

A Creative Industry in Transition: The Rise of Digitally Driven Independent Music Production

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ABSTRACT This paper nuances our understanding of the ongoing transition within the North American music industry. It extends the existing analysis of the so-called “MP3 Crisis” by exploring the ways in which digital technologies have challenged the entrenched power of the major record labels. In particular, new insights are offered based on interviews with music industry executives who have been active in shaping the industry’s response to illegal file sharing. The paper also uses interview data from musicians to investigate the implications of restructuring at the macroscale on creative talent at the microscale. As such, it documents the structures and spatial dynamics of digitally driven independent music production in Canada for the first time.

[In 1999] Napster came into being, forever altering the architecture of the entertainment industry, technology and the law, yet society has yet to come to terms with these changes. (Allison 2004, 7)

The introduction of MP3 files, file sharing networks such as Napster, and the widespread practice of illegally downloading copyrighted music files constituted a structural shock to the North American music industry. As a result, new forms of technologically driven production and distribution are fundamentally altering the music industry, structurally and spatially. Although several geographers (Connell and Gibson 2003; Fox 2005; Jones 2002; Leyshon 2003; Leyshon et al. 2005; Power and Hallencreutz 2007) have examined the development of file sharing networks and the impact of the so-called “MP3 crisis” on record sales and the major record labels, the implications of these changes for individual workers remain unexplored. This paper assesses the nature of technological change and its implications for work in the music industry. Drawing on 65 interviews¹ with musicians and key informants in Toronto, it argues that by eroding the power of the major record labels, technology is democratizing the production and distribution of music. Moreover,

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the paper demonstrates that technology has created a new structural and spatial order of independent music production in which individual musicians can make and sell music from anywhere. The paper also considers the implications of industrial restructuring on creative talent at the microscale. Indeed, while technology provides individual workers with unprecedented freedom, it has also radically altered the market for recorded music. As a result, independent musicians face a dichotomy between freedom and risk which forces them to negotiate new opportunities and uncertainties in the digital music industry.

The paper begins by reviewing the period in which the major record labels consolidated their power and controlled the organizational structures, employment conditions, and spatial dynamics of the music industry. This is followed by an analysis of how emerging technologies such as MP3s, the Internet, and file sharing networks served to radically alter the landscape of music production and consumption. The paper demonstrates how technology has curtailed the power of the major labels and how that power has been redistributed to a broad set of actors, including retailers and individual musicians. The remainder of the paper outlines the relationship between technology and independent music production and more specifically, the employment conditions for independent musicians working in the contemporary digital music industry.

Majors and the Consolidation of Power

In the 1950s, 1960s, and 1970s, the recorded music industry was populated by dozens of record labels, each varying in size, location, scope, and power (Burnett 1996). During the 1980s and 1990s, several rounds of consolidation, in which dominant labels purchased or merged with smaller labels, altered the landscape of the industry. By 1999, the music industry was firmly controlled by five large corporate entities or “majors.”² These were Bertelsmann AG (headquartered in Germany), the EMI group (Britain), Seagram/Universal (Canada), Sony (Japan), and Time-Warner (U.S.) (Scott 2000, 114).³ Geographically, the music industry was increasingly globalized and concentrated in Tokyo, London, and Berlin where the majors are headquartered. In the U.S., Scott (2000) indicates that the majors, the bulk of independent labels, supporting functions (such as music publishing, management, legal services, recording studios), and even record manufacturing are concentrated in three cities, Los Angeles, New York, and, to a lesser extent, Nashville. In Canada, major and independent labels as well as the majority of the country’s music-related services and infrastructure have traditionally clustered in Toronto (Hracs et al. 2011). Like other cultural industries, this concentration is driven by the benefits of agglomeration which include lower transaction and

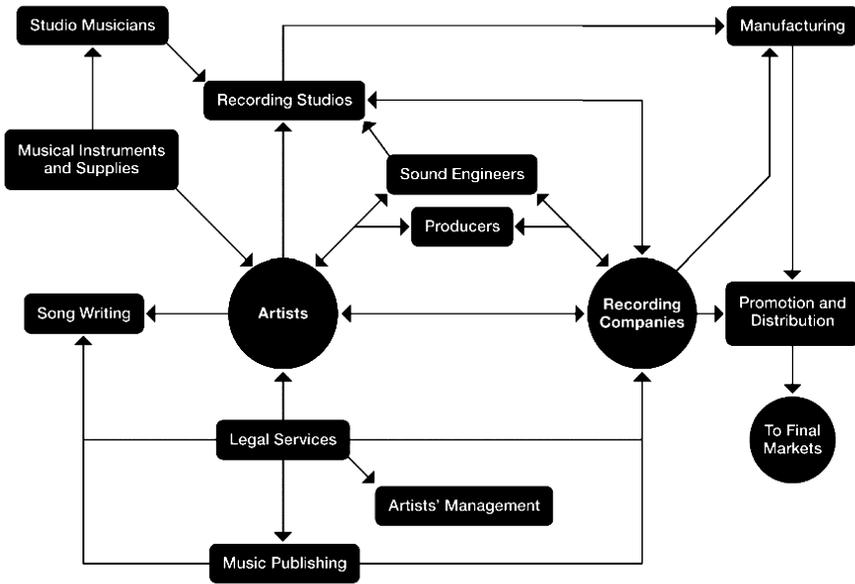


FIGURE 1. THE TRADITIONAL MODEL OF SERVICES CONTROLLED BY THE MAJORS (ADAPTED FROM SCOTT 2000, 117).

infrastructure costs, access to pools of skilled workers and specialized services, and the ability to monitor and learn from the competition (Florida and Jackson 2010; Porter 1990).

Structurally, the majors were vertically integrated multinationals, controlling every aspect of the production process “in-house.” As Figure 1 demonstrates, the majors combined the commissioning and contracting of artists with their own recording studios. These large conglomerates possessed the technologies needed to press and package records, and had sophisticated marketing, promotion, and distribution networks, which operated worldwide. The major record labels also housed a variety of specialized services, including legal services, music publishing, production, sound engineering, and management. Musicians signed to recording contracts advanced their careers on the basis of their creative abilities and were not required to possess technical, managerial, legal, or entrepreneurial skills.

Spatially, there was a high degree of concentration of music infrastructure, musicians, and music professionals near the major labels (Leyshon 2009). As individual musicians lacked the financial resources and technical skills to record independently, they were dependent on the major labels and thus tied spatially to New York, Los Angeles, and Nashville. Under the major label model of music

production, individual musicians signed to recording contracts enjoyed job security. In addition, their label provided a host of financial, technical, and business resources. However, in signing a contract, musicians relinquished much of their autonomy. Indeed, signed musicians had to work within the confines of the creative vision developed by their label and relinquish creative control over what songs to record, what producer to use, what studio to record in, what artwork to use, and how to package, promote, and distribute each album. Musicians were required to work when and how the label wanted them to and to spend much of their time near their major label in New York, Los Angeles, or Nashville.

By 1997, the five majors reached the height of their dominance. Between 1987 and 1997, for example, U.S. domestic sales increased by 160 percent (Scott 2000). Sales by the majors accounted for over 90 percent of the total domestic sales in the U.S., and between 70 percent and 80 percent of worldwide sales (Brown, O'Connor, and Cohen 2000; Scott 2000). With total domestic sales in the U.S. topping \$12.2 billion in 1997, the recorded music sector stood on top of the entertainment pyramid, surpassing domestic sales in the motion picture industry, as well as DVDs, video games, and the Internet (Scott 2000).

Until 1997, the music industry also enjoyed a mutually beneficial relationship with technology whereby the music industry evolved in lockstep with a range of technological advances. These technological advancements, including the development of vinyl, magnetic audiotape, and compact discs, were beneficial to the industry, with consumer electronics companies such as Sony creating new markets for reproductive equipment and the majors being able to mine their back catalogs selling old recordings in a range of new formats. In fact, until the development of the MP3, the majors welcomed technological innovations as opportunities to resell the same music over and over again with higher profits (Leysdon 2001). The majors, for example, aggressively promoted the integration of new formats such as the CD because they could simultaneously decrease the production cost and increase the consumer price, which resulted in much higher profit margins (McLeod 2005).

The Rise of Digital Technologies and the “MP3 Crisis”

As the world connected to the “information super-highway” and the music industry came face-to-face with the MP3, the virtuous circle of growth was radically altered. When the MP3, a software program called MPEG-1 Audio Layer 3, was developed in 1992 and introduced by the Motion Pictures Expert Group of the International Standards Organization, its main purpose was to standardize pictures and audio files in order to facilitate international exchanges by the

television industry (Leyshon 2001). Beyond this function, the revolutionary feature of the MP3 was its size. Requiring one-tenth the storage space per minute of sound that CDs do, MP3s could be downloaded through even “narrow band” Internet connections. Moreover, the standardized nature of MP3 sound files meant that they could be downloaded without advanced or expensive equipment to any personal computer in less than 10 min (Leyshon 2001).⁴

During this period of transition, before nation states and firms began imposing legal regulations on file sharing networks and individuals, the Internet facilitated the development of a series of “gift economies” occupied by enthusiasts who exchanged digital commodities, including image, movie, and sound files, across Internet relay chat networks. The best-known example of these networks is Napster, which was developed in 1999 by Shaun Fanning, a computer science dropout. According to Leyshon (2003), by 2000 Napster had over 500,000 people logging in sharing copyrighted music files at any time. Moreover, by 2001 Napster had attracted over 60 million users without any advertising (Leyshon 2003).

As the pace of exchanging copyrighted music over the Internet accelerated, the music industry’s lack of technological foresight, strategic planning, and its inability to implement an effective response plunged the industry into an unprecedented economic crisis. Global music industry sales fell by 5 percent in 2001 and then a further 9 percent in 2002. For an industry that typically enjoyed year-over-year sales growth, this reversal had serious consequences. Many leading firms suffered, including Seagram/Universal, which recorded a staggering \$12 billion loss for the first 9 months of 2002 (Leyshon et al. 2005). In Canada, a survey released by Statistics Canada revealed that the Canadian music recording industry witnessed a sharp decline between 2000 and 2003, with revenues dropping by 17.7 percent (Carniol 2005). Moreover, internal research by the Canadian Recording Industry Association revealed a 40 percent decline in consumer spending after the rise of the MP3, from \$1.4 billion in 1998 to \$850 million in 2004 (Carniol 2005).

In a recent article, Leyshon (2009) updates his analysis of file sharing and the impact of the “MP3 crisis” on recording studios in the UK. Crucially, he argues that the scale and scope of illegal downloading has accelerated rapidly in recent years and now dwarfs the legal sale of recorded music in both physical and digital formats. Leyshon (1311) writes,

As long ago as 2003 the top-ten peer-to-peer (P2P) download program systems that facilitate the illegal downloading of music had themselves been downloaded more than 640 million times, and it is estimated that 2.3 billion files are downloaded across these networks every month. . . . The availability of so much copyrighted material on sites such as this, for which no fee is received, has created an environment, which poses a significant threat to the musical economy.

To what extent was downloading the cause of this crisis? While the media and major labels blamed file sharing almost exclusively, Leyshon et al. (2005) argue that file sharing was merely a “tipping point.” They argue that the cause of the downturn extended to other factors, such as changing consumer tastes and the rise of entertainment alternatives like DVDs, video games, cell phones, and the Internet itself, which compete for the disposable income and time individuals spend on music. As Leyshon et al. (2005: 184) note:

There is evidence to suggest that, for a number of reasons, the ability of music to command the disposable income of those between the ages of 14 and 24 is ebbing away rapidly. The most simple explanation for this is that other, newer, media and consumer electronics industries have begun to compete for this market segment, so that the amount of money young people have to spend on music has been reduced accordingly. New passions, be it computer games, mobile (cell) phones or even the Internet itself, have all attracted expenditure that, in many cases, was previously spent on music.

Moreover, Grant and Wood (2004) contend that the ongoing corporate and geographic concentration of the music industry was leading to a reliance on formulaic artist and repertoire processes and an ongoing trend whereby the majors were signing fewer new musical artists and focusing promotion and resources on a declining number of top-selling artists. This resulted in a declining level of musical creativity and diversity.

Sufficient evidence does not exist to definitively determine the cause of the downturn, but it is clear that a confluence of factors led to the crisis, including, but not limited to, the growth of file sharing technologies. As Leyshon notes, the music industry “was already struggling and on the verge of crisis. Internet piracy has legitimised the talk of a crisis of reproduction within the music industry” (2009, 1312).

Although file sharing became popular under Napster, it was not until inexpensive high-speed broadband Internet connections were available to a much wider group of consumers that file sharing crippled CD sales. There was, therefore, a critical window of time in which the majors could develop and execute a damage control strategy to maintain their position of power within the market for music. Contrary to popular opinion, the majors were aware of the threat and acted to find a solution to the growing specter of file sharing. However, their response was too slow and ultimately ineffective. According to an executive with Universal Music Canada, who was working with the company’s e-commerce division in late 1999 and early 2000, Universal had a two-fold response to file sharing: to stop illegal file sharing by engaging in litigation against Napster and Kazaa, and more importantly, to develop and deliver a high-quality legal alternative to the market (Interview). In theory, this plan had the potential to bring consumers back to the

market, but in practice a series of technical, logistical, and strategic problems limited the effectiveness of the plan, and instead exacerbated the crisis.

As one example, there were numerous difficulties associated with the creation of a legal system of online music distribution. While Napster facilitated the exchange of files of all formats and levels of quality, the majors needed to find the original “masters” and digitize them in high-quality audio formats before they could be sold online. This proved to be a difficult and time-consuming endeavor. Another delay ensued when the majors considered whether or not the current record contracts with artists allowed them to even do this. Once these hurdles were cleared, the majors had to construct complex royalty systems. They also had to figure out how to organize transactions. As an executive at a major label in Canada explained,

We were trying to meet with people, credit card companies and others, who would process micro-transactions. They looked at transactions under a dollar and they laughed at us. Things like PayPal, that people use all the time today, they didn’t exist then. (Interview)

Furthermore, while digital products in the U.S. were not taxable, in Canada the systems had to accommodate the collection of federal and provincial sales tax. All of this development took time, and although the plan was to get Universal’s online system up and running by September 2000, it took much longer than expected. Indeed, “Puretracks,” a Canadian online music store, did not officially open in Canada until October 2003. The delays, however, were necessary because as this major label executive put it, the majors could not skip steps, “We had to pay people. Imagine if we put out our artists’ product without arrangements to pay them? We would be as bad as Napster was” (Interview).

If the majors had delivered a legal and consumer friendly system to the market in the first few years of transition the crisis might have been minimized. However, the majors ended up compounding the problem with poor strategic planning and policies that alienated and pushed customers toward the black market. This alienation came from two sources.

First, after focusing legal action on actors like Napster and Kazaa, the majors expanded their focus to include individual consumers. By prosecuting consumers for stealing copyrighted music, the majors pushed away the markets they hoped to bring back with their online models of distribution.

Second, the majors had two options with regard to how consumers would buy music, a subscription model where consumers would pay a monthly fee to essentially “rent” online music, or the pay-per-song model where consumers would buy and “own” individual songs. Described by interview respondents as a “fateful fork in the road,” the majors chose the subscription model. In retrospect, online music stores using the subscription model failed because they did not mimic what was

in the marketplace and provide consumers with the products they demanded in a style that they were used to. As a major label executive explained, “The thing in our acquisitive society is that the downloaders want something, they want the downloaded object, they want the file” (Interview). Consumers were outraged to learn that they could not keep the music they had purchased,⁵ and some of the majors, like BMG, made matters worse by introducing limitations on purchased CDs. They created built-in programs that restricted users from copying music from CDs to computers. The backlash against the majors paved the way for other firms to enter the market. In particular, Apple adopted the pay-per-song model of distribution and leveraged its online platforms, company brand name, and line of MP3 players (iPods) to make its iTunes music store the market leader. Thus, it is clear that technological changes presented fundamental challenges to the major record labels and that they failed to successfully adapt to this altered landscape. It is also clear that the crisis had implications for traditional models of retailing and distribution, which in turn impacted the majors further.

The Postcrisis Restructuring of Music Retailing

At the height of their power, the major record labels, through a combination of market power and vertical integration, dictated the terms of marketing and distribution to less-powerful retailers, which were dependent on the sale of recorded music. As file sharing eroded the power of the majors and wiped out these music retailers, new distribution channels, firms, and power relations began to emerge. This section outlines the rise of online music distribution such as Apple’s iTunes music store, the replacement of specialized music retailers such as Tower Records with diversified retailing giants such as Wal-Mart, and the implications of this shift on major labels. In particular, the paper argues that as the majors lose control of distribution, they also lose control over the production process of music itself.

As noted, in the U.S., the vast majority of recorded music has traditionally been distributed by the majors, which own their own distribution networks, or alternatively by independents that distribute music through the networks of the major which owns them. The vertically integrated nature of the majors allowed them to blend sales, marketing, and physical distribution in a strategic way to increase profits, while being flexible to market demands (Power and Hallencreutz 2007). Prior to the crisis, the retailers consisted of large chain stores like HMV and Tower Records, which operated in many cities and countries, as well as an array of local independent “record shops.” Dependent on the sale of music, the larger retailers were completely subservient to the majors who dictated what music was to be sold and for what price. Before the crisis, therefore, the majors held the power but in

the turbulent times that followed this streamlined structure of music distribution would be transformed and the majors would be forced to cede their power to a new breed of retailers.

As the practice of downloading “free” music over the Internet started to snowball, and the aforementioned market trends served to slow music sales even further, the major labels lost billions of dollars, but the traditional retailers, who failed to react and diversify their product offerings, bore the brunt of the crisis. In the U.S., for example, it was reported that approximately 1,200 music retailers closed down between 2000 and 2003 (Power and Hallencreutz 2007). Retailing giants such as Tower Records and Warehouse Entertainment, for example, declared bankruptcy in 2002 and 2003 and closed 160 and 120 stores, respectively (Fox 2005).

Against this backdrop of change it is useful to consider how the physical and virtual landscape of music retailing has changed in recent years and the extent to which market power has been redistributed. The first consequence of the crisis, with respect to retailing, was the legal regulation and commercialization of file sharing networks and the emergence of online music e-tailers. When the majors finally mounted a response to the crisis, it took the form of intense legal pressure to have file sharing networks and the practice of sharing copyrighted music vilified in the media and declared illegal by European and North American courts.

As the most visible threat, Napster was targeted by the major labels and the Recording Industry Association of America (RIAA) for contributing to vicarious copyright infringement and encouraging the downloading of pirated songs and illegal files. By 2001, Napster had lost the legal battle and its “underground” appeal. It was ordered to remove all copyrighted material from its system.

However, other file sharing platforms such as Audio Galaxy and Kazaa emerged to fill the void. Unlike Napster, however, the operations of these new file sharing networks are geographically fragmented across different regulatory spaces, making the task of legal authorities more difficult. Kazaa, for example, has servers based in Denmark. The software is programmed in Estonia. The domain name is registered in Australia, and the company that now owns the network, Sharman Networks, is registered in the “no names given” Pacific tax haven of Vanuatu (Leyshon et al. 2005). Although the RIAA continued to level legal action against file sharing networks, the majors came to the increasing realization that they could not beat them.

Having undertaken market research that indicated that 80 percent of Napster users would be prepared to pay a \$15 monthly fee to use the system, BMG entered into an alliance with Napster to convert the system into a fee-based subscription service. BMG subsequently made its entire catalog available to Napster users, who

could still enjoy the features and convenience of the “legalized” Napster experience (Leyshon et al. 2005). To further leverage its ability to produce music and electronic devices that play digital music formats, Sony also decided to jump into the online distribution game in 2004 when it launched its download service called “Connect” (Bockstedt, Kauffman, and Riggins 2006).

Despite the number of online music distribution channels and business models that have emerged in recent years, Apple’s iTunes online music store and its “pay-per-song” model has become the unrivaled market leader in North America. The iTunes music store currently offers over 18 million songs, which can be downloaded over any Internet connection to users with computers running Macintosh or Windows operating systems. The average price per song is \$.99 and once the songs have been purchased they can be played on up to five computers, burned to a CD, and downloaded to portable (MP3) players, without violating any copyright or piracy laws (Allison 2004, 50). Between its introduction in April 2003 and February 2010, Apple has sold over 10 billion songs through its iTunes music store (Luttrell 2010). Moreover, as of August 2009, Apple accounted for 25 percent of the overall music market—both physical and digital—and 69 percent of the digital market (Whitney 2009).

In the early 2000s, many industry executives believed that the apocalyptic mix of blank CDs and Napster would make traditional “bricks and mortar” record shops extinct within 12 months. In 2004, the rise of e-tailing was referred to as having a “neutron-bomb effect” (Fox 2005). It was estimated that, in less than a decade, online music sites such as Apple’s iTunes, BMG’s Napster, and Sony’s Connect would empty the aisles of Virgin and HMV Mega-stores (Fox 2005). In retrospect, these claims can be considered exaggerated. Indeed, although many of the traditional “bricks and mortar” retailers have disappeared, they have been replaced by a new breed of diversified, logistically advanced and financially stable “big-box” chains such as Wal-Mart, Costco, and Best Buy.

In 2003, the RIAA reported that “bricks and mortar” stores still accounted for 86 percent of music sales for that year (Fox 2005), although by 2009 this had dropped to 65 percent (Whitney 2009). While the market share of music sales for traditional record shops has declined from 71 percent in 1989 to 33 percent in 2003, the “big-box” stores have quickly taken over (Fox 2005). With over 3,617 stores in the U.S., in 2005, and another 1,603 around the world, Wal-Mart has become the market leader in U.S. music sales, accounting for over 20 percent of total sales (Fox 2005). Moreover, when Musicland declared bankruptcy and sold its 1,300 retail stores in 2001, Best Buy seized the opportunity to establish itself as an entertainment and electronics giant, swooping in to purchase each store for approximately \$685 million (Fox 2005).

The Postcrisis Redistribution of Power

As a consequence of this restructuring, the majors no longer dictate the terms of content, pricing, and distribution, but rather take direction from the new and more dominant players on the distribution side. e-tailers such as Apple and Amazon and diversified chain stores such as Wal-Mart, Best Buy, and Costco now dominate.

During the precrisis years, the size of the majors and their strong control over the distribution process allowed them to dictate the terms of cultural production. The majors developed marketing, placement, and pricing strategies, which were forced upon their subsidiaries, as well as retailers (Power and Hallencreutz 2007). Put simply, the majors told the retailers what music titles to sell and at what price, and if the majors wanted posters and music of a specific recording artist or group to be in the front window of every North American record shop, it was only a matter of a few phone calls. As retailing power has been consolidated into the hands of a few large chain stores, the majors are increasingly taking their cues from the retailers. This fundamental shift has had important consequences for the pricing structure of music and the style of music that is being produced. The key difference between traditional and new retailers is product diversity. Tower Records went out of business because it sold music exclusively. Wal-Mart thrives because it receives small profit margins on thousands of consumer goods. As music has become one of a growing range of products now being sold, “big-box” retailers frequently use music and DVDs as loss-leader goods, meaning that they sell the goods below cost in order to attract new customers and obtain revenue on other (typically more costly) items (Fox 2005, 505). By selling songs for \$0.99, which is often below cost, Apple is also engaging in loss-leader pricing, sacrificing profits on the sale of music to promote the sales of more expensive items like iPods and computers (McLeod 2005).

On the surface, the ability of online music stores, like iTunes, to offer millions of titles seems to be counteracting the homogenization of music at “bricks and mortar” stores, but in reality these e-tailers are contributing to the process. Although consumers have the opportunity to search for and download music from fringe genres, the iTunes store heavily promotes the same top 40 hit singles that are played endlessly on the radio and found on the shelves of the “big-box” retailers (Power and Hallencreutz 2007). Moreover, with the “pay-per-song” model, iTunes privileges the purchase of hit singles over entire albums, which further promotes the popularity of a narrow range of the most marketed and visible (music video) songs. At the level of mainstream cultural production, an increasingly narrow range of commercially viable “top 40” music is being demanded, produced, marketed, and

distributed. This shift has had a profound impact on the major labels and individual musicians.

The Consequences of “Picking Winners”

In the postcrisis marketplace the majors face mounting pressure to sign popular musical acts and manufacture hit songs. While the traditional formula involved signing a high number of promising musical acts across a range of genres, in the hopes that a few commercial successes would pay for the failures, major labels have become much more risk averse and formulaic. As a result, one significant response of the major labels to the “MP3-crisis” has been to reduce risk and focus on “hit-makers.” In the wake of the downturn, the major labels terminated many existing record contracts and instead focused their resources on a small number of established and commercially viable musical acts, or “Cadillacs,” such as Bruce Springsteen and Celine Dion (Power and Hallencreutz 2007). Moreover, there has been a reduction in new contracts and those who are signed must be instantly recognizable to the market. As one major label executive explains, the majors are trying to reduce risk by looking for proven musical commodities,

In general the record company is being more careful with its money. . . . We do profit and loss statements. You see a band you like. You compare it to other bands that are similar in some ways and you look at what those bands have done in a similar marketplace and you track that. (Interview)

Throughout the process of restructuring, the major labels are going beyond just picking winners to reduce costs and risk. Indeed, the major labels have scaled back the level and comprehensiveness of the services and support they provide to recording artists. While musicians traditionally produced and distributed demo tapes to the majors in the hopes of getting “signed,” musicians in some cases now have to produce and distribute several albums “independently,” before a major will sign them. Moreover, as Grant and Wood (2004) point out, once signed, musicians must be commercially successful or the majors “will drop” them immediately. The major labels have become more risk averse and less concerned about developing musical talent. As one record label executive argues,

Why should the record company go out there and find a raw talent and walk them through all the steps in the whole process? . . . It is a much less risky proposition to take established talent or somewhat established talent than completely raw talent. (Interview)

Leyshon (2009, 1327) argues that as major labels scale back their involvement in discovering and developing new talent they are transitioning from being music producers to acting as brand-led marketing companies. As a result, the risk of talent development has been downloaded from the major labels to the artists

themselves. As another record label executive indicates, even “signed” musicians need to know how to do things themselves,

The onus is more than ever on the individual to actually do it themselves. . . . Under the old system, you get picked up, put in a studio and you just have to be creative and express the music. But now I am not interested in getting into business with individuals who don’t know how to do these things themselves. (Interview)

Or as this executive at the Canadian Independent Recording Artists’ Association (CIRAA) puts it,

The majors are more interested in the finished product instead of the developmental process. . . . The whole artist development role of the label has rapidly dwindled away. Labels are not willing to take the same kind of risks or invest the same kind of time to develop an act, and to build an audience. They’re looking for ready-made products. (Interview)

As the major labels withdraw from talent development and fewer individual musicians seek or obtain recording contracts, independent music production is becoming a more widespread alternative. While independent production has existed as a niche alternative to the major labels for over 30 years, it is taking new forms in the contemporary period.

Technology Makes Independent Music Production Viable

In the current period, the significance of independent music production has increased and it is now the dominant form of employment. As this musician explains,

In the early 1980s, being an independent musician was a choice. Some people didn’t want to work towards a major label deal because there were restrictions and conditions attached to that. . . . Now very few artists can still get signed to major label deals, so the majority of artists end up on the independent side. (Interview)

In fact, according to the CIRAA, the declining number of recording contracts has left over 95 percent of all musicians in Canada without major or independent label affiliation, making them by definition, independent. How does contemporary independent music production differ from its previous incarnations? According to musicians with first-hand experience, traditional independent production was really an ad hoc system with inherent limitations. Musicians have always been able to create (writing and performing songs) music on their own but the recording, manufacturing, marketing, and distribution of these songs required capital and skills beyond the grasp of most individual musicians. As this musician points out, even basic recording and production required money and specialized music professionals,

In the 1970s independent music production existed, but you had to raise at least \$10,000. You still had to go into a recording studio and hire some engineers and producers who had the technical skills. The equipment was a lot less accessible because of the cost of it and it was very difficult to operate. You couldn't operate the recording equipment in his studio yourself because you needed specialized knowledge for that. (Interview)

Moreover, at this time, short of selling these albums on street corners and after live performances, independent musicians had no way to market and distribute their music on their own. Distribution deals existed with major and independent labels, but the resources and technology did not yet exist for independence in every aspect of the process from production to distribution.

In the current period, however, this landscape has changed. The introduction and development of digital technologies have finally given musicians the tools to be truly independent. Recording can now be done in home studios with personal computers, which has reduced the cost of recording so that it is accessible to musicians with low incomes. Moreover, with professional and even consumer software, recording, editing, mixing, and mastering digitally recorded music has become easy enough for a much larger number of musicians to do on their own. As this musician explains,

As digital technology developed . . . things became more affordable. \$3,000 will buy you a really good computer, software and a bunch of equipment. Technology has made recording more affordable. More people are able to do it on their own. People became less dependent on the label deal, or the big-money contracts. You didn't have to sell your soul for that \$20,000 to make the record or whatever. You can actually do whatever you wanted at home by yourself. (Interview)

In effect, digital technologies have democratized the production of music by making traditionally expensive and specialized activities accessible to a much wider range of musicians (Leyshon 2009; Von Hippel 2005). As this musician argues, technology has had a "flattening effect":

Now, anybody who owns a computer is a producer and engineer. But it wasn't very long ago that being a record producer was a very specialized, very high-end field of work where you had to have hundreds of thousands of dollars invested in gear just to do the work. There still are people who do that but the bar has been dropped so much lower in terms of who can do that. To some extent that has a real flattening effect on what kind of money is involved in that. (Interview)

These developments have removed the two traditional barriers of cost and skill, but new technology, specifically the Internet, has also allowed musicians for the first time to market and distribute their music independently. Musicians can now cheaply and easily set up websites to promote and distribute digitally recorded music tracks in MP3 format. As this musician puts it,

I think MySpace is a great music resource for musicians because it puts everything in your hands. Within an hour you can set up everything, a profile for your band, add songs that people can listen to, send messages and send out updates about upcoming shows. (Interview)

Furthermore, the same tracks can be licensed and distributed directly through Apple's iTunes online music store, which inserts independent musicians directly into the chain of global distribution for the first time. So in terms of barriers to entry, new digital technologies have had a tremendous flattening effect on the industry and allowed a much higher number of musicians to enter the industry and function as independent producers. As this musician explains,

We have two albums and if people hear us on MySpace they can go to iTunes and buy it. We got ourselves on iTunes through a distribution deal through "Blue Pie". They put our stuff on there and at \$10 a CD we keep 60% of it. We have sold close to 100 albums on iTunes. . .but surprisingly it is not only people from Toronto buying but from all across the world. The majority of sales are actually coming from Europe. (Interview)⁶

Technology has not only served to free musicians from the support of major labels but has also created a new geography of music production, one in which musicians are no longer tied to the established centers of music production in New York, Los Angeles, and Nashville (Hracs et al. 2011). While many independent and signed musicians still choose to live and work in these cities, technology has made it possible to produce, market, and distribute music from anywhere.⁷ Or as this music producer argues,

I would agree that musicians are no longer tied as they once were to the major centres of music production and the major labels. . . Now you can make music from anywhere, even the far north. Last summer I was up in Moose Factory [Northern Ontario]. We did a gig out there in an aboriginal community and we met some people that have a little studio and [are] recording music in their basement. Because they have the Internet, they don't have to go to a city or a major centre to record or to distribute their music to the world. (Interview)

These examples demonstrate how technology serves to democratize the music industry by lowering entry barriers and redistributing power. Indeed, technology makes music production cheaper and more accessible, while also allowing musicians to venture for the first time into the realm of marketing and distribution at the global scale. As a result, technology affords individual musicians unprecedented structural and spatial freedom. Although it is useful to identify these processes at the macroscale, it is equally valuable to consider their implications for the nature of work at the microscale. As the structure of contemporary independent music production is still poorly understood, the remainder of the paper lays out the widening array of tasks—both creative and noncreative—associated with this mode of production.

From Artist to Entrepreneur: Working as an Independent Musician

So far attention has been paid to how technology has restructured the music industry and transformed independent music production from a niche market to a mainstream model of music production. This section describes the changing nature of work in independent music production and argues that independent musicians are now required to perform a wider variety of tasks. This constitutes a fundamental shift in the working lives of musicians who, under the major label model of music production, allocated the majority of their time to performing creative tasks such as song writing, recording, and performing. Under the independent model of music production, musicians are now responsible for noncreative tasks as well (see Figure 2). As this musician explains,

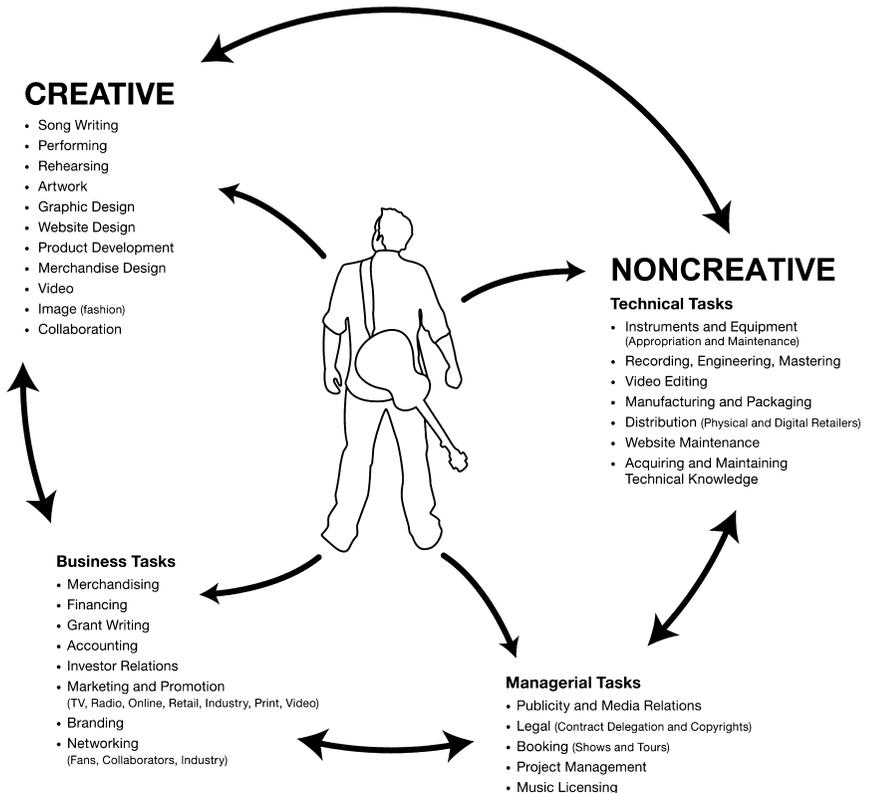


FIGURE 2. THE CREATIVE AND NONCREATIVE TASKS OF INDEPENDENT MUSIC PRODUCTION.

If you actually want to make a living as an indie musician, it is a tough go. You've got to pretty much do it yourself. You have to be able to play your instruments well, write songs, but you also have to be able to get out of the basement and perform them. . . . You also have to be a booking agent. . . . You have to be a manager, setting up interviews and getting the word out. . . . You also have to raise money and get financing together to do some recording, so that means grant applications, going to the bank and putting together business plans and proposals. . . . Plus there are all the technical skills that you need. How to put together a home studio, how to get good recordings, what is involved with recording and mixing and mastering. . . . If you are going to put out an actual CD, then you need to have some kind of artwork with that as well. Marketing is another one getting lists of media that you can approach, radio stations and magazines, fanzines that you can send your music to for review, all that kind of stuff and promotion. Merchandising, maybe it is just going to be T-shirts, but often it is much more than that now, and these are all things that would be done for you by various people in big organizations if you were signed to a label, but now you have to do all of these things yourself. . . . So musicians are now responsible for the whole range of activities, technical, business, performance and musicianship. (Interview)

The most obvious consequence of this shift is the redistribution of time and energy musicians can now afford to allocate to each task. Under the major label model, signed musicians spent the vast majority of their time seeking inspiration and being creative, but these activities have now been curtailed out of necessity. As the quote above illustrates, the independent musicians in my sample are now working longer hours and devoting more time to noncreative tasks, such as booking shows, applying for grant money,⁸ and promoting their music online. Despite "working more," however, musicians are earning less money. In fact, the Canadian Census indicates that the real incomes of musicians in Toronto declined by 26 percent between 2001 and 2006, from \$18,582 to \$13,773 (Hracs et al. 2011). In this way, the working lives of the contemporary independent musicians are moving away from "artist" or "bohemian" models of creative production to encompass a more professionalized entrepreneurial model (Hracs 2009).

This shift has broader implications for traditional understandings of artistic employment and creativity. As Greffe (2004, 88) points out, the shift from dependent to independent production presents the need for a revised understanding of the skills required for artistic production. As artists become entrepreneurs, new skills are required and artistic or creative skills must be paired with those of a legal expert, a financier, a manager, and so on. Writing more critically about the changing experiences of independent fashion designers, McRobbie (2002) describes these processes as despecialization and multitasking, and argues that the shift to more entrepreneurial modes of creativity is eroding traditional notions of creativity. As this musician argues, "It is a full-time job but only about 10 percent actually involves music. The rest of it is the marketing and the looking for work" (Interview).

Conclusion

This paper explored the changing structure of the music industry and the role of technology in restructuring the nature of work. It demonstrated how the post-crisis restructuring of the music industry and the rise of contemporary independent production generate new opportunities and new challenges for individual workers. Within the major label system, signed musicians handed over creative, structural, and spatial control to the major labels in exchange for support and security. Without record contracts, however, musicians have gained control and flexibility but also increased risks.

On one hand, independent musicians have gained complete creative control over the direction and content of their music and related products. They have autonomy over the way they work, and can now produce music virtually anywhere. Technology allows musicians to enter the market and sell directly to consumers, and although sales of recorded music have declined in an era of file sharing and MP3 players, more music is being consumed than ever before. Indeed, the restructured music industry is full of opportunities for talented and ambitious musicians.

On the other hand, to realize these opportunities, musicians must first overcome a new and dynamic range of barriers to success. Respondents describe the current marketplace as the “wild west,” a place where the rules of the game have changed. Barriers to entering the market have been significantly lowered, but that market is fraught with uncertainty and above all competition. As one musician puts it, “The best thing about technology is that now anyone can make music but the worst thing is that now anyone can make music” (Interview).

NOTES

1. The research presented is taken from 51 interviews with independent musicians and 14 interviews key informants in Toronto. These key informants are educators, producers, studio owners, managers, union representatives, government employees, and executives at major and independent record labels. As such, these individuals provided invaluable information about the broader context of industrial restructuring within the music industry, as well as information about important trends within Toronto’s music scenes. Many of these individuals have experienced the “MP3 crisis” first hand, through their positions in major labels in Canada and the U.S. Others, who have participated in Toronto’s music scenes for 30 or 40 years, provided useful information about how technology has changed the working lives of musicians.
2. According to Burnett (1996), most of the independent labels or “minors” that existed during this period were either owned or controlled by one of the majors.
3. In 2004, Sony and Bertelsmann AG (BMG) entered into a 50-50 merger (Sony BMG), which means that there are currently only four major music companies.
4. With the high-speed and relatively cheap broadband Internet connections of today, downloading the same 3 MB song can take as little as 30 seconds.

5. In recent years, consumer attitudes toward “renting” digital content have changed and subscriptions for online music streaming, such as the Swedish-based Spotify, have increased since 2008. However, in the early 2000s, the inexpensive and high-capacity Internet access, smart phones, and royalty payment arrangements that underpin Spotify’s success did not exist. Moreover, because of disputes over legal arrangements and revenue sharing with record labels, Spotify has only recently entered the U.S. (July 2011) and is still not available in Canada.
6. For independent musicians, personally incurring risks and development costs can yield higher economic rewards. By selling directly to consumers and removing the contractual obligation to split revenues with managers and record labels, independent musicians retain a much higher share of the profits. As a result, this arrangement may make it easier for some musicians to earn a sustainable living. However, my research suggests that higher levels of competition, from other independent musicians and entertainment alternatives, and the lack of managerial and marketing support make it more difficult to earn a living solely from music.
7. At present, the extent to which digital technologies are actually decentralizing the production of music remains unclear. Whereas Florida and Jackson (2010) argue that record labels and the traditional music industry continue to cluster in the established centers, Hracs et al. (2011) consider the factors that enable and motivate independent musicians to leave these centers.
8. In Canada, musicians can apply for government and private grants that provide funding for recording, production, touring, radio, music videos, marketing, and promotion. The not for profit “Foundation to Assist Canadian Talent on Records” (FACTOR), Canada’s largest funding body, currently distributes over \$14 million a year to independent musicians. Although support exists, my research uncovered two key barriers to obtaining financial support. The first is that most independent musicians lack the skills and time required to write a winning grant application. The second barrier stems from performance benchmarks that exclude fledgling musicians. For example, FACTOR’s “Emerging Artist Sound Recording Program” requires musicians to have sold a minimum of 3,500 units and the “Radio Star Maker Fund” requires 10,000 units (The Foundation to Assist Canadian Talent on Records 2011). Paradoxically, because of these benchmarks most grants are awarded to established musicians. Research suggests that similar grants and restrictions exist for musicians in the U.S. as well.

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