the production of the label is seen as a sum of all the gains and losses from the artists that are involved in it. Labels in the streaming era have a tendency towards signing more artists than they use to and utilize the lowered cost of production and distribution of the music to reduce potential losses.

Also split of the revenue between many artists. As fixed costs per artist decrease (Those costs expected because of music and video production, manufacturing, artists development...) they can handle a bigger portfolio of artists reporting smaller benefits but being more distributed across the "impact spectrum". The key here is that the artists signed stay over the profitability line. This change in the business model can be explained by the change in representation of the total percentage of Warner music turnover among the last years.

Warner Turnover from 5 most streamed artists

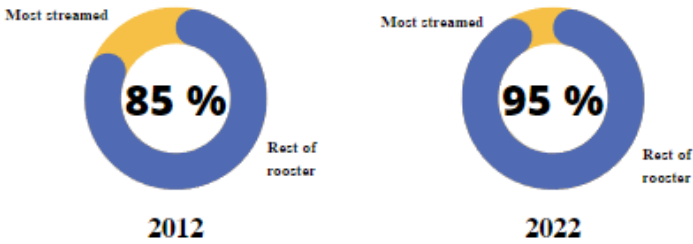


Figure 7. Self-Elaborated, Data from Warner SEC filings

This has several implications on marketing for artists as if the bigger players in the game must diversify their financing and attention between more artists there will be a shift in

the quality and objectives of their campaigns. Also, because of business intelligence, often major labels are the ones who can understand better the results of their marketing strategies, this allows them to perfectly scrutinize their means of promotion and understand which have the more cost-benefit ratio.

Surely creative marketing and promotions, meaning with this term those that are not directly linked to the return of streams or benefits but rather related to improving the artist engagement and fanbase as well as their image or the reputational ideas they represent, are still something that major labels do and when they use this methods of promotions have bigger possibilities – C.Tangana on an academic talk on the Spanish Design Institute stated how his only way of having a billboard in one of Madrid’s main avenues was to partner with Sony and Loewe, and needed Sony in order to be able to partner with Loewe. But this kind of promotions are not exclusive for major labels and can be done by independent artists, however, figures like the total reach and the long-term impact created by media and public opinion can be enhanced if there is the money and power to back them up.

However major labels have come up with other strategies to promote artists that are only possible using big firm budgets and refinanced by the activity of artists as by themselves they do not provide great turnover. The main example of this is the use of supportive playlists, this are spotify playlist created by private owners that are composed mainly of a music label artist rooster and are used to boost the streams and monthly listeners of the label artists so that this can have a greater possibility of getting into “gatekept” methods of promotion, such as spotify editorial playlists or music festivals.

An example of this will be the case of Topsyfy as a subcompany of Warner Music. Topsyfy was a company acquired by Warner in 2014 as a playlist brand in which they “farm” their own listener market share, creating a subchannel of distribution inside Spotify and using it to increase the artists numbers so that they can be more appealing for other opportunities. The inclusion of an artist in one of these playlists will increase their stream number as they will be exposed to an already controlled audience. The playlist “Pop Español 2023” by Topsyfy has total playlist follower number of 188.4k and an average track number of 190 songs, however its composition is made up of 96% of the total tracks provided by Warner Music.

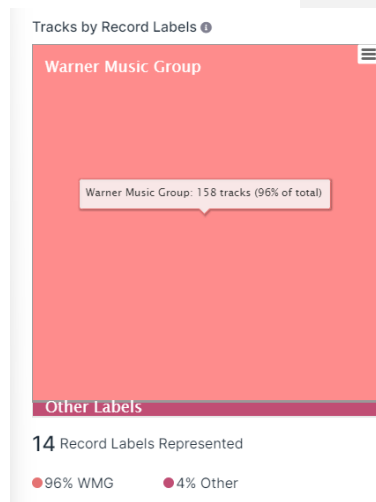


Figure 8. Chartmetric

b. On the division between independent and major label artists

As a final statement on the cost benefit analysis on being an independent or major label artist on the distribution and capacities of success the following chart explains most of the difference, but the trade coin is control of the product in exchange of a bigger infrastructure. If applied to the pop music market the possibilities inside of a major company are much bigger than as an independent artist, as the product is not directed to accessible niche markets but towards “everyone”. This makes accessibility to mass media and mass communication something primal in the exercise of promotion and distribution.

7. Interviews and Analysis

For the purpose of investigating the capabilities of marketing and promotion for independent artist a series of interviews have been done on several people from the music industry. This were specially focused on independent artist but all of them represent different features in terms of how they committed their “Break in”¹³ into the industry, marketing tactics, career paths... Also, for the analysis of growth possibilities an A&R

¹³ The term “to break in” is commonly used in the music industry as the process of going from an undiscovered artist to an emerging one.

from Sony Music Spain has been interviewed so that the qualities and features of small artists desired in major labels for their later signing.

Therefore, in order to understand these conclusions and considered that the research, as expected, did not output any form of “magic formula” for success in artist development, a formula has been developed in order to exemplify what an artist should try to accomplish with his marketing and promotion strategy.

There were two assumptions relevant to the failure of any research in the business success field and one specific to musical studies. As said in the methodological framework, music business studies always assume the product to be perfect, which of course cannot be more separated from the reality. Music taste is a highly personal choice in terms of consumer behaviour and most behavioural economic theories cannot be applied to it as it is not as simple as price to quality relationships and incentives to buy. Therefore, and in order to study artist impact irrationalities are usually taken out of the equation so that standardization can happen.

The other two assumptions are the existence of a luck driver in success and discovery. This implies the existence of certain non-causal coincidental relations that can vary the outcome of the inputted factors. This makes that some strategies with no extension of development will work and some others will not. The key factor to increase the luck component of success is to repeat the process as many times as possible as this increases the chances of it happening.

With all of this considered a three-way split of the idea of music marketing can be done from the standpoint of the final objective of the campaign:

- a. **Product Development:** This accounts to all the non-direct promotional and marketing aspects that can impact branding and reputation. They usually do not reveal a real consequence in a qualitative term, but they affect the factor of conversion between the reached audience and the impacted audience.
- b. **Reach Purposed Marketing:** These promotions and strategies tend to have as an outcome reaching the highest number of targets as possible. When analysing independent artists, as financing is not their best resource and money tends to be scarce (All of the interviewed artist stated in their interviews that personal finance is the way of acquiring the capital for the

projects.) so there are no possibilities of using high-impact media, such as TV Commercials or Billboards in high traffic areas so creativity makes it's way into the model to amplify audiences.

- c. Loyalty Based Marketing: The idea behind this kind of pathways is to make the customer you have engaged with before more engaged and invested with the artist work. Some key points will be mentioned in terms of loyalty creation as some artists have confirmed that some of their actions revealed only this result.

With all of this considered the following mathematical model can be simplified to understand the idea behind music marketing:

$$\mathbf{max}(f) = \mathbf{Reach} \times \mathbf{i} \times \mathbf{S\&S}$$

Where:

- R = Reach
- i = Interaction Rate – Amount of the people who interact with the content and do not leave unmoved.
- S&S = Share and Spread – Factor of the amount of people who feel engaged with the content and talk about it or share it.

All the actions an independent artist must make in order to achieve new fanbase shall be derived of the tendency to maximize the proposed equation and increments in any side of the equation can output the same number but make a different qualitative impact on the artist feeling about their music. This can be explained by Freddie Flowers when talking about the difference from being in a major and being independent. He stated that when

being part of a major label his numbers were much higher, but the engagement feels higher right now as an independent artist. New methods of promotion such as branded content and a more personal approach are his way of promoting as an independent artist rather than playlisting and traffic related methodologies used by the major. A proportional increase in reach to the decrease in the Share&Spread of the promotion will generate the same numbers but the artist will have higher numbers and a lower number of direct interactions (social media engagement, audience in live shows...). The same way round a proportional decrease of the Reach to the increase of the Share&Spread will output smaller numbers but a higher amount of direct engagement.

$$(2 \times Reach) \times i \times \frac{S\&S}{2} = \frac{Reach}{2} \times i \times S\&S \times 2$$

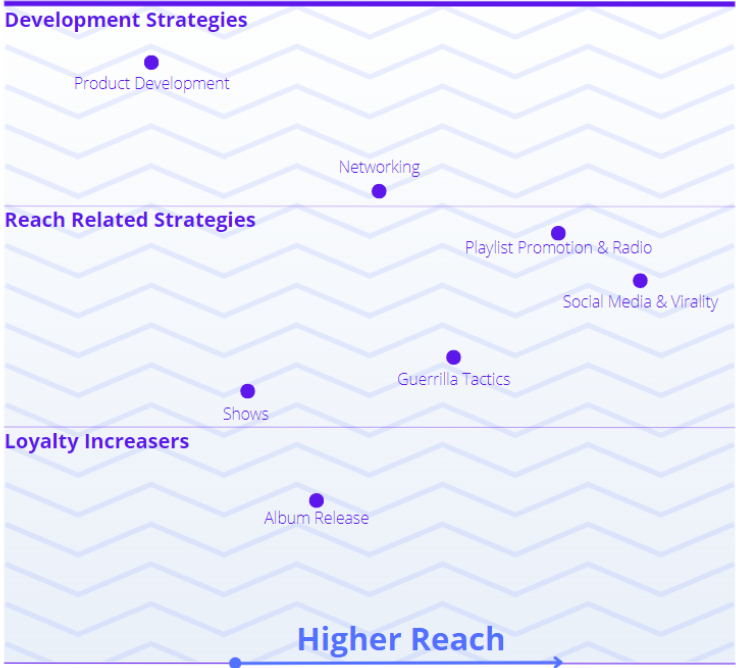


Figure 9. Self-Elaborated, Representation of conclusions

a. Personal Interviews and Conclusions

Reached this point we will continue to explain relevant factors that artist can do to maximize and correct irregularities in this model.

Product Development: Even though music is assumed to be perfect, the amount of work an artist puts into this part of the process is key in securing results when promoting it properly. As stated by “Selecto Picasso” when asked why his track named “Voy a Poner a Madrid a Llorar” worked so well reaching 4 million streams on Spotify between the original and the remix “*A lot of things influence [the success of the song] but if in the end the track is good, the track is good*” (G. Picasso, Personal Interview, April 2023)¹⁴. This track never had an ambitious promotion nor a try of achieving mass success, it was the seventh track of an album that could have gone underseen easily, rather it reached more views that the artist never had before. Music is a highly inefficient market and value is not correlational to product quality but there are certain factors that can upgrade an artist image and reputation. Often working with professional producers or sound engineers upscales the artist success possibilities.

Product development in the music also implies the upscaling of the conceptual quality of non-principal factors of the music industry being this the music videos, the covers, the imagery (selection of concepts that frame the art direction of a project), the styling... When asked to Young Les Paul¹⁵ about this a statement was made regarding styling saying that this should not be obnoxious nor an attention seeking activity by the artist but rather “true to itself”. This conceptual idea of the self has been highly regarded by pop cultural studies field by the academic Simon Firth on “Taking Popular Music Seriously” where he defined “authenticity” it as one of the key aspects to understanding the success of popular music.

All the product development ideas are impactful on both the reach and the spread of a music artist, but they are also key in their possibilities of accessing a major label. Jorge Perez, A&R from Sony Music Spain stated that he does not only look at the music of an artist before entering negotiations to sign him but rather keep a holistic view of the project

¹⁴ See G. Picasso Interview, References, Personal Interviews

¹⁵ See “Young Les Paul” Interview, References, Personal Interviews

considering how professional they are by seeing their aesthetic proposal, covers, audience behaviour in shows... (J. Perez, *Personal Interview*, April 2023)¹⁶

Another important part of all this marketing journey is the development of a networking tissue that can help or enhance the artist results. This is key in accessing some power related positions such as some live venues and studios. Even though this aspect of the promotion strategy is not directly linked with marketing it will help with the reach of the artist and its capabilities when doing some of the music related tasks.

Some crucial factor in all this marketing methodology is that playlisting is out of the artist control and they should not obsess over entering on them: As put in the interview with Jorge Perez from Sony there is no way someone can promise you to get into playlists. Surely, they will put more attention into a major label release rather than independent ones, but this is just a certification of quality that is not explicitly augmenting the artist probability of getting into them. Radio promotion was not mentioned by any of the artists, but it tends to be out of their control until they have broken in and implies high costs for a relatively low ROI and engagement therefore it can be avoided or at least, considered only as a supplementary source of traffic.

Social Media and Virality was mentioned by Sanju as a way of achieving a high reach, in his case the track went viral due to algorithmic reasons and reached popularity on Tik Tok. This allowed him to achieve the figure of 4 million streams. Although this happened, he states in the interview that numbers after this went to the usual behaviour and became low. He also stated that from this song being a collaboration between 3 artists the reach was diluted between them. A study made by “The Pudding” in 2021 also found out that from all the artists who chartered in the years 2020 and 2021, 25% of them came from Tik Tok. And from the figure of 125 artists who went viral from tik took and had never gone viral before only 3 of them reached the “milestones that lead to a sustainable music career”¹⁷.

These ideas conclude that virality and social media promotion with this target can be beneficial to an artist’s career, but it does not imply success and other means of loyalty

¹⁶ See J. Perez Presil Interview, References, Personal Interviews

¹⁷ Pudding. (s. f.). *The Unlikely Odds of Making it Big on TikTok*. The Pudding. <https://pudding.cool/2022/07/tiktok-story/>

link creation shall be done, before and afterwards to change this from several audiences to actual fans.

As explained before in this article, the purpose of an artist is to establish a successful career and not only to achieve momentary fame, and there are plenty examples of artists who achieve the first without ever reaching the second.

The next action that could be used in order to improve an artist performance would be Guerrilla tactics. They usually imply a high level of effort and dedication and some financial needs that make them impossible to be the usual form of marketing for independent artists but at the same time they provide the biggest amount of organic high-quality traffic as well as giving some differentiating value to the artists. Due to the impossibility of them being continued in time and used frequently the opportunities of doing guerrilla marketing shall be reserved for special promotions and it might be better if the promoting object directly implies conversion – A single or an album launch.

Two of the artists interviewed have done this kind of strategies to achieve a higher volume of traffic to their respective events. “Freddie Flowers”¹⁸ usually does private parties when launching a single. This parties help with the direct promotion of the single in social media as people in the party post about rather the single or the party now of publishing. As know by how the social algorithms work a high load of interaction in a small-time frame usually increases the promotion of the post.

They also help with the mouth-to-mouth spread of the songs as this people are usually asked about the party or talk about them in their day-to-day life that wee. This implies several interested people in your release that might not reach that level of engagement if the parties did not happen.

Another possibility is a direct campaign, the best example for that would be Reda Diouba¹⁹ doing his release of “1095”, an album that narrated his relationship with gambling addiction. To promote this, he placed a slot machine in the middle of the most visited square in Salamanca. What he calls a “monolith” – the slot machine- contained a QR code that directed to a WordPress page that included some information on his album and the video of his most recent single published on that date. When asked about the traffic this campaign had he stated that “it was not a big number of new audiences but a

¹⁸ See Freddie Fowers Interview, References, Personal Interviews

¹⁹ See Reda Diouba Interview, References, Personal Interviews

lot of high value profiles in the music industry” (*Reda Diouba, Personal Interview, April 2023*). This helps artists development and future possibilities as he will gain new networks of promotion and a branding image that can be beneficial in later events. For example, for Reda, “La Gaceta de Salamanca”, biggest local newspaper published his campaign on page 4 in a full-page article.

This is the best way of formal or traditional marketing for artists as it encompasses both needs of their promotion, having a high reach while maintaining a big conversion or engagement rate.

Live shows might not be forgotten in the possible ways of promoting an artist and they can have two big splits. Live shows in which the artists are the starring actor and live shows in which the artists play before another bigger artist. In the first case, as talked with Sanju, this do not tend to bring a lot of new followers nor improve the artist reach, but they tend to help with building a more personal and closer relation with the fans. For the second case, none of the interviewed artists have had a clear idea of the impact they generate but there are numerous examples of artists whose fame came from playing before other bigger starts. (Urban music artist Saiko did his “break in “a after playing before “Feid” – established artist- for the last years)

Finally, and one of the most important ideas in this scheme of music distribution and marketing research is the proportionality there should exist between singles and albums. Singles are the way right now to make a name out of an artist. S. Picasso explained in his interview that he is trying to release two singles a month because the life cycle of music has shortened, and people are asking him for when he will publish his next song just after releasing one.

Even though singles are the way to break in, a concept has resonated in the same way between a few of these artists (Sanju²⁰ and Picasso) which is doing a “consolidation album” (*“Sanju”, Personal Interview, April 2023*). This means doing an album after acquiring the idea of being an emergent artist. The consolidation album was made by Sanju in 2022 and he stated that he had found that most of his recent loyal fanbase came from it. An interesting conversation came into play when talking about this as he stated that fans usually find a song and do not investigate the artist who made it until they have two or three in their library. Making this kind of consolidation album which is more of a

²⁰ See “Sanju” Interview, References, Personal Interviews

branding statement than an album made people find more tracks they liked about him therefore reaching the profile and going from the listener status to the fan one.

The most important idea on the consolidation album shall be timing as it must be released in a moment in which the music is reaching high numbers and there is some kind of spotlight place on the artist to avoid failure. Albums are highly likely to go undercover in the high volume of music is being released right now and it would be an inefficient effort to make and pay for an album that does not report any new result to the artist career.

8. Further Research Ideas

The biggest conflict found with this research is the absence of quantitative data there is with the music industry results. On the one side, Spotify and streaming services give little information on the performance artists have inside them and this data is hardly likely to be correlational to the artists real performance. On the other hand, and as a difference with most part of the private sector, artists are not legally required to publish any information on their accounting or metrics, and they usually do not publish them to avoid any kind of business problematic behaviour. It is exceedingly difficult to analyse the traffic of a big set of artists platforms therefore it cannot be used to study what works and what doesn't. This study for example started with this plotting of getting quantitative data and quickly turned into exploratory research due to the absence of useful information.

Finally, there are two barriers that are more conceptual than tangible. First, a lot has been said on the music and the music business from cultural perspectives but there is a significant lack of music business academic work made from the economic standpoint therefore there is a lack of knowledge about the commercialization of the art world that cannot be fully explained. The other major problem is the barriers of entry and law protection most music business contracts and situations face... there is a big gap of the information that cannot be justified and therefore is left out of the research as it is knowledge that just "insiders know". That is why doing interviews and not forms are needed, because details reveal a lot of information about what artists can and cannot do that cannot be explained from any other source rather than the artists themselves.

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