UNIVERSITETET I AGDER

Perceptions in the Music Industry

How the Music Industry Perceives Itself in Regards to Fairness in the Distribution of Revenue in Music Streaming

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Abstract:

For as long as I have known of the existence of the music industry, I have heard two sides of its fairness towards artists. This was the case when I was a child and teenager, during the cassette- and CD-age, as well as my adult life, in the age of digital music and music streaming. I was curious not just to whether or not it was a fair business, but what the different perceptions of the industry was, especially today in the streaming age.
My father once told me: *"If there are two sides to a story, neither are true."*

The goal of this thesis is to find how the music industry perceives their current situation. I found it interesting to see if different associations of the music industry have the same perception. Whether they all possess the same knowledge, and if not, where it might differ, as well as what the "truth" might be.

To answer this, my research-questions is the following:
"What are the different perspectives in the music industry in regards to fairness and what kind of knowledge does the different bodies possess of the distribution?"

I will in the discussion-chapter of the thesis review a possible practical solution to the challenges highlighted by my informants, based on my overall findings.
The thesis is based on in-depth interviews with informants from the music industry and a panel debate of representatives from the industry, together with literature about the industry, rapports on streaming from UiO, MFO, and the Norwegian Cultural Government, and a master thesis on the consumers' perceptions from UiA.

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Chapter 1: Introduction.

As a member of the generation known as the Millennials, born 3 months before the fall of the Berlin Wall in 1989, I was born early enough to experience the compact cassette as well as the compact disc (CD). I have therefore experienced the digital revolution at first hand. I remember the amazement I experienced when I first heard that one could download music for free from the internet, and discovered Napster. In a blink of an eye, I was able to explore and discover music genres I had no idea even existed. To me it felt like a personal cultural renaissance, but then one day I saw the news that Napster was being shut down. I quickly discovered the reason, and it had a short and scary slogan: "Piracy Kills Music". This was when I first learned that downloading music from the internet was illegal.

The music business is in a very exciting and especially challenging period. Ever since the introduction of Napster in 1999 (MFO, 2014), the industry has been forced to change the way it operates. The way we consume creative content is dominated by the digital revolution and has given us a much broader spectrum of ways in which we communicate as humans. This allows for new and innovative ways that artists may create dialogue and build relationships with their fans. The theoretical aspects of this digital reality gives us almost limitless options and possibilities, but there are apparently forces at hand that creates dissonance in this digital symphony of possibilities.

For as long as I have known of the existence of the music industry, I have heard two sides of its fairness towards artists. One telling of injustice and one claiming the opposite. I was curious not just to whether or not it was a fair business, but what the different perceptions of the industry was, especially now in the streaming age.

My father once told me: *"If there are two sides to a story, neither are true."*
In this thesis I am interested in discovering what the different sides are and what knowledge the different bodies of the industry possess. Whether they all possess the same knowledge and if not where it might differ, as well as what the "truth" might be.

1.1 - Research-question:

"What are the different perspectives in the music industry in regards to fairness and what kind of knowledge does the different bodies possess of the distribution?"

The thesis is based on in-depth interviews with informants from the music industry, an observation of a seminar consisting of a music industry panel debate and literature describing the current situation. The realm of the music business is one of vast proportions and I will focus on the Norwegian market.

My goal is enlighten this subject not only for myself, but for future students, as well as the public eye. Hopefully my efforts will contribute in that regard.

The second chapter of the paper will explain the realm of the music industry and the digital distribution models through theory. The third chapter will explain my methodology and process. The fourth will consist of the findings from my research, and the fifth chapter will discuss these findings and conclude them.

Chapter 2: Related Literature and Theoretical Focus.

In this chapter I will present theory surrounding the music industry and create a foundation on which to build my thesis.

The theory is chosen to create a picture of the industry that will describe the essence of the music business. This chapter will explain the many aspects and dynamics that partake in this reality. In an effort to describe the objects of my research I will enlighten the issues of digital conversion of music mediums, or music carriers, as well as the fundamentals of copyright which is one of the pillars of this industry.

2.1 - The Music Industry:

«*An industry is traditionally considered to be a specific part of the economy concerned with the factory production of goods aimed for mass consumption*.» (Wikström, 2013, p. 46).

In current times «industry» as a concept generally consists of services, goods and commodities, and the way they are produced, marketed and distributed. There are several ways of defining the music industry, but I will present a short version of the definition I agree with the most, which is Patrik Wikström's improved version of Keith Negus' definition. The definition parts the music industry into 4 main categories (networks); the creativity network (artists, writers and producers), the reproduction network (record labels and publishing), the distribution network (retail and distribution) and the consumption networks (retail and electronic/online channels). Some of these networks overlap. For instance recording studios are a part of the creativity network as well as the reproduction network, and retail outlets are a part of the distribution network as well as the consumption network. Without such overlaps, the networks would be starved, since networks are based on communication (Wikström, 2013, p. 48-50).

The music industry has been defined by many terms and the ones I find most fitting are "creative industry" and "copyright industry". The foundation of the industry is made up of the creative content created by artists and composers, but it is controlled by copyright. By following the arguments of David Hesmondhalgh (2013), the industry can be defined as a cultural industry. This is based on the industry being centered around the production of social meaning (Hesmondhalgh, 2013, p. 16), but as he argues, this could also include everything from television to newspapers. I would agree that the music industry is a cultural industry, in the same way that humans are mammals, but I would not define newspapers as a part of the creative- or copyright industries. Therefore I prefer the more specific terms "creative" and "copyright".

2.1.1 - Copyright Industry:

Copyright has an essential part of the way the music industry is governed. It acts as a way to supervise and control the content being created. The content, or object, of which copyright controls is defined as «intellectual property». When talking about intellectual property, it is important to separate *copyright* from *patents* and *trademarks*. Copyright consists of the *expression* and not the symbols (trademark), or the idea they consist of (patent). The debate over copyright was more or less invisible for the public until the digital revolution created a new reality for intellectual property (Hesmondhalgh, 2013, 158-159). The digitization allowed for new ways to copy content in a scale never before seen and this made the rightsholders anxious in regards to ownership. Copyright has been argued by economists and policymakers as an incentive for authors to create new content. This was built on the argument that if content could simply be copied, there would be no incentive on the authors part to write or create, since they had no means of getting paid for the work they would do. This is an aspect of capitalism, based on supply and demand.

«*Copyright is the main means by which culture becomes commodified.*» (Hesmondhalgh, 2013, p. 159).

The first law which considered copyright legislation was related to The Statue of Anne (named after Queen Anne) in England 1710 (Wikström, 2013, p. 17).

The World Intellectual Property Organization (WIPO) oversaw in 1886 the Bern Convention, where multiple countries gathered to create an international agreement in regards to copyright. In 1952 there was another convention in Geneva (The Universal Copyright Convention) where even more countries, including USA, signed (Hesmondhalgh, 2013, 160). Since then there has been some smaller international agreements, but no conventions in the same scale. The first real response to the new realm of the internet was the Digital Millennium Copyright Act, which took place in Geneva at the WIPO-conference in 1996 (Hesmondhalgh, 2013, p. 162). It allowed the copyright laws to extend into the digital environment, enforcing aspects of DRM (Digital Rights Management). They argued that the digital realm was a threat to their livelihood.

Copyright laws serves as an important fundament for the cultural industries, but in the public opinion it is often viewed as something merely negative. This is showed by examples where certain political parties in Europe have named themselves «Piracy parties» with policies in opposition to copyright. Their perception is often based on the fact that copyright is often owned by corporations instead of private individuals, though by law, due to contracts, corporations are regarded as individuals (Hesmondhalgh, 2013, p.165). The piracy parties are often to some degree aware of the loop this creates; making cultural corporations efficient lobbyists of copyright, with their power ever increasing by each new copyright proclaimed.

2.1.1.1 - Copyright life:

The length of copyright life has throughout the history been extended every time certain powerful organizations are at risk of losing copyright for central content in their businesses. The copyright for a given piece of intellectual property today is 70 years after the author's death (Hesmondhalgh, 2013, p. 162-163). Once the copyright has expired it is part of *the public domain*.

2.1.1.2 - Copyright "loopholes":

There are certain "loopholes" in copyright. Such as *fair use*, which limits the copyright holders' power by allowing the use of content in some cases. For instance in parodies. Too strong copyright laws might limit fair use and too weak laws might inhibit creative incentive.

2.1.2 - The Impact of Digitalization the Music Industry:

This sub-chapter explains the impact the digitalization of music had on the recording industry.

2.1.2.1 - The Crisis:

One of the aspects of digitalization that scared the industry the most was the unlimited potential for illegal copies. This would decimate the capitalistic foundation of the industry which was built on *artificial scarcity*. Their fear was in a sense justified, as during the first decade in the new millennia the sales of recorded music started to fall in an immense rate.

This incident was created by synergetic effects: The development of compressed audio formats (MP3), faster bandwidth (ISDN and ADSL), more advanced computers, free software which allowed for converting CDs to MP3s and file-sharing over peer-to-peer (P2P) networks (Hesmondhalgh, 2013, p. 341-342).

2.1.2.2 - The Industry's Reaction:

The record companies started using the power they had, the power of lobbying, to shut down P2P-networks. When the most famous service, Napster, was shut down, only more services showed up (such as Kazaa and Grokster). These services enabled even more advanced sharing of files, which made the work for the industry even harder. The industry's response was to fight harder and they even went as far as to file lawsuits against thousands of downloaders, who in reality were their customers. The industry's efforts had little effect, since the file-sharing community only grew larger and more elaborate (Hesmondhalgh, 2013, p. 343).

2.1.2.3 - A New Beginning:

After 2000 the majority of the consumers still bought CDs from physical retail stores, but more and more started to do their purchases online. In 2003, Apple introduced their option for digital purchase through iTunes, which started to grow as a market share. The record labels and retail-stores started to feel the pressure from the digital environment, as they had trouble adjusting themselves. The general public started to see the labels in an increasingly negative light as the labels used vast amounts of recourses on DRM-systems (Digital Rights Management) in an effort to prevent consumers from making copies of the digital music files. Compared to their new rivals (the telecom-, hardware- and software-businesses) they were perceived as forces that only prevented the flow, and innovation of new culture and technology (Hesmondhalgh, 2013, p. 343). The consumers were starting to prefer the digital alternatives (downloads and streams), which benefitted the new service Spotify (2008). Spotify offered the users free subscriptions that was funded by commercials, but later offered the users to pay money to avoid commercials and to listen with improved sound quality. Even though the listeners were starting to use legal digital music services, the overall revenue still plunged due to the slow revenue stream from the digital environment. «*... the perception was that the recording industry was doomed, and perception matters a great deal in the world of financial speculation.*» (Hesmondhalgh, 2013, p. 344). Compared with other retailers the share of sales from iTunes was relatively small, but the perception was that it was a key to the future. It is worth noting that the prices for the downloads that Apple offered through iTunes were remarkably high (Hesmondhalgh, 2013, p. 348). One of the side effects of the decrease in revenue for the labels was that the main offices started to cut funds to overseas divisions, including the Norwegian market (Hesmondhalgh, 2013, p. 344).

«*It seems clear, though, that the level of consumption relatively privileged audiences with a moderate interest in popular music, and with access to the internet and other digital technologies, benefited from the digital revolution...*»
(Hesmondhalgh, 2013, p. 346).

2.1.3 - Music in the Cloud:

Patrik Wikström (2013) points out some key developments that has contributed in making music a rival good even more difficult. Especially when discussing the realm of "the Cloud" (metaphor for the internet). Data compression, micro-payments, non-volatile information storage, high-speed Internet infrastructure, mobile communication and peer-to-peer networking are important technological issues when discussing music in the cloud. It is easier to surf a wave than to swim against the current, and as Wikström mentions; the transition from a world of physical music carriers to Internet-based distribution is pervasive and irreversible (Wikström, 2013, p. 90).

«It is impossible to regain the control and limit the connectivity of the network, at least not without serious consequences for common citizens' personal integrity that few democratic governments would be willing to accept.» (Wikström, 2013, p. 90).

2.1.3.1 - Audience Fragmentation:

Fewer people are now tuned into the same media outlets, though the time and resources spent by the audience themselves have not changed much. The availability that the cloud provides have accelerated the audience fragmentation. The evolvement of audience fragmentation may be explained by the increased product variety (Wikström, 2013, p. 91).

2.1.3.2 - Option Value Blurring:

Option value is based on the consumers' motivation to spend money buying music when they can access the same product through a different channel for free. One example is consumers downloading music illegally instead of purchasing the music, while another is when moving from illegal downloads and streams to choosing legal streaming services.

«*The fundamental logic of the old music economy rests on the assumptions that 'distributing' music for free via the radio and television will stimulate the demand for same kind of music distributed via CDs and cassettes.*» (Wikström, 2013, p. 91).

There is some sense of truth to this logic, even in the digital reality we live in today, only in a wider perspective. The link in the chain does not stop when the consumers choose to pay for legal streams, but is extended from recorded music to live music.

In his article "The Economics of Real Superstars: The Market for Rock Concerts in the Material World", Alan Bennett Krueger (2005, p. 25) talks about «the Bowie-theory», which is based on a quote from David Bowie "predicting" the future. The essence is that as musicians are losing revenue due to decreases in recorded music, considering that music is becoming as available as running water, the artists are being forced to play live. Earlier artists toured to promote an album, whereas in today's environment you stream your music at low costs to promote your live shows. This does not necessarily need to be a bad thing, since performing live ought to be the main goal for all creators of music content.

2.2 - The Streaming Model:

Imagine two different users with very varied listening patterns, where person A streams only a handful of different songs, while Person B streams a large variety of songs. Both users pay an equal amount of 100 NOK each for their monthly subscription.

In the *pro rata* model (proportionate allocation) how much you actually stream decides where your money goes. If both individuals stream one song each throughout an entire month, they maintain equal value. If person A still streams just one song and person B streams multiple songs throughout a month, then person A's 100 NOK are worth less than the 100 NOK paid by person B. In the pro rata model all the subscription fees are summed up, in this case we have 200 NOK in total, and then divided on the total amount of streams.
Let us say that person A still streams only 1 song and person B streams 10 songs, then 10 NOK of person A's money goes to the artist he or she streamed, while the rest (190 NOK) goes to the artists that person B streamed.

When this principle is applied on millions, the differences will grow immensely. The quantity of monthly streams decides the outcome of what the rightsholders receive, not the amount of money they pay for service access (Maasø, 2014).

With the same case in a *user centric* model all the money paid by person A would go to that one artist he or she streamed, while person B's money would be distributed on the multiple artist that he or she streamed. In this model every user is of equal worth, only the amount of the subscription fee counts, depending on how much the user streams (Maasø, 2014).

This is a very simplified view of the streaming model. The money is also deduced by government tax, the services' facilitation costs and by collecting societies prior to being distributed to the labels who take a cut of the revenue before distributing it on to the artists. Further explanations will be presented in the next sub-chapters.

2.3 - The MFO-rapport:

The MFO-rapport is a rapport conducted on the behalf of the Norwegian musicians' workers union "MFO" in an effort to research the different realities and challenges in regards to music streaming as a sustainable model of business. The rapport is based on research done by the "Nordgård"-committee, which was created on behalf of the Norwegian Cultural Department.

The technological innovation of the digital revolution has transformed the world we live in into a smaller and more connected place. This has also risen attention and skepticism towards how the economy is working, and how the revenue is distributed on behalf of the content creators.

One of the aspects of this skepticism is gravitating around the impression that revenue from recorded music is decreasing and especially effecting the Norwegian share of music. Another aspect is that there are too much uncertainty and confusion surrounding the revenue stream in digital music, and how the money is being distributed.

According to Spotify, approximately 70% of the subscription fees are going to rightsholders (MFO, 2014), but still there are countless of statements from artists complaining about not making any money.

There are two clear tendencies in this debate. There is an immense increase in optimism towards streaming, as money is finally returned to the business, while a number of parties in the business feel somehow neglected in this newfound fortune.

In Norway, a country with nearly 100% internet penetration (meaning "everyone" has access to internet), the consumers have come far in adopting the streaming model and has a high willingness to pay for such services. It can be fair to assume that this tendency will spread to other countries as well, using the situation in Norway as an indicator, since it appears that the streaming model is the future of music distribution.

IFPI (International Federation of the Phonographic Industry), in their Digital Music Report, published that the global streaming share is increasing. Including both revenue from subscriptions and commercials, streaming consisted of 27% of the total global revenue by March 2014. The share increased by 40% in the time-period of 2010-2013 and is still increasing. According to the Nordgård-committee, the Norwegian share of music decreased from 40-50% in 2005/2006 (consisting of physical sales) to 10-15% in 2013. It is worth noting that in 2012 the share had increased with 7%. From 2010 to 2012 the share of physical sales had plummeted from 72,4% of the market to 38,5%. In that same time period the streaming share had increased from 13,4% to 45%, while in 2013 streamed music made up 66% of the market (NOU 2013:150, 2013, p. 8). The Norwegian consumers spent more money on music than ever, but consumed less Norwegian music, thereby sending more money out of the country, weakening the Norwegian economy.

The MFO-rapport showed that the deductions in the streaming model were challenging to calculate precisely, and that it was difficult to give a universal answer to how it works due to confidential agreements and unknown deductions.

2.3.1 - The Revenue Chain in Streaming:

From the 99 NOK paid by the consumer 19,20 NOK (20%) is deduced by the government as value-added tax (VAT). The streaming service share is 22,70 NOK (about 30%), the collection societies' share (TONO in Norway) is 9,5 NOK (12%) and the remaining share (the label-pool) is 47 NOK, which is distributed to the artist via individual artist agreements. Their estimate of the value of an individual stream, with a pro rata settlement, was approximately 0,03 NOK. The discussion onward is how to distribute the label-pool; pro rata or user centric (MFO, 2014).

2.4 - Cloud and Concerts:

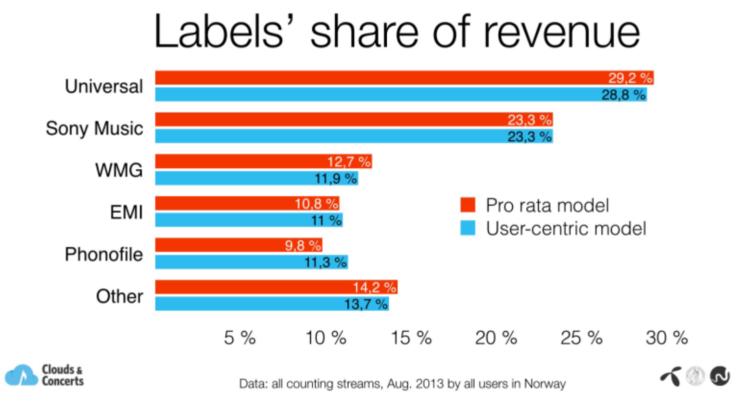
When the "Cloud and Concerts"-project was concluded in 2014, 50% of the internet users in Norway used the streaming service Spotify. WiMP Music's share was smaller (at 21%), but far from insignificant. A total of 78% of the recorded music consumed consisted of digital music. Ever since the beginning of 2012, the revenue from digital music has steadily increased, changing the dreaded fears from the previous decade. 2013 showed an 11% increase in turnover from the previous year (Maasø, 2014,).

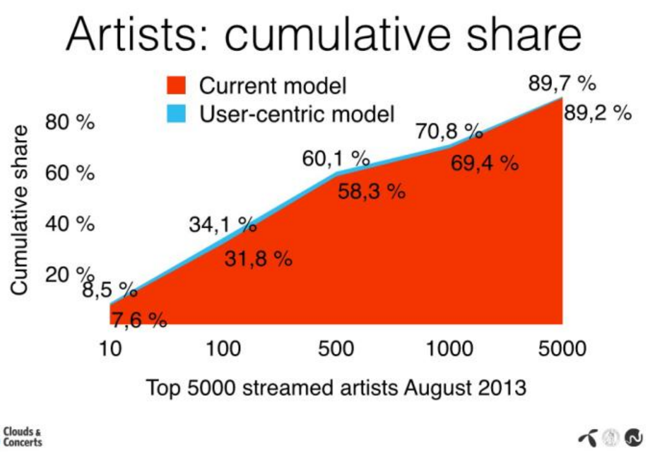
In the research project "Cloud and Concerts", done by the Institute for Media Science and Communication, and the Institute for Music Science at the University of Oslo in a cooperation with the Norwegian streaming service WiMP Music, they analyzed user patterns and data from the WiMP-service. The project was conducted over 2 month periods: August of 2012 and August of 2013 (Maasø, 2014).

One important disclaimer for the project is that it did not include all of the streaming users in Norway (which includes the Spotify-users), but the few hundred thousand users of WiMP.

The project showed **4 major findings**:

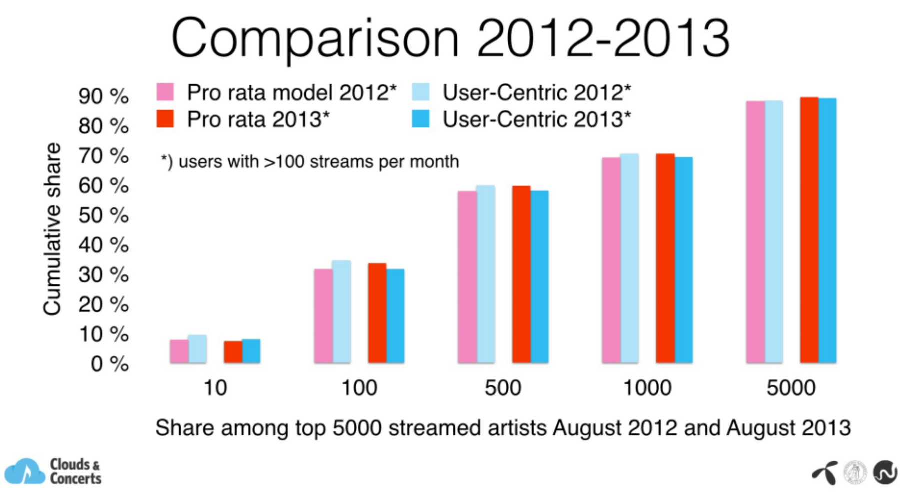
The first was that the user centric model did not show any major alterations from the pro rata model. The major labels had a slight decrease of 1 percent point, from 76% to 75%, during those two months. On the other hand, there was a larger change in the top 5000 artists (representing 90% of the streams), where about 3/4 had either an increase or decrease of revenue by 20%.





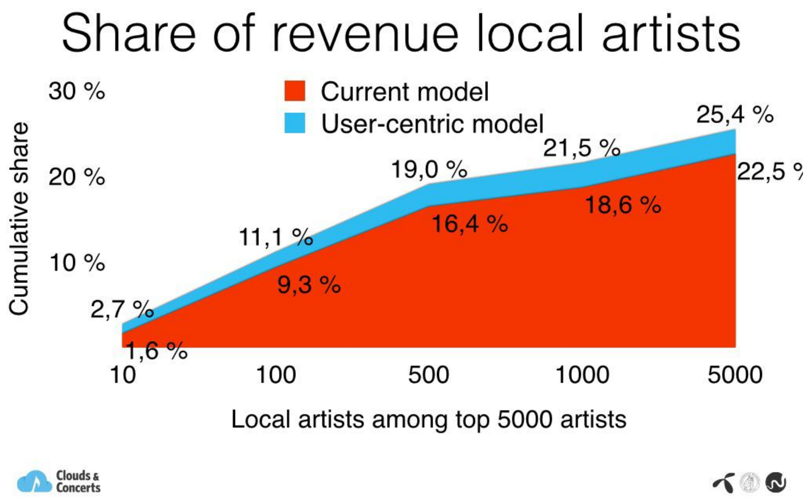
(Both figures: Maasø, 2014, p. 6)

The second part is that the artists who received the largest amounts of revenue in the pro rata model had an increase of revenue. The top 100 artists had an increase of about 2 percent points.



(Maasø, 2014, p. 7)

The third part is that there was a 13% increase of revenue for the Norwegian artists (an increase from 22,5% to 25,4% in the top 5000 artists), which affected the Norwegian top-artists on a larger scale.



(Maasø, 2014, p. 7)

The fourth part is that classical music had an increase of revenue while the more mainstream genres (international artists mainly), such as EDM and hip-hop, had a decrease. The Norwegian mainstream artists had an increase (one example was a Norwegian pop artist, with a large teenage fan base, that had a 15% increase). Jazz, blues, children's music and classical music were the biggest "winners" in the user centric model.
In the project, the researchers chose to look closer at the top 50 artists, who got a 2 percent point increase, or a relative 12% increase (Maasø, 2014).

Other Findings:
When comparing the models, 93% of the top 5000 artists would either gain or lose up to 40% of revenue when changing to a user centric model, but only 63 out of 5000 artist lost more than 40%. 13 of the artists had a reduction of 60-80% of their revenue.
Out of the top 5000 artists, 300 of them gained more than 40% and the max increase of revenue within the 5000 was 306% (Norwegian contemporary classical/art music) (Maasø, 2014).

In regards of the pro rata distribution model in streaming, it has been showed that 1% of the content consisted of 77% of the revenue, making it difficult for smaller artists and labels to make any substantial amounts of money (Maasø, 2014).

2.5 - The Listeners' Perception:

In 2016, two students from the master's course in Music Management at the University of Agder in Kristiansand published a thesis that investigated the consumers' perception towards the streaming models. Their work was based on researching consumers in the age group of 20-30 years (Brugaard, Finnestad, 2016, p. 4). Their research subjects were divided into two groups, defined by paying- and non-paying subscribers. They later created a third group consisting of similarities between the two original groups (Brugaard, Finnestad, 2016, p. 44).

2.5.1 - The Paying Consumer:

These subjects used Spotify as their main source of music (Brugaard, Finnestad, 2016, p. 45), but sought out YouTube for content that they could not find in the Spotify catalogue. They all were heavy users of the services by consuming content frequently, in large amounts and regardless of their whereabouts.

Their pros towards the services were availability, convenience and fair price. Their cons consisted of lack of content and having to pay for the content, as well as the services being bound by an internet connection. They had a generally positive attitude towards the services, and their main reasons for willingness to pay was based on offline-options, no advertisement and having a clear conscience towards the artists.

There were some variation in thought amongst the participants as of their perception of how the streaming business had changed the music industry. Some had heard about artists' difficulties making ends meet, while others had not heard much of the matter. Some noted the positive aspects of a broader audience and one said that the lack of revenue in streaming might not be a negative aspects, since it may stimulate to more frequent live performances (Brugaard, Finnestad, 2016, p. 44-45).

As of regards towards the distribution of revenue, the general perception was that the services kept most of the money, but they had no knowledge of how it really worked. When asked about the price of the services, they mostly agreed that 100 NOK was a decent price, but some would pay more once they could afford it.

The researchers informed the participants of the actuality of the distribution model and reported that the informants generally thought the user centric model to be the better alternative, but they did not agree upon whether or not it was a more fair distribution (Brugaard, Finnestad, 2016, p. 45). There was a clear duality in the group in regards to willingness to pay for a more expensive service, even if it would ensure more revenue to the local artists.

2.5.2 - The Non-paying Consumer:

This group had one anomaly, in regards to age, with one of the participants being over 60. The participants reported that they mostly use the free version of Spotify as well as YouTube, SoundCloud and BandCamp (Brugaard, Finnestad, 2016, p. 46).

This group reported, similar to the paying-costumer-group, that one of the greatest pros was the availability of music. The cons were that in their belief the artists would not gain enough from their subscription fees and they also weighed the issue of lack of content.

The oldest participant reported a very moderate usage of the streaming services and preferred CDs as music medium.

The participants mainly explained that the reason why they would not pay for the services was due to not using the services to a large enough degree themselves; not enough value for money, but they did not consider the price of 100 NOK to be expensive. Their music consumption consisted mainly of CDs and legal downloads, where they sought the feeling of ownership over the purchased content, as well as giving them a stronger feeling of support towards the artists. Streaming was perceived as a more fleeting commodity (Brugaard, Finnestad, 2016, p. 47-48). One interesting element that they voiced was that they would like to have the alternative to purchase shorter period-subscriptions, such as a 24 hour-subscription, for house parties and events (Brugaard, Finnestad, 2016, p. 47).

Their perception of the streaming model in the music industry was rather negative, as they saw it as just another hungry mouth to feed in the value chain and that the services obtained most of the revenue generated.

The group's attitude towards the streaming model did not change after the researchers explained the reality of it and it would neither change the way they consumed music. The researchers asked the group a follow-up question in regards to which model they would pick if left with no other options. Two out of six participants chose the more expensive user centric model, explaining that they would prefer their money going to the owners of the music they personally consumed (Brugaard, Finnestad, 2016, p. 48).

Chapter 3: Methodology.

3.1 - The Foundation for Qualitative Research:

The choice of research methods may in some cases be a challenge. The eternal «positivism war», as Aksel Tjora (2010, p. 5) refers to, is about the concrete differences in research methods; qualitative research versus quantitative research. Most researchers agree that the usage of both methods (triangulating) is the golden path which gives more depth and validity. Unfortunately this is time consuming and requires greater resources, which often results in prioritizing either of the respective methods. The essence in the difference between the two methods is that qualitative research gives an understanding in the subject of matter rather an explanation, as well as giving a closeness to whom or what one is researching.

There is some criticism surrounding qualitative research methods in regards of the methods being subjective, and therefore not as valid and objective as quantitative methods. Tjora (2010) argues against this and points out important factors around the research quality behind the qualitative methods. He argues, that even though the mathematic analyzing methods of quantitative research are objective, in the sense that they are not affected by the person doing the analysis, the content from the survey is based on subjective formulation of questions. Even though the results are counted up mathematically, the conclusion of the results is still a subjective matter (Tjora, 2010, p. 20).

When interviewing research subjects and asking them to explain their thoughts, or observing their reactions to allegations, the reactions and answers are subjective from the perspective of the informant - *subjective empirical data* (informant subjective).

In order to obtain honest and good reflections from a research interview, or in-depth interview (an inter-subjective situation), the key element is to maintain a healthy and progressive dialogue between researcher and informant. The social setting of which the interview takes place may color the interview and distort the response from the subjects. If the information at hand is one of sensitive matter, the informant might not be as collaborative if he or she does not feel calm and relaxed. If the subject is put in a very stressful environment while asked to answer elaborate questions, the quality of the conversation and the responses might be weakened, or even worse summed down to either useless or incoherent information. This depends on the subject's ability to master stress and/or multi-task.

3.2 - Ethical Considerations:

Some ethical issues might orbit different methods of generating data, and it is my job as a researcher to take these issues into consideration before entering a research setting. It is important to safeguard the privacy and anonymity of the research subject, if the research topic contains sensitive information that might damage the well being of the informant.

Tjora (2010) mentions that «*... a form of ethical sense should lie implicit in all research, independent of any formal and legal demands surrounding research. Aspects such as trust, confidentiality, respect and reciprocity will characterize the contact that we have with our informants and representatives for the topical case.*» (Tjora, 2010, p.31).

The way we behave around people has a direct influence on how we communicate. This seems quite logical, considering that about 80% of communication between two individuals consists of body language (Psychologist World, 2015).

The Norwegian professor Steinar Kvale (2009) phrases the ethical dilemma with a similar point. According to him the interview is a moral affair as well as one of ethical aspects. «*the personal interaction that occurs in an interview situation affects the person being interviewed, and the knowledge that is produced in the interview affects our view on the human's situation.*» (Kvale, 2009, p. 65).

Kvale (2009) also points out that it might be difficult to give specific rules or solutions on ethical problems that might occur during an interview study, since not every aspect is possible to predict. This dilemma involves what I would call *chaos competence* - the ability to successfully manage chaotic situations and either lessen or completely eradicate the entropy that might occur. Ethical decisions must not only be executed in some parts of the interviewing process, but throughout the entire process. If the researcher is aware of certain moral dilemmas that might occur throughout the various stages of the interview process, prior to the execution, he or she might more easily conduct reflected decisions concerning these issues. The academic ethical rules for social science and philosophical ethics serve as framework for the specific ethical decisions that might take place. In his chapter about ethics in quantitative research, Steinar Kvale (2009) points out that ethical rules and theories can rarely give concrete answers concerning the choices a researcher must take during a project. According to him the "rules" are more like texts that needs to be interpreted, rather than law. They provide guidance which must be weighed and viewed in relation to the specific situation at hand (Kvale, 2009, p. 66).

In my research, I weighed the sanctity of anonymity greatly, for moral purposes as well as creating a safe environment for discussion. In some cases it was necessary and important for me to express to my informants that there would be no issues in regards to the thesis' credibility should they wish to remain anonymous.

3.2.1 - Hidden or Open Observation:

Hidden observation is the act of observing a situation or subjects without informing them that you are a researcher. In open observation you tell the subjects that you are observing them, but you do not necessarily go into depth in regards of your research questions. Both methods consist of gray areas of transition in regards of methodology and ethics (Repstad, 2009, p. 40). According to Repstad (2009) there is a difference between entering a situation under a false flag and not informing the participants that you are there as an observer, instead of a co-participant, but the ethics do not vary greatly amongst these cases. In the worst cases one might be labeled as a spy or a traitor.

The main methodical argument for hidden observation is that it might be the only way to get the most genuine information. People have a tendency to alter their behavior when knowing that they are being observed or if they learn the true nature of why they are being observed. This is known as the *research effect* (Repstad, 2009, 44). Symptoms of this effect is subjects trying to alter their behavior in a variety of ways. They may try to dampen controversial statements, actions and views, or in some cases increase them. They may even lie or not say anything at all.

As a general rule, hidden observation is questionable as a research method, because it is in conflict with the principle of giving people the choice to partake in the research or not. On the other hand, in the public room there is an acceptance for this kind of observation without demanding the researcher informing said subjects, due to it being a troublesome and sometimes an impossible feat (Tjora, 2010, p. 81). The differences between public and private rooms are in some instances hard to define. One definition is the analogy of a stage:

The *front stage* is to be defined as a public room, since one is aware of the fact that one is being observed and may adjust one's behavior accordingly, while the *back stage* is a private room (Tjora, 2010, 82).

3.3 - Hermeneutics:

Hermeneutics is the teachings of the interpretation of texts. The *hermeneutic circle,* or *hermeneutic spiral* is a research process where one confronts a certain text more than once. Prior to the first encounter the researcher has a prejudice towards the material, consisting of all knowledge already possessed. After the first exposure with the given text, the researcher is presented with a period of reflection. This sequence can be repeated in an indefinite amount of times, until the amount of exposures feels sufficient in providing a reliable interpretation (Alnes, 2015.05.12).

3.4 - Choice of Methods:

Choosing the correct method for scientific research can be difficult and frustrating at times. Especially when deciding upon using qualitative or quantitative methods.

For my research I chose to triangulate the qualitative research methods in-depth interviews and observation, with an hermeneutic outline. The reason for my choice of such methods was that I believed it to be the best choice at procuring the information I needed for my research. I have had some experience with this type of research method from previous work, and felt confident that I had procured high enough communicational skills to execute the interviews in a respectful and efficient manner.

To increase the validity of my research I decided to procure as many informants as possible, knowing that there would be an almost exponential increase in workload for each interview.

I have always believed human communication to be the best way to procure knowledge, because it reflects the fact that those who hopefully will learn from the gathered information are also human. Empirical data has immense potential to mediate a deeper sense of understanding than purely quantifiable data, such as statistics.

Some might argue that I triangulated qualitative and quantitative methods by interviewing a larger number of subjects, but I would argue that each interview was so unique that the argument does not hold.

3.4.1 - Hermeneutic Outline:

This hermeneutic process will not be documented directly in the thesis, but is in this sub-chapter explained for other researchers to draw inspiration from.

The questions I will ask during the interviews and the knowledge I will procure, is based on my prejudice towards the field of music business and the things I already know.

The first encounter is the execution of the interview, where I will gain insight on the material being presented by my informant (though arguably not in the format as a *text*). This presents me with an opportunity to reflect on the material before transcribing. The transcription process will act as the second encounter, and seeing the material again might give me new insight to what was actually presented. Once transcribed I will have a new period of time to reflect on the material before analyzing and translating the material into a more coherent text, which will act as my third encounter with the material. This presents yet another opportunity to reflect on the material. The fourth encounter with the material is in discussing my findings, which leaves me with one last phase of reflection before the final conclusion.

3.5 - Method Process:

This sub-chapter explains; how and why I chose my informants, the execution of the interviews, and the transcribing- and analyzing process.

3.5.1 - Procuring Informants:

When attending by:Larm in 2014 as a delegate from the University of Agder, I did so with an agenda in mind. I was eager to attend as many seminars as possible relevant to my thesis and field of interest, to clench my thirst for knowledge, but first and foremost to head-hunt informants.

During seminars I always paid just as much attention to the people sitting closest to me as the people speaking at the forums. I practiced courtesy and friendliness, offering chocolate, candy or breath mints as an ice-breaker (which worked remarkably well). I was always trying to find out why they were there and what their interests were. If they were fitting my needs as informants I would ask them politely if they would be so kind to participate in my thesis. If they were not fitting my needs as informants, I would ask if they knew anyone suitable. In some cases, they themselves offered to send the contact information of either friends or colleagues, even before I got a chance to ask myself. I continued this head-hunting strategy at the many concerts and after-parties that the festival offered. One of my supervisors, Daniel Nordgård, was also very helpful as a social buffer in procuring contacts.

Once I had returned to Kristiansand I would go through all the business cards I had received and the e-mails procured, and start sending out polite e-mails following up the informant-requests.

Initially, I had procured a larger quantity of artists (including a couple of artists from major labels) as informants, but they showed little to no interest in the project and decided not to commit.

3.5.2 - Interview Structure and Execution:

The interviews with the informants were recorded with a high quality stereo recorder. Each interview lasted for about an hour each and were dynamic in conversational nature, meaning that it did not consist of mere "back and forward"-questions. I had some key questions and topics I wanted them to elaborate and discuss. Some of the questions I asked were not planned and a few times we got off topic, but we did not stray for long.

I started every interview by presenting myself, as a person and as a researcher. I focused on my personal interests and my field of interests in regard to the music industry - in an effort to create a more comfortable and less academic feel. This was in hopes of improving the quality of information obtained from them. It was my intention for them to see me as a friend and not a stranger. Once a friendly connection was established I opened the conversation by asking them to talk about themselves, and their relationship with the music industry and music streaming. I asked if they could explain to me how the streaming revenue is distributed and I followed up with questions regarding its fairness, since it was in my special interest, as well as their view on general fairness in the industry as a whole. One of the more interesting questions was what challenges they thought laid ahead and what the future might bring.

3.5.3 - Transcription and Analysis of Interviews:

The process of transcribing the interviews was a long process, which occupied the majority of time spent on the thesis. I performed all of the transcribing by myself (to gain a deeper understanding in regards of the *hermeneutic circle*) and the rate of which the interviews got transcribed varied from 2 days to 6 months. The interviews were mainly conducted and transcribed in Norwegian (with one exception where the informant was Swedish) and in fullness; which includes length, dialect, sociolect, pauses and hints of body languages. This was to preserve the nature and authenticity of the interview. To make the transcription process more efficient I used a tool called hyperTRANSCRIBE (even though it was only a demo-version, it did an immense difference). While transcribing the material I highlighted relevant text in colors of yellow (relevant material), green (extra interesting information), indigo (material that needed source checking) and violet (text that demanded more interpretation). This made the process of analyzing much easier. I had access to a software designed for analyzing qualitative data called NVivo, but I chose not to use it, because I believed I would gain more insight by doing the work manually. During the process of analyzing the interviews, I first took mere bullet notes, before the final stage, where I translated the interviews to English and worked it into a more coherent text. During this process I selected the most relevant aspects of each interview, which I characterize as my findings.

The total amount of data procured from the interviews was 8 and a half hours of audio, which turned into 157 pages (or 77 000 words). This data was compressed down to 15 pages (or 5600 words).

3.5.4 - Research Subjects:

The research subjects, or informants, that I procured for this thesis wished to a large degree to remain anonymous. Only two of the informants gave consent to publish their names.

The reason for why I chose these informants was because I was convinced that they would procure me of a reasonable amount of relevant data. One disclaimer is that not all of the information provided by the informants is accurate or as reliable. Some of them are misinformed, but this I will discuss in the fifth chapter of the thesis.

All of the interviews were conducted in the time period between the 23rd of January 2015 and 9th of March 2015.

3.5.4.1 - The informants:

Person A, B, C:

These 3 artists (all in their 30s) are all above average famous musicians as of recognition and experience, one of which has won the Norwegian artists' award *Spellemannprisen*.

I spoke with all of the artists in the same session, to save both their and my time, and for the sake of generalization I will not differentiate between which one of them who said what in the findings.

Person D:

Is an independent record label owner in his 40s, with experience from multiple organizations in the Norwegian music industry and who also is as a musician in one of Norway's most renowned bands.

Person E:

Alex Esser was an employee of Deezer (a French streaming service) at the time of the interview, with a background in entrepreneurship and economy, who also owns his own independent record label.

Person F:

Has worked with digital distribution for 10 years, as well as having experience from management, international booking, and as a communications advisor for music- and cultural businesses.

Person G:

Has worked in one of the major labels for over 16 years, which includes a position as head of digital marketing.

Person H:

Works in a music foundation, and has worked for many years as a music journalist and has written a great deal about music piracy.

Person I:

Kjartan Slette has worked in the music business throughout his entire life. Starting his career by working in a record shop during his time as a student, where he later became shop manager before eventually being recruited by the head offices of Platekompaniet. While studying in Copenhagen he was a participant in writing a thesis on theorizing a centralized service in music. He was recruited by Aspiro (a mobile-tech company) and later landed a position as co-CEO of the Norwegian streaming service WiMP Music.

3.5.4.2 - The Debate:

The debate consisted of the participants at a seminar, or panel debate, at by:Larm 2015 titled «The Streaming Model of Tomorrow». This material did not serve as empirical data for the thesis, but rather a source of valuable knowledge to enlighten various issues in the music industry. The information procured helped me in narrowing down my own research questions.

One might argue that my observational method of the debate was controversial, since the participants had no idea that I recorded the entire seminar, transcribed everything that was said and analyzed it. I did it for two reasons, the first of which was to reduce the *research effect*. I would argue that this effect was already present to some degree, as the subjects were already being observed by the audience of the panel debate. The second reason for recording and transcribing the session was so that I would not have to worry about remembering wrong or forgetting certain pieces of information. I would argue that the debate was under the category «a public room» because it was taking place on the *front stage* in front of people of unknown identity by the participants on stage, hence removing any controversial issues.

The information procured do not reflect the representatives themselves, but the views of the organizations that they represent. Neither did the information contain any trade secrets or personal information. Neither of the subjects are mentioned by name or what position in the business they hold, though it would not be impossible to investigate by a third party. I do not find any reasons for why any third parties would either want do so or what they would gain from it, as I see no negative implications.

The participants agreed during the seminar that the field demands more research, which I interpret as indirect consent to share the information they presented.

Chapter 4: Findings.

This chapter contains the findings procured from my interviews.

4.1 - The Music Industry's Perception of Itself:

The quotes in this chapter are translated from the informants' original language into English and formulated into a more coherent text. Some of the quotes are a result from a specific question, while some are a shortened down versions of a larger discussion or reply.

4.1.1 - The Independents' Perception:

This section consists of the independent parties of the industry that I was in dialogue with. It consists of interviews with a *music journalist*, a *digital distributor*, an *independent labe ownerl* and the three *artists*.

4.1.1.1 - A music Journalist's Perception (Person H):

The informant told of previous writings on music piracy and I asked for input on the matter.

«*The streaming services' predecessor was pirated music, which created all sorts of challenges for the music industry. The industry gave an effort to solve the problems that the illegal services posed to them, with no luck, until the salvation was brought on by the new streaming services.*»

The conversation was guided towards to a discussion about the streaming services.

«*Spotify has established themselves quite thoroughly in the Scandinavian countries, making it difficult and near impossible for other streaming services to get a foothold. Spotify is more or less a complete service, but still has some minor flaws. They lack* ***all*** *of the content; some new releases as well as older repertoire. They have potential for improvement on their mobile-app, which can be troublesome to navigate.*»

I asked the informant of any views on the reasons for why the citizens in the USA are seeming to prefer digital radio.

«*One of the reasons why the Americans currently prefer digital radio over on-demand streaming might just be because it was their first available option. On-demand streaming arrived much later and is now on the rise in the United States.*»

In the discussion about streaming I was interested in finding out what the journalist could tell me about the streaming models.

«*In the pro rata streaming model the artists who get streamed the most also get the largest piece of the revenue. The ones who get played the least, get the smallest piece and the ones who are not streamed at all get nothing, which in a great sense is a fair deal. In the user centric model your monthly fee goes "directly" to the artists you stream. As a consumer this might seem like a more "fair" approach, since you actually get to pay for the content you really want.*»

I asked if there were any parallels to the CD-age.

«*In the CD-age the consumers were also posed with the dilemma of paying for content they did not really want, in "fillers" of the album-format.*»

In regards of artists and fairness the informant said:

«*One interesting observation is that the artists are usually the ones at the front of the line complaining about the streaming services, while few to none of them actually have any deals with the services themselves. There are other parties who does the negotiating on their behalf, so perhaps their energy is directed at the wrong acting parties.*»

4.1.1.2 - The Distributor's Perception (Person F):

I asked the informant if the industry had changed and to what degree.

«*During the pre-digital age, artists would sign off some of their rights through a contract with labels to gain access to their audiences. Through the eyes of the artists this was perhaps not an optimal situation, but it was often a compromise worth perusing. Before the digital revolution of music there were gate-keepers, just as today, only that the roles since then have slightly changed. Today the audiences access to has been more democratized, from the artists' point of view, in considering how easy it is to post music on the internet, but creating attention around your content is a completely different matter. The marketing aspect is a more costly and time consuming affair, and requires more specific knowledge*»

When asked about how the streaming models worked, the informant explained:

«*The way pro rata works is that each month all the streams from a streaming environment (such as Spotify or WiMP) are summed up and calculated on a one to one basis against the* *amount of revenue for the same time-period. The ones facilitating the streams are given an amount for their services before sending the revenue to the labels, whom then passes the remaining revenue to the artists through individual agreements. These agreements vary from artist to artist and is perhaps the greatest variable in the chain.*»

The informant continued to talk about the user centric model.

«*The research project "Cloud and Concerts", conducted by the institute for Media Science at the University of Oslo, was presented at South by Southwest in 2014. The project was lead by Arnt Maasø and Anne Danielsen. They researched both the live music scene and the user centric model. One disclaimer to the project is that the streaming part only consisted of data from WiMP, but the data showed that local repertoire might gain from this alternative distribution model. The model is also likely to strengthen the relationship between artist and fan, which is something that is not optimized in the current model. Knowing where your money goes might be a great way to increase the consumers' incentive to pay for music. Streaming today is a game where the winner takes it all, in a much larger scale than it was during the CD-age. There is a lot more music being published now. The start line is much broader with more artists and acts than ever, entering limited playing fields.*»

I continued to asked about any changes in consumer behavior.

«*The audience has been transformed from segments of large-, medium- and small consumers (whom used to purchase one CD annually) into a more general listening population where "everyone" gets their music needs satisfied by a monthly subscription to a given streaming service.*»

The informant continued to talk about events in the recent streaming history and mentioned aspects of pirated music.

«*In Sweden, a country where pirated music was vastly incorporated into the culture, they were able to implement IPRED (Intellectual Property Rights Enforcement Directive) about the same time as Spotify became commercialized. Streaming is a great competitor to pirated music, because the users are granted easy access to the content without having to worry about file quality, spam, malware and storage space.*»

We discussed the aspects of digital distribution and the informant explained:

«*One important aspect of the democratization of the music distribution is that it allows less privileged musicians to gain access. One example would be some ingenious musician from Township South Africa being able to post his or her music in about the same ease as a German musician who has been privileged with schooling at the greatest music institutes.*»

In regards of the physical format:

«*Giving someone a CD as a present today is a very farfetched thought unless it is signed by the artist. Even LPs are lingering in a gray area as gifts, but to a smaller degree since they are known as mediums with higher sound quality*.»

We talked about the historical aspects of physicals which lead us onto the subject of the future of the industry.

«*Regarding the future of the streaming business, besides a change of the distribution model itself, changes can be done to pricing. The business would gain from increasing the subscription fees to match the consumer price index as it slowly changes each year. As of the model, there are multiple options of change. One might be to implement crowd funding options directly into the services or allowing periodic amounts of commercials, set by the users, which will add as an extra set of income for a given artist or act.*»

The informant gave an interesting point in the end of the interview in regards to the rules that binds the music business.

«*In all of this, it is important not to forget to view the music business as an industry, bound by industrial rules in both positive and negative aspects. The creators of content need to be actively participating in the progress, and voice their views and opinions through artist organizations.*»

4.1.1.3 - The Label's Perception (Person D):

I asked the informant to talk about the music business, in general, in the light of historical aspects.

«*At by:Larm in 2002 the former manager for Sex Pistols, Malcolm McLaren, made the attending heads of the industry cringe as he talked about his perception of the music business as a mafia-business. He mentioned the business in the 40's where restaurants and clubs, owned by the mob, wanted to exchange live music with jukeboxes. This posed a major threat* *to the musicians, who feared that they would become obsolete. A parallel to later years has been the power balance between music mediums and ownership. The Walkman was owned by Sony and the CD was developed by Philips, giving them financial advantages over the markets. Once losing the advantage of owning the current medium, the battle for power became tougher. This continued with digitalization and the invention of MP3-players. Another skewing of power happened when Apple first launched their iPod, an MP3-player with a sizable hard drive. One might argue that the winner of this particular battle of mediums today is the Telecom-business, who supply the consumers with internet connection, allowing them to use the current standard for music - streaming. All in all, the true winners are the consumers, who are able to reap the benefits of innovation, regardless of who owns the technology*.»

I asked the informant on views regarding the claim that artists are being forced to play live.

«*In Norway, even during the CD's hay-days, musicians needed to play live to survive of their music. The royalty-rates that the artists received from the labels were rarely higher than 10-12% of sales. The largest difference between then and now is that in those times the artists on average made an alright amount of revenue from sales, while now it is next to nothing. The band and rightsholders were rarely the same, so performing musicians have always been dependant on playing live. In some cases, due to large advances on record deals, the artists would make very little through royalties. There was just too much spending in advance of the album release. There are even cases of bands owning the labels money as a result of insufficient record sales. Structure wise, the industry has been sent back in time, to the 50's, where the hits are what matters. Musicians today need to head into this challenge with a different mindset. Norwegian artists have some thing or two to learn from the Norwegian Black Metal bands - namely* ***branding***. *Merchandise is an underrated source of revenue, if only approached with creativity and by giving your music a more extensive identity.*»

The informant did not have much information on the streaming models, but had one interesting point:

«*In regards to the streaming model, everything is depending on whether you own your master tracks or not.*»

Considering that the informant owned an independent label, I asked about the Norwegian share of music.

«*If the share of Norwegian music streamed is to have any substantial increase, the music needs to become more interesting. It is harder to argue that there is something wrong with the audience, than the music being offered. The Norwegian mainstream music scene is highly dominated by "redneck"-artists such as DJ-Broiler, but this might have to do with the Norwegian russ-culture, and the music often loses its influence the moment the "party" is over.*»

We talked about the user centric model and I asked about the informant's view on the matter.

«*If a change in the streaming model can increase the amount of money being kept domestic, it will likely increase the incentive for local actors to lobby it. One can argue that the ones owning certain companies intend to keep the most of the revenue for themselves, which will lead them to fight the changes that might lead to a more "fair" distribution of revenue.*»

I asked what the informant's perspective was in regards of challenges in the streaming business.

«*The biggest challenges in succeeding in streaming today is a matter of marketing and PR, and creating attention around your content. Downloads are disappearing in an increasing rate and streaming is taking over the digital realm. As an artist you need to create attention to your music and create a fan-base, then you can play live and sell merchandise (CDs, vinyl, t-shirts, etc). The clue is to brand your music and regard your brand as a shop or business by itself.*»

4.1.1.4 - The Artists' Perception (Persons A, B, C):

I asked the artists if they could tell me a little about the industry and how it might have changed for them as artists.

«*From an artist's point of view there is not much that has changed over the years. Opposite of the public opinion, only a few artists were able to get rich from selling music, even in the CD-age.*»

It seems that the artists themselves wish that the industry would have embraced the streaming model from the start.

«*If the listeners had been opted with the alternative to pay for a digital service from the beginning they might not have gotten used to the feeling of music being a free commodity.*»

The artists told me about a case where there had been friction between a certain Collecting Society (CS) and a band (both will remain anonymous) where the CS tried to deny the artists from adding a "free" digital download code on their vinyl record. The CS' opinion was that the consumers had to pay for both, since they were two different products, while the artists argued that once the fan had bought the album they were entitled to the digital version as well, which also is a way of making the product more attractive. The artists solved the situation by releasing the material through an independent label, owned by one of the band members. The band expressed their frustration by saying that this kind of shortsightedness amongst the people in the industry is what gives it such a bad reputation, as well as the musicians with no competence in business who enables the industry by wholeheartedly signing off their rights, together with their responsibilities.

We continued to talk about different responsibilities and one of the artists came with the following argument.

«*One might argue that the parent generation of today should take on some of the responsibility when it comes to teaching the next generation that music is not free. The majority of kids today listen to music through "feel like free"-services such as YouTube and perhaps parents should encourage their children to spend some of the money they received from a grandparent to buy a piece of merchandise, in order to support their favorite artists. They need to learn to invest in art that they find meaningful, or else risk losing it in the future. Perhaps this is an issue for the politicians to implement into the education systems.*»

The artists wish for more transparency in the future of streaming. They do not necessarily want to see what kind of deals other artists get or how much money is spent on marketing the different acts, but they wish to see how much money is spent on salaries and general expenses in the major labels.

4.1.2 - The Majors' Perception:

This section consists of the major label segment of the industry that I was in dialogue with. It consists of an interview with the *head of digital marketing.*

4.1.2.1 - The Digital Marketing's Perception (Person G):

When asked about the many opinions circulating the issue of "fairness" in the music business, the informant's response was the following:

«*One of the greatest issues concerning the public's opinion in the distribution of money in streaming today, is that most people have just that - opinions. The great majority talking about the issues in streaming have few actual facts to back up what they are saying. Agreements made with any kind of service are bound by confidentiality clauses that makes it very difficult to present any kind of details on numbers.*»

The major's informant argues that the source material for the *Cloud and* Concerts-research, August 2014, was too scarce to represent a qualified picture of the market.

«*A survey done by a service in Denmark a few months later showed opposite numbers. In the northern European countries about 70-80% of the streaming users are paying customers. What the business wants now to progress is to gain more users and eventually convert them into paying customers.*»

We continued to talk about the music formats.

«*Physical products will always remain in some form, as vinyl or special editions, but it will be a marginal part of the business. The current physical model is in decay in the music market, not only in the Scandinavian countries, but globally. The shop itself has transformed from being a common retail store to becoming the offices of the labels, and the websites and services themselves.*»

I continued to ask about changes to the industry.

«*There has been a vast increase in acting parties. There is an increasing amount of artists and producers of music, which is making the market much wider, more complex and more fragmented. It is to larger a degree even more competition based now than ever, as every act is becoming equal in the sense of distribution. The marketing possibilities are to a* *larger degree left to the individual act to market themselves in different media platforms, especially through social media. The old models of promoting through TV-commercials and distributing recorded material through physical domains, while sitting and relaxing as a bystander, are basically gone. To maintain your brand as an act today demands constant maintenance. Other forms of support, such as governments purchasing large amounts of records to add to the public libraries are vanishing. The amount of physical retail shops are immensely diminished. In Norway there used to be about 400 retail stores for music, now there are maybe 30-40 left. It is a completely different world, which puts even more pressure on acts to create attention towards their own products. Success is never free, but this gives hard working artists in cooperation with labels, both young and old, an opportunity to succeed on more equal grounds. The current model today might not persist in 5 years. The majority of users that pay for the streaming services are young people and they listen to the music which is the closest to their own hearts. Suddenly the power balance is turned upside-down. 10 years ago the TOP-lists contained mostly "old", grown up and matured artist, while in these days it consists mostly of young acts and artists. These changes also contribute to a larger degree of hybrid-usage of the services, in the context that both older and younger generations are starting to listen to the same sorts of music. The customer base is turning into clusters, instead of segments of age-groups. It is important to note that these tendencies might change rapidly, concerning these are less certain conclusions made over 4-5 years, a quite short period of time.*»

We continued the conversation by discussing developments in the industry and the status of music streaming.

«*In the year 2000, about 20% of the Norwegian population bought music in some form or another. In 2014 it had increased to 30-35%. An average consumer in 2000-2002 spent about 1250 NOK on games, music and movies annually, which is about the same amount of money they use today on music alone, taking into mind that they pay a monthly subscription fee of about 100 NOK for streaming services. The amount of new users is now declining. If this is due to this being the maximum limit of possible users is uncertain, but one hypothesis is the element of spare time. The most challenging age group we have noticed is the 40-plus-group. They are the least active ones. We can see a slight increase in the age group of 40-50, but 50-65 are clearly the most inactive age group. As mentioned, this might be due to a lack of spare time, considering that the average life-cycle has been transposed. People are starting*

to have kids later in life and having teenage kids in the age of 50-plus leaves you a minimum amount of time to relax and enjoy music, in the same degree as one might have before.
The place where one might still be able to enjoy music is in one's car, driving to and from work, driving kids to spare time activities, and etc. This is where radio comes into the picture, as well as playing CDs on your car-stereo. One of the issues that CDs in your car and CDs in general poses, is that there is no way of knowing which CDs you play, which tracks and how many times you listen to each track or CD. There is no data on this. Luckily there exists smart and innovative solutions that implement the streaming technology into your car, such as Mirror-link, which is a service or piece of technology that can be integrated between your Smartphone and your car's infotainment system. The parents can listen to Spotify in the front and the kids can watch Netflix in the back. This enables us to monitor which songs that get played and how many times, even in cars.»

I asked if the informant could elaborate on how the streaming model works.

«*The way the streaming model works in general, is that you first pay a given sum. By using Spotify as an example, in Norway it costs the user a monthly fee of 99 NOK. The first deduction is a government fee of 25%. The second is a cut to the local collecting society (TONO), which is a cut of 8-12%, depending on how they negotiate their agreements. After that Spotify takes their share and what is left is what is called a "label-pool", which is then is divided between the labels. Here the discussion on whether you should distribute it through pro rata or user centric, enters. Regardless of distribution model, whether one model gives you 5 NOK extra each month or not, the realm of the music industry will continue to be a place where acts and artists need to fight actively to stimulate streams through different marketing channels and strategies. It does not matter how "fair" the distribution model is if your music is not streamed at all. What the discussion should focus on, is the fact that if the Scandinavian streaming trend spreads throughout the world, the amount of users and usage will increase, as well will the money-pot, and more people will be able to live of their music. If one gets even 30% of the American population to subscribe you suddenly have 100 million people paying a monthly fee and adding the other large territories, you end up with an incredible volume. This demands a lot from all ventures of the industry. I believe it is important to look and observe, do, try, test, get answers, understand and move on.*»

4.1.3 - The Streaming Services' Perception:

This section consists of the parties from the streaming services that I was in dialogue with. It consists of interviews with a *streaming service employee* and a *streaming service co-CEO.* These informants were the ones who gave me approval to use their real names, so I will allow myself to refer to them as "he/him/his" instead of "the informant".

4.1.3.1 - The Employee's Perception (Person E):

I asked the informant if he could explain how the streaming model works.

«*The way the streaming model works is that you start with a large number of listeners who pay a monthly subscription fee. The money from the subscriptions gets summed up and the first deduction is a government fee, or tax. The streaming service takes a small cut, to maintain their servers and staff, as well as enabling them to expand and launch their services in other countries. The remaining money is divided between the publishers and record labels before reaching the artists.*»

We discussed briefly the challenges surrounding all the allegations towards the model not being fair and I asked what his view on the matter was.

«*More transparency is highly sought after in the streaming business.*
There is room for creative solutions to strengthen the artist-fan-bond. One interesting feature would be to enable listeners to view their own listening statistics, as well for the artists themselves. Say a given artist is able to see who streamed them the most in a certain time period and enabling them to send a personalized message to that fan (or multiple fans), thanking them for streaming their music. It is understandable that the labels are reluctant in sharing statistics that might reveal more embarrassing cases of investment. Say an act they invested heavily in, regarding marketing and promotion, just to have the act flop in the streaming realm. Deezer has launched an app for the labels which is called "Deezer analytics", which enables them to see information about the listeners - everything from age group to country of origin. This kind of information was virtually impossible to retrieve in the CD-age. Once a CD was sold there was little to no data to gather. One of the greatest aspects of music streaming is that it enables the creators of content and distributors to monitor who listens to your content, when they listen and where. This gathering and crunching of big data can be used as a tool to lay out strategies for later releases, tours or general promotion of a given act. You will be able to know exactly who your target groups are. It opens up for the use of algorithms that can help you discover new music, by comparing your listening style and

taste, with similar bands and artists that you might never heard of before. Deezer has a function in their service, called Flow, that gives you an endless stream of music based on what you already like. In 2015 about 10% of Deezer's streams were generated through Flow.»

In light of the possibilities that the digital realm presents, the discussion continued in the direction of production and distribution costs.

«*Producing and publishing music was a much more costly affair 10 years ago, with high costs in recording studios, mastering of tracks, printing of CDs and shipping. These days, thanks to digitalization and the internet, artists can basically do it on a zero-budget and publish through services such as Spinnup or Music Kickup.*»

I was curious to what counted as "a stream", considering some tracks on Spotify can be as short as seconds while other tracks are several minutes long.

«*A track needs to be streamed for a minimum 30 seconds to be counted as one unit of stream. This is one of the reasons for why the music-hits today are usually quite short, usually in the range of 3 minutes. There is a segment of the listeners in streaming (often teenage girls) that are known as "loopers". They are recognized by their listening behavior, which consists of looping one track over and over again throughout the entire day. With this listening strategy you will gain a higher amount of streams per day with a short track.*»

We continued to discuss the financial status of the streaming business.

«*The streaming services are still struggling financially. One of the reasons why Deezer is able to maintain a positive cash flow in many of the countries they are present in, is because they receive a great deal of pressure from their investors. There is strong belief that this cash flow issue will "solve itself" over time as the services gain more and more users. Some of the streaming services offer the listeners higher quality audio on their streams by subscribing to their "Hifi"-deals. This usually costs about the double as a normal subscription and is mostly aimed at users in the age group of 40- and 50-plus. It is not a farfetched idea to implement more options into the streaming services, such as buying merchandise or concert tickets.*»

4.1.3.2 - The CEO's Perception (Person I):

Considering the fact that he had been working in the industry for many years and had seen the development of digitalization at first hand, I asked him to talk about the history of the streaming business.

«*In the beginning of the crisis, when the CD-sales dropped, the music industry handled the situation quite poorly. Instead of seeing the illegal services as competition, they tried to control their environment. Rather than asking themselves why Napster and PirateBay were so popular, they started a militant campaign against it. This focused on DRM (Digital Rights Management) and the "Piracy Kills Music"-campaign - which technically was the industry suing their own costumers. Instead of solving the problems, they only made a new enemy - the consumers themselves. Technology itself was not the enemy. Luckily a few years later the service Spotify, from Sweden, came into the game. Spotify did not solve the problems in the beginning, since it was a free service, but it had built in a suitable rights model. Quickly the industry noticed that it was not pricing that was the crucial factor for the users, but availability, user friendliness and quality.*»

The conversation was steered towards consumer behavior.

«*At the top of the CD-age about 20% of the Norwegian population bought at least one CD annually and comparing this with the current volume in streaming today the business is making more money. Today the amount of users is slightly stagnating and in regards of further progress, one is not certain if regulating price is the right way to go.*

I asked him about the negative attention that streaming had procured during recent times, mentioning Taylor Swift's boycott of Spotify.

«*Cases such as Taylor Swift did not have anything to do with fairness. She is a gigantic artist who saw a window of opportunity, as far as marketing goes. She raised major press-attention where she was against Spotify, sold a lot of CDs in its aftermath and later came back to streaming. The largest artists and acts conduct tactical maneuvers to maximize their opportunities.*»

I was very curious to hear an explanation of the way the streaming model worked, especially told by a former co-CEO of the second largest streaming service in Norway, *«The streaming model itself is quite simple. It may be even a little too simple. All the monthly subscription fees from users are gathered and divided on the total amounts of streams during that period. Since the services does not possess the bank account numbers of every single artist, the distribution goes through the labels. Say, if Sony Music has the rights to 25% of the music streamed one month, they obtain 25% of the revenue. What happens after the label obtains the revenue is out of the streaming services' knowledge, due to individual agreements between the labels and artists. In Norway a user pays 99 NOK as a monthly fee. The government first deducts 25% in taxes from this sum, which leaves 79,20 NOK. The labels sit with about 60% after the Collecting Societies (TONO in Norway) has had their share of 15-16%. What is left goes to the streaming service. The research project "Cloud and Concerts", where researchers from the University of Oslo and WiMP investigated the impact of a user centric model, got a lot of press and support from artists when presented at South by Southwest in 2014. The challenge on the other hand is that we still do not know enough. WiMP is a small service and to get more trustworthy data Spotify needs to do similar research. The numbers from the project showed that the industry basically does not lose any money by changing models. They had a marginal decrease of 1 percent point, but historically speaking the industry has always been reluctant to change no matter the situation. This might become a larger issue with the world rapidly changing around them, while they are doing all they can to sustain the current model, without the willingness to innovate. A model that they in the beginning were very much against. If the industry continues to fear innovation and is constantly going to build walls around their current models, they are at risk of losing, not only the consumers, but the artists themselves. Because technology will always win that fight.»*

I asked him in regards to the user centric model what would become of the money paid by the passive users (users that pay for a given subscription-period, but do not use the service).

«The passive users in a user centric model may create some challenges regarding who will get the money they spend on subscription fees. One possible solution is that their contribution can be divided with a pro rata based model, creating a hybrid model between user centric and pro rata.»

The discussion continued in regards of the aspect of "fairness" in streaming.

«*We may render the issue of "fairness" obsolete by having continuous negotiation between the acting parties, to obtain more balance, but this will likely be adjusted naturally over time. There is no point in forcing "fair-trade"-policies. What might be done is testing different settlement models, because the money is returning to the industry in an increasing manner and most artists are content with the streaming model. Very few young artists and acts complain about streaming. It is mostly the elder artists, whom earlier used to sell a lot of CDs, who are complaining about loss of revenue. One of the issues with CDs is that you can never know how many times each CD or each track has been played, but with streaming you can, and the audience "votes" every time they press "play". It is a ruthless reality. Complaining about not making money through streaming today is sort of an admission of failure.*»

4.1.4 - The Dialogue (Panel debate):

At by:Larm in 2015 some of the major parties of the industry were discussing in a panel the user centric model and the consequences it might bring.

The representative for **Sony BMG** at the seminar said that the user centric model had already been up for discussion, internally, for a few years and that they are requesting more research on the topic. They also wished for Spotify to partake in a similar project as WiMP, to get a perspective on the matter over a longer period of time. The exercises they did internally, regarding the user centric model, showed similar findings as the «Cloud and Concerts»-research project, having in mind that the data is not conclusive due to scale.

The representative explained that the majors are currently working on creating settlements that are easier for the artists to read and understand, as well as schooling their artists in business aspects, helping them in understanding both their contracts and the streaming model.

«*As regard for increased transparency, the deals that the majors have with Spotify are bound by confidentiality clauses, in the same manner as their deals with record stores, such as Platekompaniet, which makes a vast progression in transparency much more difficult. Sony offers their artists access to an online artist-portal where they can monitor their settlements, but they need to request access to supporting documents.*»

Their overall view is that regardless of model, the total amount of users and the subscription price needs to increase.

The representative for **Warner Music** uttered a similar statement, continuing to state that they are working on improving the Norwegian share of music by producing a larger quantity of quality music. Artists who are curious about their settlements are motivated to

request the labels for insight, and the label will calculate and provide them with the results. The challenges though, is that the majors' Norwegian offices are merely but a fragment of whom they represent, as these labels are international actors bound by international policies. One of their concerns is also that this new model is in a way looking backwards in time towards the CD-age, in regards of awareness towards product and where your money goes. Their view is also that we need to give streaming more time, to witness the effects it will have in the future and in the long run. The general majors' attitude is that they are dependent on the artists in their catalogues, and that they will win and lose together in solidarity.
In regards to increasing the amount of users of streaming services, the amount of users in the 50-plus group is slowly increasing, as the total Norwegian share increases.
Spotify is starting to establish themselves in the US and the listeners there need to get acquainted with this alternative way of consuming music, rather than digital radio.

The attending representative from the Norwegian digital distributor **Phonofile** voiced a slightly different perspective, as they are not bound by dialogue with international bodies, but still agreed on the issue of needing more knowledge on a larger demography and across the different streaming services. In the project «Cloud and Concerts», Phonofile had a slight increase of revenue, but having in mind that these results are based on small amounts of data. They argue that the potential for transparency have never been greater than it is today in regarding all the digital solutions that are at disposal, but the older models linger and create difficulty in the process.

The representative from the Norwegian artist organization **GramArt** had similar concerns as Phonofile, adding that the user centric model represents a stronger principle of fairness regarding where the users' money is distributed, as well as preserving the idea that music is a commodity of value. Their view is that more transparency is needed on behalf of both artists and listeners. In the pro rata model their concern was that users might lose some of the personal relationship with the artists, since they have no way of knowing if they actually pay for the content that they consume.

This feeling of principal fairness was also one of the concerns of the independent labels organization **FONO** and that they are requesting a rapid pace in substituting the current distribution model. Their view was that the niche music scenes often have hardcore fan bases, which are drowned out in the pro rata model. FONO issued that the user centric model might help create greater predictability for the niche music and towards the hardcore fans. «*New and interesting music is often birthed out of these secluded scenes and sub-cultures. If the general* *public lose their trust in the streaming model it may result in new dire times for the industry.*» Their representative pointed out that there are countless ways to add revenue to the streaming economy. That the streaming services might evolve into something quite different in the future, such as a hybrid between a streaming service and a fan-funded service, or even enabling the users to buy the artist's vinyl record directly through the streaming client.

4.1.4.1 - Additional Information:

There were some additional information, which was presented at the by:Larm seminar, I considered relevant and which was not uttered on behalf of the music industry. I do not consider this information as less reliable as the information presented in the previous section. I decided to include it since it either argues for or against information presented by certain informants.

«*Despite streaming saving the music industry from collapse in 2010, the economy is smaller and less visible in the books. The business model has been transformed from a sales-business to a rental-business, where users rent the music they listen to, through streaming.*»

«*The reason why the current model is based on pro rata principles is one of mere coincidence. At that moment it seemed like a decent way of operating, but this was a conclusion done without any real research or data. It could just as well have been designed to imitate the models of the telecom-business, where users would have been billed on their usage.*»

Noting that this is a model that even the telecom-businesses have evolved away from, it was probably a good choice not to follow it.

«*It is worth noting that at the time these decisions were made the largest competitor the music industry had was illegally pirated music.*»

One disclaimer in regards to the following information is that I was unfortunately not able to find the real source for this information. I E-mailed the person who talked about this at the seminar, requesting the rapport, but I never got a reply.

«*There was a Danish research project similar to "Cloud and Concerts" that also showed similar findings, though conducted over one month period instead of a two month period. This project also showed that the top 50 artists got an increase of 2 percent points, but the local share of 31% had an increase of about 10%. Another finding was that the Danish top-artists' listeners are less intensive listeners than the Norwegian listeners. A disclaimer on these findings is that this is concluded based on average* *statistics. The top-artist have both the most intensive listeners (the hardcore fans), as well as listeners whom just listen to the music once or twice, to investigate a certain music hype. Since the Danish project's duration was only 1 month, they lack sufficient data to evaluate the phenomena that top-artist vary from month to month.»*

Chapter 5: Discussion and Conclusion.

In this chapter I will discuss the findings from my research in the light of the literature from Chapter 2. I will compare the information procured from the informants to see what they had in common and to what extent the knowledge would differ between them. I will also look at to what degree they possess the same information. I am curious to find out how well informed the artists are in comparison to the people working in the labels and in the streaming services. As a final part of this chapter, I will construct a "solution" based on all the solutions suggested throughout the research that I deem best in creating a better future for streaming. Hopefully my suggestions will be an inspiration for the industry.

5.1 - Discussion of Findings in Light of Theory:

Only one of the artists I was in contact with, the independent label owner, who was also a musician, had any knowledge on the streaming model. The others did not have any clue as to how the revenue was distributed. If this is whether the industry has done a poor job informing them or if they have been lazy, I do not know.

Even though the information from the seminar did not serve as empirical data for the thesis, the notion of the Danish research project deserves to be acknowledged, since my informant from the majors claimed that the results were opposite of the «Cloud and Concerts»-rapport, when the information at the seminar claimed the results were similar.

I found it interesting that neither of the informants were able to give an adequate description of a streaming model, or "100% correct". The informants who were able to give the most accurate depiction was the co-CEO of WiMP-Music and the informant from the majors, with two small aberrations, concerning the amount of government tax and the CS-share. As an example, they stated that the VAT was at 25%, while MFO reported that it was 20%. The tax itself is an interesting aspect, because technically this means that the government receives revenue from the streaming model through two channels; the value-added tax from subscriptions and rightsholders' income tax. In my perspective this is putting more pressure on artists' income than what might be necessary, though this is merely an opinion. If this were to be an issue in the future, one possible suggestion would be to give artists and rightsholders some sort of tax-reduction in regards of income from music streaming.

There was no doubt amongst the participants in regards of the impact pirated music and file-sharing had on the industry. Even though the labels might have felt that it was a negative influence in the beginning (in regards of decreasing sales revenue), I suspect that they are enjoying the technological progress today. The major labels might not be comfortable with admitting that their reaction to piracy was shortsighted, but the artists, independent labels and streaming services are coherent in this matter, and have no issue in pointing it out. The general opinion is that the majors should have embraced streaming and digital downloads instantly when exposed to the illegal services. When viewing the issue in the light of revenue returning to the industry and the increase in subscribers (and hopefully the 40-plus-group will join the streaming community in a larger degree), there is good reason to stay optimistic about the future.

In Chapter 4.1.2.1, the informant from the majors explained that since 2000, the amount money the Norwegian population spends on music has increased from 20% to 30-35%, in 2014. I find it immensely interesting that consumers are spending *more* money on music today, than during the CD's hay-days, and still artists are complaining about their income from streaming. I would argue that this puts even more pressure on the matter at hand, in regards of the issue needing more research.

One small digression on the matter is in regard of the film-industry; perhaps they should take this into consideration when dealing with the segment of illegally streamed, and downloaded, movies and series, in current times.

In Chapter 2.1.2.3, I mention that due to new economic strategies, in that time-period, there was less investment in overseas divisions. This cut in funding, includes the majors' A&R-development (Artists and Repertoire), which seems to be a co-factor to the Norwegian share being so low. If the user centric model will bring a significantly larger revenue stream to the local market (as the «Cloud and Concerts»-rapport suggests) it may be a good idea for Norwegian politicians to get involved, as means to strengthen the economical aspect of the Norwegian music industry.

The «Cloud and Concerts»-projects showed that the largest increase in revenue, when changing the distribution model to user centric, was within classical music. One interesting aspect to note on this regard, is that the majority of this content is in the *public domain.* Whether this is a factor or not is an interesting notion, but requires more research, in which I find to be beyond the scope of this thesis.

I found the implementation of streaming in cars to be an intriguing aspect, one that I will argue might reduce the usage of digital radio even further.

The digital distributor I was in contact with explained the compromises of which creators of content trade their rights to gain access to their audiences, and the informant from the indie label shared information on the advances the record labels offer, as a "bribe". The only reason the major labels are willing to offer artists vast amounts of money in trade for their rights, is because they know that they are, most likely, able to make even a larger amount from the content. The key for new artists today is to educate themselves in rights management, enable themselves to manage their own businesses, and they will, with hard work, be able to make these large sums on their own. This requires know-how and experience, but with the possibilities that the digitalization presents, it is far from impossible.

5.2 - Suggestions for New Features:

There were many great suggestions for improvements to the streaming model that were mentioned in both my research and in the thesis of the UiA master's students.

The suggestion of providing the listeners with statistical tools in the client could be an interesting aspect in a user centric based settlement model. It would also allow the users to monitor their own consumption, and an implementation of a donate-button could easily provide the artists, which the users found deserving, with some extra revenue. Since the services already possess the users' credit card information, this would only demand some larger tweaking of the program's code.

When considering options for the streaming client, another idea is to allow the users to turn advertisement segments on and off. By turning them on, you provide extra revenue to the artists you listen to (suggestive - user centric).

Creating a hybrid of a streaming service and an online shop would require a major update, but is very feasible. The listener could listen to an album or song, and then either buy a downloadable version or order the vinyl. There could even be a larger variety of merchandise available (such as clothing, coffee-mugs, etc.). All of these suggestions are possible to implement.

One of the participants in a focus group from Brugaard and Finnestad (2016) requested a new kind of subscription alternative consisting of shorter «period-subscriptions». This can work as a great source of extra revenue for the industry, by tapping into the *non-paying consumers'* willingness to pay for a event-based subscription. A suggestion would be to charge 10 NOK for 24 hours use without commercials and including offline options. This opens up the possibility for other time-periods as well, such as 48/72-hours-subscriptions for weekend events, 1-week-subscriptions or even 1-year-subscriptions.

The results from the «Cloud and Concerts»-project shows changes, though minor ones, to the labels' revenues, by changing the settlement model. One way to counter the decrease, may be to provide the user with an option of an addition-subscription, meaning they are able to choose if they would like to pay a given amount of money above the standard subscription. If the standard subscription is 99 NOK (distributed pro rata), then the user can go to his or her administration site (or with a new feature; in the client) and select an amount that gets paid extra (distributed user centric). This may to some seem like an option that will prove too complicated for average users to handle, but with the right user interface, I would argue it would be easy to understand.

5.3 - Conclusion:

What I discovered as a common factor throughout my findings was a general divide in knowledge. It appears that the artists is the segment with the least knowledge of the industry in regards of how streaming models work.

There is some information procured from the informants that had little to no correlations with the information provided in published literature. Some of these misconceptions are minor and have no real implication on reality, but a few are more essential in understanding the streaming universe. I discovered that even the most reliable sources did not possess all the correct information. This is an interesting notion, but also proves that when dealing with humans "errors" do occur.

Regardless of increases or decreases in the models, the user centric model may help create a stronger and more direct connection between the content creator and the content consumer, by presenting a more individualized view of where your money goes - similar to the connection created in the CD-age. This can be used as a tool to build a more loyal fan base as well as making it easier for the businesses to calculate and predict how to market content towards those fan-bases. It can be used to strengthen new artists in regards to local fans and listeners in the earliest stages of their career.

The debate of whether or not the industry should change to a user centric distribution settlement is a prolonged issue, as the matter is in dire need of more research. On behalf of the entire streaming community, I urge every streaming service, especially Spotify, to take the responsibility in this matter and give us clear answers to the true implications of changing the model.

In this thesis I suggest that; there is a need for more transparency within the streaming client (enabling the listeners to monitor their usage and for the public to see the label's administrative costs), there should be an option for listeners to crowd-fund artists, there is a demand for more options in subscription-length, and there is room for creating hybrid subscriptions and client services.

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