

The Future of the Independent Egyptian Music in the Digital Era

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This Master's Thesis is carried out as a part of the education at the University of Agder and is therefore approved as a part of this education. However, this does not imply that the University answers for the methods that are used or the conclusions that are drawn.

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Abstract

This thesis is investigating the impact of the digital era with its technological advanced components and revolutionized information platforms on shaping the future of the independent Egyptian music. The author investigated this impact through conducting fifteen semi structured qualitative interviews between the 15th of December 2012 to 25th of January 2013 with the relevant Independent Egyptian Music stakeholders who gave the researcher a better insight of what is the optimal business model(s) that can flourish a new music production value chain and opening new opportunities that will leads them to a productive and continuous creative process with a sustainable income within the digital era applications, and within the Egyptian technological, economic and political context.

To achieve this insight, the author raised the following research major questions:

- 1) What are the context and the current situation of the Egyptian music industry - with more emphasis on the Independent music?

With the following four sub areas:

- What are the difficulties and challenges that are facing the independent Egyptian music?
 - What are the main revenue sources for the Independent Egyptian Music?
 - How do independent musicians observe the intellectual property within the Egyptian contexts?
 - What is the music genre that can lead to a breakthrough in the local and world music market?
- 2) How has the Independent Egyptian Music adapted to the new technological development, especially with the new flourishing digital markets and online music platforms?

With the following sub area:

- What kinds of projects, which are based on new technologies, do the independent Egyptian music need and how they can be part of developing it?

The author will precede this investigation through dividing the thesis to four chapters. First, the author will start with a brief background information on the history of the Egyptian music - industry with more emphasis on the independent music. Second, the author will review and discuss three relevant theories: the nature of technology by W. Brian Arthur, the innovation dilemma by Clayton Christensen, and the long tail theory by Chris Anderson. Third, the author will discuss and analyze the interviews within the research methodological approach. Fourth, the author will try to combine both the semi structured interviews analysis with the internship at the Norwegian record label KKV to develop a report from both experiences that can lead to a suggested business model to Independent Egyptian Music as a major thesis recommendation.

Through investigating the research questions and based on the research theoretical framework, the author concluded that the Egyptian independent music stakeholders are aware of the benefits of the new technologies; specially at production and promotion levels, but they also emphasized the financial remuneration challenges that is facing them; specially changing the reality of their weak online sales as a result of lacking to an effective online distribution and promotion models.

Another conclusion that is based on W. Brian Arthur perspective towards the nature of technology, that technology has a specific nature and to be flourishing in Egypt, this requires suitable domain and economies, thus, referring to our subject, technology is not determinant in developing Independent Egyptian Music (IEM) future as a result of the lack of the required conditions, but what the new technologies did (specially the internet applications) is disrupting the major music network (Clayton Christensen Innovators dilemma) and pulled out the IEM from underground to on - ground, specifically after the Egyptian uprising at 25th of January (Chris Anderson, long Tail theory).

Finally, such as other niche music, the IEM can be found at the long tail of Chris Anderson but it needs to be bumped, aggregated and promoted. Part of assisting in that, the author suggests a business model which is named DARNA – digital Arabic repertoire network and aggregator, which is aiming to aggregate the Arabic and independent Egyptian music digital sales, in addition to managing the first network for independent Arabic music including Egypt. This business model was developed in cooperation with the supervisors and after receiving the appropriate feedback from the IEM stakeholders through the interviews and the rich experiences that the author gained in the three months internship at KKV with the close cooperation from phonofile.

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List of Organizations and Abbreviations

Organizations:

Alam Elfan: It is one of the two Arabic major record labels.

DDA: Discover Digital Arabia is an online website that brings the latest trends and statistics from the digital world in MENA area.

Cairo Jazz Club – CJC: Was established in 1997 and is considered the first independent venue played a major role in supporting the IEM.

Culture Wheel - Saqiet Alsawi: was established in 2004 and is considered as major venue and platform for all the Egyptian independent culture, mainly music.

Culture Source - Almawred Althaqafy: Was established in 2004. Culture Source is an organizer for different cultural festivals, specially music festivals targeting the Egyptian independent scene, in addition to its role as a main funder for many independent music productions.

IWS: Internet World Stats Statistics is an International website that features up to date world Internet Usage, Population Statistics, Travel Stats and Internet Market Research Data, for over 233 individual countries and world regions

KKV: Kirkelig Kulturverksted is an independent Norwegian record label.

Framework Approach (LFA): is a management tool mainly used in the design, monitoring and evaluation of projects

Merlin: Is a global rights agency representing the world's most important set of independent music rights.

PHONOFIL: Is the largest aggregator for indie music in the Nordic region.

Real Estate Publicity District and Documentation – REPDD: Governmental department and it is called in Arabic Alshahr Alaqary where all kind of property format is registered.

Rotana: Is the biggest Arabic music label when it comes to its markets share and the second of owning the catalogues.

SACERAU: Sociétés des Auteurs, Compositeurs et Editeurs de la République Arabe d'Egypte, manages performance rights and collects remuneration for music use in Egypt for lyricists, composers and publishers.

SACEM: The Société des auteurs, compositeurs et éditeurs de musique, a French professional association collecting payments of artists

Social Bakers: Is a social media analytics platform which provides a leading global solution that allows brands to measure, compare, and contrast the success of their social media campaigns with competitive intelligence.

Syndicate of Musical Professions: Manages the musicians career by issuing a license for any person who want to be a performer, they also collects remuneration for any live concert organized in Egypt and distribute this money to their members as a social benefits after deducting the administrative costs.

Wasla.fm: Is a new online radio focus on the Arabic independent music.

WIPO: World Intellectual Property Organization.

100 Copies: Independent record label focuses on electronic music and based in Cairo.

Abbreviations:

CRM: Customer relationship management, is a model for managing a company's interactions with current and future customers. It involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support.

EGP: Egyptian Pound.

IAM: Arabic Independent Music which includes independent: musicians, producers, media, labels, venues, promoters, managers and all other independent music direct stakeholder.

IEM: Independent Egyptian Music which includes independent: musicians, producers, media, labels, venues, promoters, managers and all other independent music direct stakeholder.

IPR: Intellectual Property Rights.

KSA: Kingdom of Saudi Arabia.

P2P: Peer to Peer networking.

ROI: Return on investment, is the concept of an investment of some resource yielding a benefit to the investor.

SME: Small and medium size enterprise.

SMS: Short Messages Service.

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1. Research Background

The research is focusing on the impact of the technological development and digitalization improvement, specially in connection to the information and communication revolution, on the Egyptian music industry with emphasis on the independent music. Also it will determine if this future if this discussion is relevant to the IEM, and if this technologies can be used to merge and create new related projects and music value chain.

1.1 The Egyptian Music Industry

1.1.1 The Egyptian Music Industry Background

There is a continuous debate about which medium is appropriate to link creators to audience within the Arabic music, and fit with its aesthetic, stylistic, social, economical and political system. Many argue that Arabic music is a live music and others do not recognize any coherent difference between the Arabic music and other music contexts.

This debate could be partially appropriate if it relates to a specific type of Arabic music, but when we look into the history of Arabic music, it is noted that Arabic modern and contemporary music emerged and evolved within a dialectical relationship with the technological development parallel to the world music, starting from the end of the nineteenth century with the beginning of music publishing, through the beginning of the twentieth century with the introduction of the first record label (initially, British Gramophone), which produced the first audio recording in Egypt around 1904 (Frishkopf, 2010, p.6-7). *“Despite the downturn in 1930 – 1940s, the phonogram production continued uninterruptedly into the 1970’s (when cassette took over)”* (Frishkopf, 2010, p.7), these 67 years have many golden periods to the Egyptian and Arabic music, especially with the emerge of other technologies, like the Egyptian first private radio stations after the decree issued in May 10, 1926 or the later national Egyptian radio on July 21, 1932 (Nassar, 2010, p.67) which played a major role in broadcasting live music, therefore many bands from different music genres were established to support the radio programming for the enormous huge audience. Specifically the masses whom were listening to music at the Café’ since they did not have the economic ability to own or buy radio device or -before that- the phonograph.

1932 was not just the year of establishing the national Egyptian radio station, but also the year of the first Egyptian musical cinema. These kinds of movies were popular and reached the peak in 1950. Thus, many singers gained a huge popularity specially with new music genre that was recorded with traits of being shorter, lighter, closely related to the image and drama, which led with other mediums to the emergence of an unprecedented star system in the Arabic world. (Frishkopf, 2010, p.12).

Until the second Egyptian revolution in 1952, most of the recording companies in Egypt were foreigner firms, until Cairophone emerged in as the Egyptian branch of Lebanese Baidaphone, with singer - composer Mohammad Abdel Wahhab as partner, yet at the time the records were manufactured outside the Arabic world. But in the late 1950’s the Egyptian singer – composer

Mohammad Fawzy founded Misrphone and Masna Alsharq to record and manufacture the LP's (with partnership with Dutch Philips and its Egyptian subsidiary Philips Orient) and by this expansion it was the first enterprise with manufacturing capability in Egypt and the Arabic world (Frishkopf, 2010, p.14). In addition to that, during the 50's and 60's and within the first Egyptian nationalist state with Jamal Abdul Nasser (who was a huge fan of music, specially of Um Kolthoum), culture and music were supported either through cinema production, recordings or live concerts, and even by establishing the first Egyptian television in 1960, which was the main reason of establishing many bands and orchestras, and thus the music scene was developed.

During the 70's a major shift happened for the Egyptian music value - chain for two reasons. First, the new liberal and open market policies adopted by the new president Anwar Assadat, second, the emergence of new recorded medium (i.e. Cassette) enabling cheaper and faster production. Both factors lead to the establishment of many independent labels (independent from the state monopoly over recording music), thus, at the 70's, 80's and most of 90's, cassette format (and for short time CD format at the middle of 90's) with music content produced by independent labels which tended to be a risk – averse (Fishkopf, 2010, p. 17), lead the production of the recorded music industry in Egypt and the Arabic world, till the internet flourished and the start of the digitalization era which changed the whole market and production structure, lead to the emergence of a new monopoly in the music industry and market.

1.1.2 The Egyptian Music Industry Current Structure

Egypt is considered the capitol of the Arabic music industry (Rizk, 2010, p.101) where most of the Arabic music is produced, and where the major Arabic music market is. All the figures that are related to the Egyptian and the Arabic music industry show a high degree of concentration (Harabi, 2009, P. 53), for example this concentration can be illustrated by showing the following figures:

- 1) The different Arabic record labels Market share which is also representing the Egyptian label's market share, which is illustrated by figure 1 :

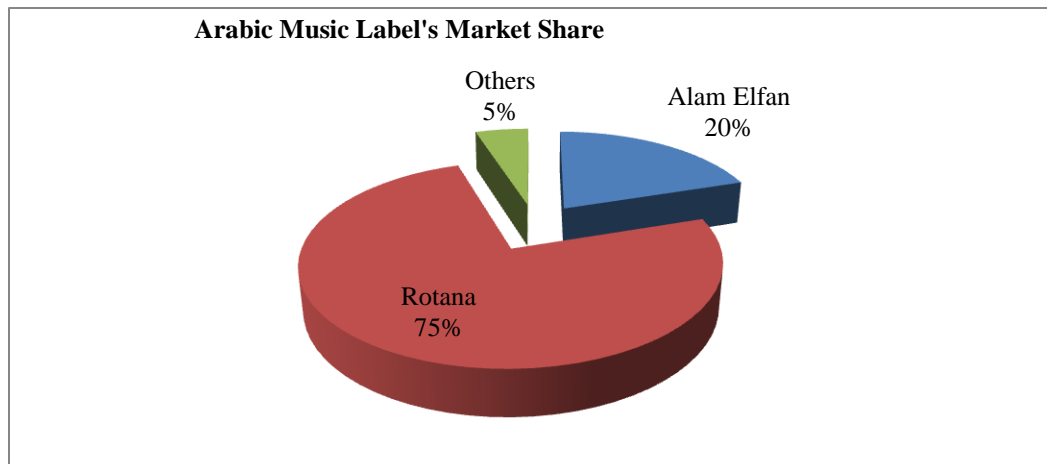


Figure 1: Arabic Music Label's Market Share. Source: (Rizk, 2010, p.103)

- 2) As it is illustrated in Figure 2, the two Arabic record labels: Rotana and Alam Elfan, have an exclusive financial exploitation rights by 95% of the recorded Arabic music. This exploitation share is either monopoly with limited or unlimited duration for both: the master production and publishing.

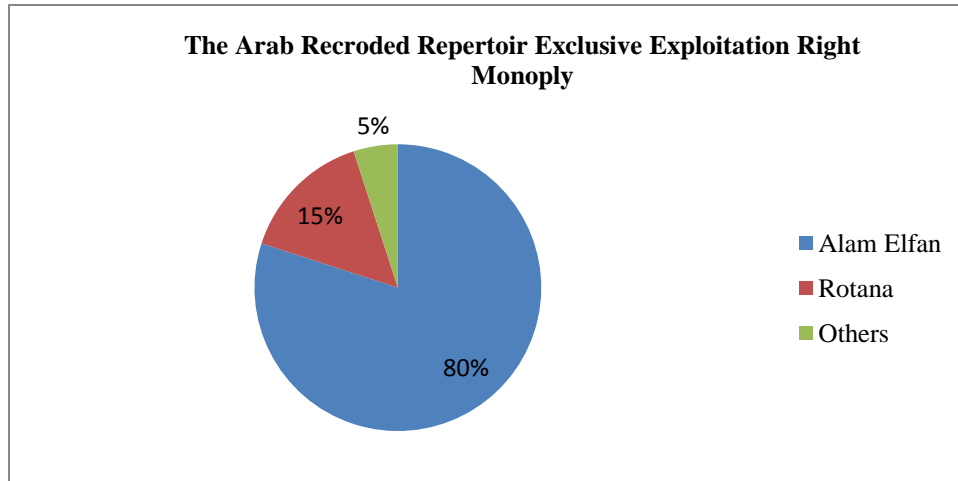


Figure 2: The Arabic Recorded Repertoire Exclusive Exploitation Right Monoply. Source: compiled based on the interview with Mohsin Jaber – CEO - Alam Elfan

- 3) Figure 3 illustrate the structure of the Arabic music market share (40% for Egypt and 40% for KSA) which is reflected by economic and demographic reasons (i.e. Egypt is the most populated Arabic country with 92 million people (Badr Eldin, 2013) and KSA is the only Arabic country that is considered as one of the 20 strongest economies in the world), in addition to the nationality of the owners of the two labels, Rotana is owned by the Saudi prince Al – Waleed Ben Talal and Alam Elfan is owned by the Egyptian music producer and businessman Mohsin Jaber.

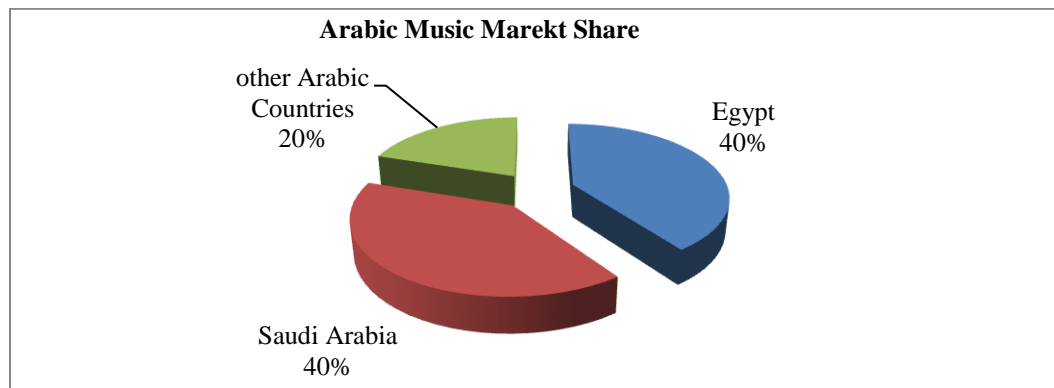


Figure 3: Arabic Music Market Share. Source: compiled based on the interview with Mohsin Jaber – CEO - Alam Elfan.

This high industry concentration have many negative implications on the development of the Arabic and Egyptian music, specially by the music business environment that is restricting the

entrants of any independent labels as a result of their inability of competing with the two major financial, marketing and distribution resources.

For example, during the 90's there was 384 label's who were active music producers with different capacities (they were producing on the average 1000 album/year), but today in 2013, most of them either got shut down or were bought by one of the major producers, just very few are still working but mainly by producing one album a year (the current average production is 30 album/year with a decrease by 97% in music production).¹

1.1.3 The Independent Egyptian Music

Although there is noticeable debate about the definition and meaning of "Independent" between most of the interviewed IEM stakeholders (i.e. some of them refused this phrase and consider it as labeling the unlabeled music, and others preferred to use other phrases such as: alternative, underground and contemporary) but the author concluded that it is essential for the thesis timeline, theoretical framework, analysis and conclusions, to define the Egyptian Independent music, within the scope of the thesis which is focusing on the economic aspect of Independent Egyptian Music and not its aesthetical and cultural manifestations.

Although defining IEM and the world independent music is difficult with the mixed and interrelated post production value chains, specifically in the digital era where independents labels or artists are using an online platforms which is either owned partially by the major's such as Spotify or owned by a multinational giant company such as iTunes, but the author will define the IEM based on the basic and clear record label definition presented by Donald S. Passman: ***"Independent are record companies that are not owned by a major"*** (Passman, 2006, p.64). Therefore, the Egyptian independent music are all singers, performers, lyricists, music composers, artistic producers, who are not signed with major label or publisher, in addition to all organizations (profit and non-profit) that are not owned by major and they are producing, financing, organizing, promoting, marketing or conducting one of the main Egyptian music activities.

Based on this definition, the 384 independent label's, with all their signed artists and released albums, who started to flourish after the cassette booming at the beginning 70's,² are considered as the first wave of the IEM which was independent from the Egyptian state - owned record label: Sono Cairo. These 384 independent labels were releasing music that is mainly focusing on the modern Arab Tarab genre (later included the Arabic pop music which is influenced by the western pop one) and had almost an equal, or close to equal market share. These label's business size was convergent, mostly following the risk – averse tactics (Fishkopf, 2010, p. 17). These labels size, risk management, avoiding any expensive productions and their narrow margin profit, created a quote state that they had a very limited investments in other Arabic music genres

¹ Mohsin Jaber Interview – CEO - Alam Elfan

² But more importantly as a result of the new liberal economic policies (Infatih: Openness) adopted during Mohammad Anwar Al- Sadata presidential period

such as: instrumental bands either with an Arabic traditional repertoire or repertoires that is mixed and fusion by the world music such as: Arabic Jazz and Rock.³

Most of the interviewee's whom were interviewed by the author as part of the research, agreed upon that the second wave of the IEM flourished at the late of 90's of the 20th century and the first decade of 21st century (precisely between 1999 – 2008, and it continue flourishing till now) and they explained that this second IEM wave has the following distinctive differences than the first wave:

1) The first IEM wave which merged after the cassette booming and new liberal policies was controlled by the new independent record label's who signed solo artists (singers). But the second IEM wave which merged after the information revolution and the flourishing of new independent venues is controlled and managed by the bands and artists themselves, whom produce their own music with different music genres. Thus, most of IEM bands are not signed with labels.

2) The second IEM wave has a different business models and value chain which is simple and not structured. For example, a group of youth has a shared music interests and talent, they establish a band, do a home recording (or at a friend studio without a fee or low cost studio). Then, uploading their music on YouTube or Sound Cloud, where they get feedback and some attention by their people and music fans. Finally they enter to their favorite and revival part of the value chain: **live/fe** concert or gig, where they meet and interact with their audience.

3) Most of the second IEM wave bands and artists are focusing on the live concerts. Therefore, although there are more than 50 bands performing but less than 10 bands have albums in the market and most of the bands have singles recordings which are available on the different online platforms such as Sound Cloud.

1.1.4 The Egyptian music and Intellectual Property Rights (IPR)

The IPR in Egypt requires a special investigation that can discuss and investigate it within the Egyptian political, socio-economic and cultural context, without copying the developed countries models deficiency and by considering the new technological development. At the same time, it is a must for any paper, which is discussing and investigating a major cultural industry that is related directly to IPR, to include at least a holistic overview of IPR.

1) Egyptian IPR Legislation:

Although the IPR framework flourished at the developed industrial and colonial countries either to control their products or to control their societies, these legal framework were introduced and many times imposed to the less developed Egypt and other Arabic countries (which has dissimilar economic, social and cultural context) to link it's economies with what is produced at the colonial developed countries and restricting any kind of development by monopolizing knowledge and inventions for the first time in human history and human civilization. IPR

³Few labels released bands albums during the 70's and 80's Like Love and Peace band (Alhob Wassalm) music which was released by Sound of America Label. (Peace and love Band – A'di Song, 2012).

infringement or easing its implementations for any reason could lead to giant political action and new political economic rhetoric as Adrian Johns put it: ***“In political and economic rhetoric the accusation of piracy has become the indictment of the age, and a ubiquitous element in the framing of national and international trade politics”*** (Johns, 2009, p.497).

Thus, the Egyptian IPR legislations are almost copied - paste from the developed countries, and Egypt is a founder and an active member at many international organization that is enforcing the IPR such as WIPO (Abdel Latif, 2009, p.16).

Dr. Ahmad Goniem overviewed the Egyptian IPR legislations as part of his article: Intellectual Property in Arab Countries: SMES as Copyright owners and/or Copyright Users by mentioning that: ***“the government passed Law 38 of 1992, amending the 1954 Copyright Law. The Berne Convention to which Egypt acceded in 1977 is self-executing according to Egypt's constitution. Thus, international copyright holders may be able to rely directly on Berne Convention provisions in Egyptian courts in areas where the coverage of the Egyptian Copyrights Law is vague or non-existent. In March 1994, the government-amended provisions of Law 38 to ensure that computer software was afforded protection as literary work (allowing it a fifty-year term of protection). In addition, in April 1994, a ministerial decree clarified rental and public performance rights, protection for sound recordings, and the definition of personal use. Copyright piracy is still widespread and affects all sections of ownership.”***

Dr. Goniem concluded: ***“strengthening IPR can provide a solution to the problem of absence of collateral for obtaining capital from financial institutions and funding innovation projects. In other words, a protective IPR system can help in solving the problems of SMEs. The role of IPR in providing value for the assets those SMEs otherwise would not have acquired because of fragile IPR system is of vital importance. This will definitely support the position of SMEs in asking for finance, thereby solving one of the chronic problems facing SMEs, especially in developing countries.”*** (Goniem, 2003, p.11).

On the other hand, Dr. Nagla Rizk overviewed the Egyptian legislations laws in her paper: Stories from Egypt's Music Industry: De Facto Commons as Alternatives to Copyright: ***“But the law is there, and in place. Copyright protection falls under Egypt's IPR Law no. 82, passed by the government in May 2002 in line with the country's obligations to the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement.16 By virtue of the law, copyright protection is offered to artistic and literary works, computer programs and audiovisual works. The law grants musical recordings copyright protection. “For 50 years from the recording date if owned by a company and for 50 years after the death of the author if owned by an individual”. (Egypt IP Law no. 82 2002, Arts 160-165). Copyright violations are subject to monetary penalties and imprisonment.– fines ranging between LE5,000 (roughly equivalent to \$900) to LE10,000 (roughly equivalent to \$1800) per infringement and/or prison terms of at least one month (Egypt Law no. 82 2002, Art. 181)”***. (Rizk, 2010, p. 124).

Dr. Rizk concluded that enforcement of IPR in Egypt is very weak for many socio-economic reasons, even though there are maximal IPR legislations. Some of these reasons are related to the fact that most of the Egyptian musicians (in both major and independent) prim income source comes from live music and not from the overestimated recorded music. Thus, Rizk concluded

that a flexible IPR regime can ensure that tension between creators and users is eased. (Rizk, 2010, page. 126-129).

Goniem and Rizk two opposite perspectives toward the IPR regime in Egypt are representing the divisions inside the Egyptian music (and culture industry) different stakeholders. This includes the IEM that appears as if IPR is irrelevant to them, although most of them recognize the importance of the minimum IPR regime where they can protect their literature and ethical rights, and avoid any exploitations of their music by different kind of profit businesses.

The author noticed that Goniem conclusions say that IPR enforcement will solve many of the small and medium size enterprises (SME), is contradicting with reality, especially in Egypt. After the new strong law 82/2002, the number of SME (music labels) decreased from 384 to few labels (less than 10) and very high concentration occurred to the music industry with the domination of two major label's. This also happened, to some degree, on the global level; where the IPR is enforced, for instance legislation that is facing internet challenges was approved, but there is still a dramatic decrease in SME's, and this is obvious with the trend of majors to acquisition the independent labels or independent label's value chain components.

2) File sharing/Piracy and the Egyptian Music Industry Losses:

The author agrees with Rizk and Frishkopf that it is difficult to find any published information, statistics or data on sales, revenues or employment within Egypt's music industry (Rizk, 2010, p.101) and (Frishkopf, 2010, p.17), but based on IFPI reports, Rizk illustrated in figure 4 the piracy rates and the record label's losses as a result of piracy in the last 10 years:

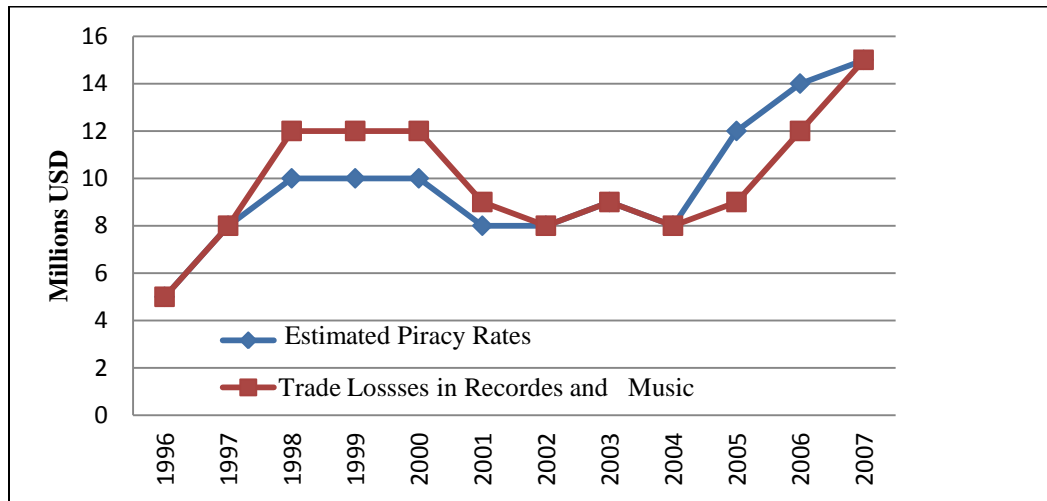


Figure 4: Estimated Piracy Rate: Developed by the author based on Nagla Rizk Diagram that was cited from IIPA reports (Rizk, Nagla p. 122)

These numbers do not include or apply to the new wave of the IEM, which is focusing more on live music; and their music is published by them for free using the internet, but it is relevant to

the old independent labels who bankrupted/disappeared/acquisitioned by the majors, and to the major labels whose losses were huge.

In addition to that, Najib Harabi paper estimated the production value of the Egyptian music sound recording industry in 2001 between 15 to 17 million USD (Harabi, 2009, p.13), and another information was received by Moshin Jaber that the Egyptian music recording industry is estimated by 40 million USD in 2012, but its losses reached 2 billion USD; which means that losses are more 50 times than its value.

Although the maximal legislation were adapted in Egypt with a goal of protecting copyrights and creativity, still the piracy and file sharing is accelerating rapidly, and this is for three main reasons:

- 1) Economic Reason: The dramatic decline in the Egyptian purchase power, which means less disposable expenses budget spent mainly on entertainment and culture industries.
- 2) Political Reason: The political change, instability and to some degree the chaos in Egypt after 25th of January 2011, which influenced directly the music business by the dramatic decrease in recorded and live music.
- 3) The noticeable increase in the use of internet and new technologies to receive music either through the free online platforms, or the rapidly increasing online file sharing.

1.2 Music and Technology in Egypt

The emergence of the satellite technology which brought to the Egyptian and Arabic house a bouquet of wide range free channels (mostly music, entertainment, news and religious channels) in parallel with mobile phones (recently the smart mobiles) and internet; has enabled a significant synergies to develop among these media (Frishkopf, 2010, p. 28). The major labels approached the new free music satellite channels and mobiles spread with a very successful reimbursement tactics for the music contents that they produce. Tactics such as, creating their own satellite channels that broadcast their music exclusively and recoup their costs through the mobile paid SMS's revenues (which are sent by their singer fans to the TV and showed at the bottom of screen), these revenues were divided between the satellite owners- mostly the labels and the telecommunication companies.

These tactics worked well with satellite TV that have similarities with the old medium, sender and receiver. But with the emergence of the internet; which contains a dynamic relationship between the producer and consumer, in addition to the unlimited channels and opportunities to use and consume music, and the nature of the internet and its applications, caused a huge disruption to the old music production value chain and crushed its market. Focusing on the internet and its development and applications in Egypt is very important at this stage of developing the thesis.

1.2.1 Internet Development

The numbers and statistics shows the accelerated development in the internet and other technologies use in Egypt, some of these numbers are featured in the following points:⁴

- 1) Egypt Internet Penetration is number two in AFRICA and MENA countries.
- 2) Average Load speed per second is 17.7 second compared to 1.4 in Czech Republic.
- 3) Investments in the Tech and internet startup space in Egypt "Between 2011-2012" where 17 investments.
- 4) 44% of the Egyptian information seekers connected with the business while 51% visited it.
- 5) 51% of MENA companies are increasing their budgets for video advertising.
- 6) 29.6 \$ is the average per person expenditure on information technology in Egypt.

These features and many others show that the big share of all technological development is related to the internet penetration which increased in Egypt at the last decade by 35.7% as it's mentioned in table 1:

Internet Usage and Population Growth			
Year	Internet Users	Population	% of Penetration
2000	450,000	66,300,000	0.7
2006	5,100,000	71,236,000	7
2008	10,532,000	81,713,000	12.9
2009	16,636,000	78,866,000	21.1
2012	30,000,000	84,000,000	35.7

Table 1: Internet Usage and Population Growth. Source: Internet World Internet Stats (2012)

This remarkable increase at the internet penetration and number of users in Egypt reached on the average of 4.5 million users/ year, while the population increased by 1.7 million new birth as it is illustrated in Figure 5:

⁴ Based on Discover Digital Arabia (2012) and Internet world stats Statistics (2012) reports.

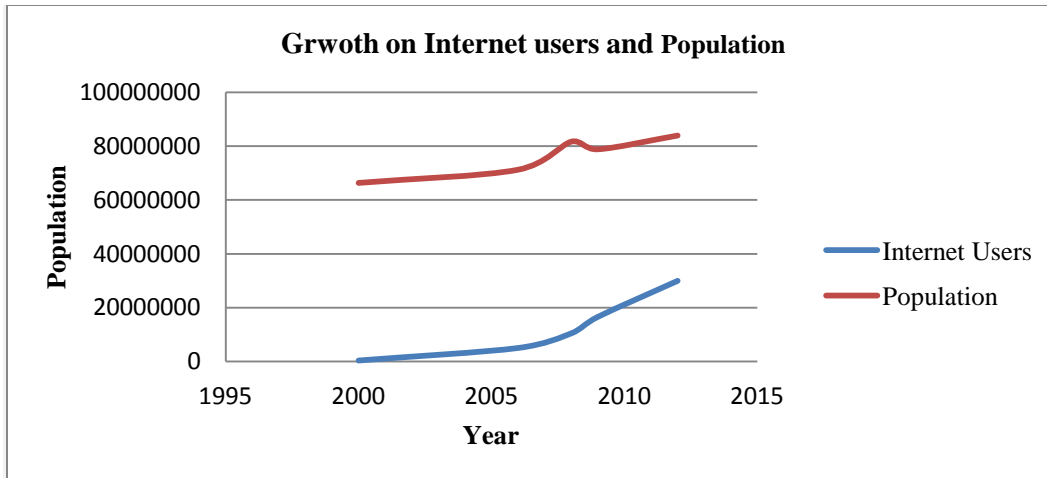


Figure 5: Growth on Internet users and Population. Developed by the author based on Internet World Stats Reports (2012).

The deriving motor for this increase is related to the decrease in PC's, 3G mobiles and internet costs, and an increase in the efficiency of downloading speed per second. But above all the rapid increase in the social media popularity, specially Facebook, YouTube and Twitter had a major role as well.

1.2.2 YouTube, Facebook and Music

Many statistics show that YouTube is very popular between Egyptian users, Figure 6 is showing that 85% of Egyptian internet users are using YouTube and 42% are using Face book:

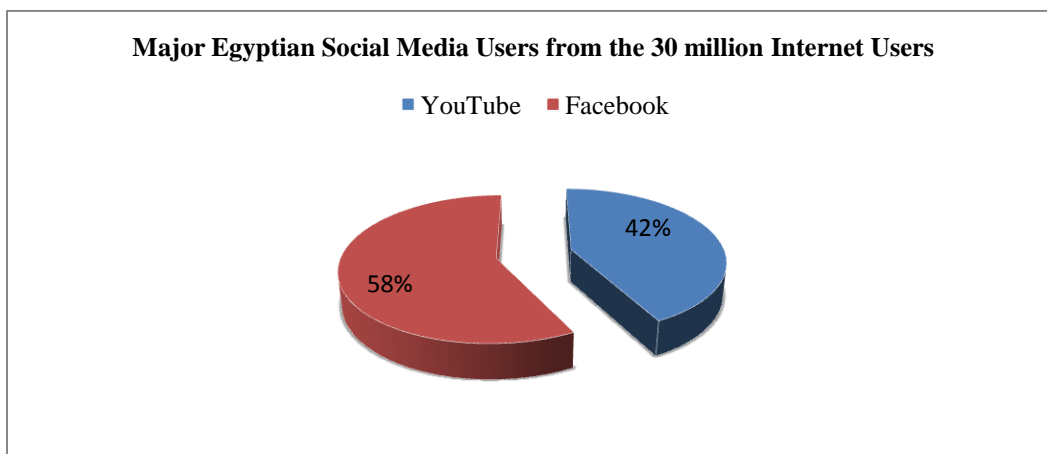


Figure 6: Major Egyptian Social Media Users from the 30 million Internet Users. Developed By the author based on Social Bakers (2013) and Discover Digital Arabia Statistics (2012)

And figure 7 shows that YouTube is the first source for entertainment for 6.6 million Egyptian, mainly music and movies. In addition to that, 13.2 million Egyptian surfing YouTube on daily basis through their smart devices.

YouTube Statistics and Information from Egypt

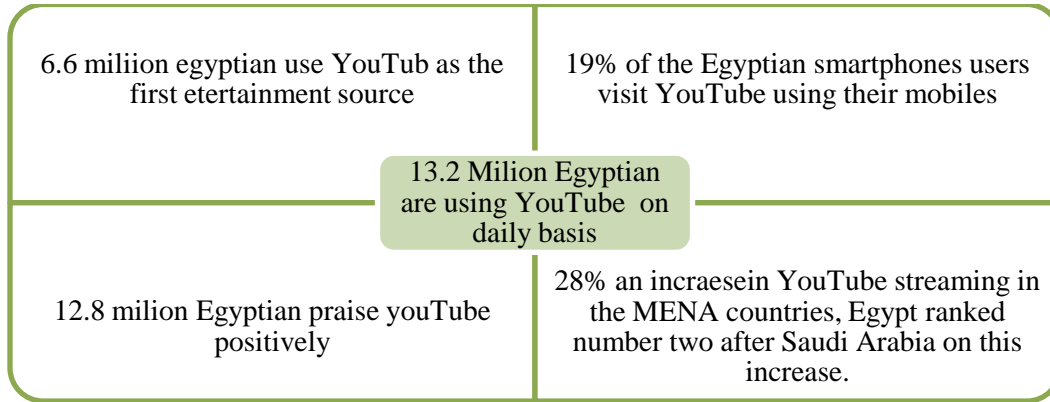


Figure 7: YouTube Statistics and Information from Egypt. Developed by the author based on Discover Digital Arabia Reports (2013).

Facebook is the other major online social platform, with 4 million new Egyptian Facebook users in 2011 and yearly increasing numbers with rocket speed.



Figure 8: New Facebook users in Egypt. Source: Discover Digital Arabic Reports (2012).

Sharing music from YouTube over Facebook is another major heavy Egyptian activity, and if we looked at the Egyptian Facebook demographics, we monitor the largest age category that is active on Facebook and YouTube is between 18-24 with total of 5,299,160 users, followed by

the users in the age of 25-34 (Social Bakers, 2013). Both are forming the main music end users age category, not just in Egypt but at the whole world.

Egypt and internet Statistics - Egyptian Facebook Users - Age Group

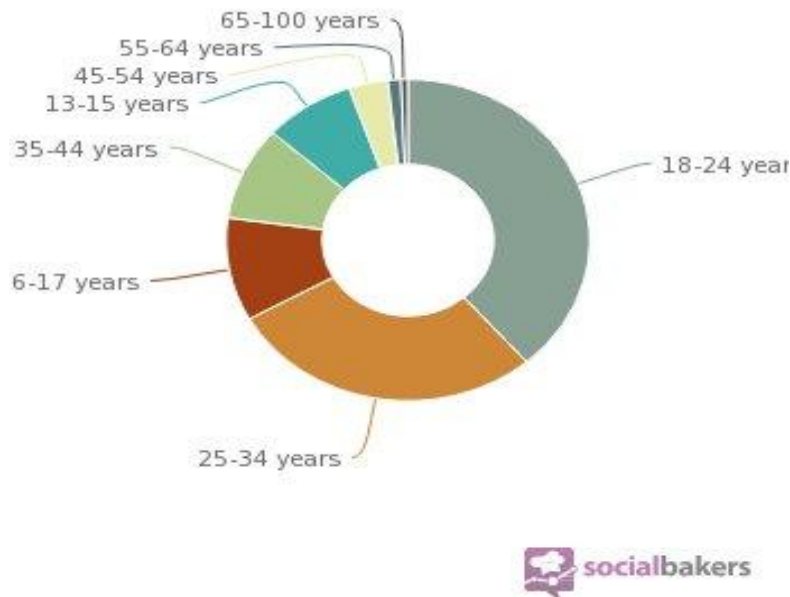


Figure 9: Egyptian Facebook Users - Age Group. Source: Social Bakers Statistics (2013)

1.2.3 Conclusion on Egypt and Technology

New technology, specially the internet, influenced major label's activities and value chain structure; there is a collapse of the recorded music sales both: physical and online.⁵ For IEM, internet took them forward. Three things were accelerating before the 25th of January 2011 in Egypt, internet and technological use, file sharing and piracy almost at the same rate, lobbying and efforts to enforce the legislation and laws. First step was law 82/2002, and almost a new Egyptian DRM law was on the way of being issued, but 25th of January 2011 blocked all the efforts.

⁵ Based on Mohsin Jaber Interview – CEO - Alam Elfan.

2. Theoretical Framework

The author will try to approach the research IAM and questions by using different strategic theories that are needed to frame and analyze the research. The Author's perspective towards the chosen theories is that they should reflect deeper understanding of the complex relationship between culture/music and the technological, socio- economic, political and legal context for the different societies. In addition to the enormous development that happened in human consumption behavior and the informative technology revolution.

The challenge for the author is how to fit and harmonize all these theories (especially that these theories are considered as outputs of different a society's conditions than what already exists in the Egyptian society and its music context). In addition to that, the other challenge in front of the author, which will arise after analyzing the data, is to check again if these theories are proportionate with the collected data.

Through the theoretical framework, the author will approach the research main title: **The Future of the Independent Egyptian music in the Digital Era** by putting the technological developing and its manifestation at the overall context of the Egyptian Arabic music, although the author share with W. Brian Arthur note that *"Our deepest hope as human being lies in technology but deepest trust lies in nature"* (Arthur, 2009, p. 55 and 215), yet still there is a need for researching how the information revolution and the enormous technological development will affect the future of our culture and art from different aspects. Based on that, the author tried to approach this manifestation and influences based on three main -mentioned below- theories.

2.1 The Nature of Technology

It is difficult to investigate the future impact of digitalization and information revolution on the Egyptian music generally, and the independent music specifically, without deepening our understanding to the nature of this digital technological development. Therefore, the author will approach W. Brian Arthur book focusing on the following three subjects which are needed to reflect to the thesis.

2.1.1 What is Technology?

"More than anything else technology creates our world. It creates our wealth, our economy, our very way of being," Arthur is writing, and he uses one of the general definitions of technology *"the whole collection of all technologies that have ever existed past and present, originates from use of natural phenomena and builds up organically with new elements forming by combination from old ones"* (Arthur, 2009, p. 1-7).

Technology based on Arthur perceptive is containing the following traits:

- 1) Every technology was based on phenomena: Collective technology advanced by capturing a phenomena and putting it to use, this is why technology should be executables and its deepest essence is profoundly natural.

- 2) Combination: Is the mechanism of invention and evolution of technology, this combination of components has a functionality and they serve some purposes.
- 3) Technologies consisted of parts of assemblies and subassemblies that were themselves technologies.
- 4) Evolution – development: The process by which all objects of some class are related by ties of common descent from the collection of earlier objects.
- 5) Recursive structure: They consist of technologies within technologies all the way down to the element parts. Any technology consist of components building blocks that are also technologies, in repeating (or recurring) pattern.
- 6) Understanding: Technology means understanding its principle, how this translates into a working architecture, and how it's built from hierarchy of technologies.
- 7) Pyramid of causality: A novel technology emerges always from a cumulating of previous components and functionalities already in place.
- 8) Innovation start from purpose to find a solution to some perceived need may arise from economic opportunity, social change or military one.

Thus, Arthur defines invention as this process that puts this chain together, it is a process that continues until each problem and sub-problem resolves itself into one that can be physically dealt with – until the chain is fully in place, Choosing suitable solutions in action, testing their workability (Arthur, 2009, p. 109-130). Based on that, Arthur's emphasizes on the fact that principles are never invented from nothing. At the creative heart of invention lies appropriation, some sort of mental borrowing that comes in the form of half – conscious suggestions and concepts, still these concepts and suggestions must be translated into a working prototype of technology before the process is finished.

The conclusion here is that Innovation consists of:

- 1) Novel solutions being arrived at in standard engineering – the thousands of small advancement and fixes the cumulate to move practice forward.
- 2) Novel technologies being brought into being by the process of invention.
- 3) These novel technologies developed by changing their internal parts or adding to them in the process of structural deepening.
- 4) The whole bodies of technologies emerging, building out over time, and creativity transforming the industries that encounter them.

2.1.2 Technology and Domain

Arthur's affirmed that domain is the body of technology, and he defines domain as the world of technology from where any cluster of components drawn from, in order to form devices or methods. Along with this collection of domain practices and knowledge, domain has also its own rules of combination, and its associated way of thinking (Arthur, 2009, p. 145-165).

Any design in engineering begins by choosing a domain, that is, by choosing a suitable group of components to construct a device from. Thus, domain is the established field where innovators

trying to solve a particular problem in. Some domains disrupt the cycle by reinventing themselves – changing their character – every few years (Arthur calls this process: Morph).

For example, internet and the more general domain we call information technology, are both children of computation and telecommunication. Therefore, domains are never neatly defined, they add and lose elements, borrow and exchange parts of other domains, and constantly throw off new sub domains.

Arthur argues that any accomplishment and technological progress is distinctive to that domain world which also defines the period's style and language. But at the same time, with the definition and context that Arthur gave us, he does not ignore the fact that dialectically, an era does not just create technology but Technology also creates an era through revolution and re-domaining. Arthur's continues, that although domain affect economy more deeply than do individual technologies, yet economy reacts to the new body's presence, and in doing so changes its activities, its industries, its organizational arrangements, its structures. And if the process of mutual change and creation in the economy is happening and important results are achieved, Arthur adds, we call that a revolution (Arthur, 2009, p. 151-158).

2.1.3 Economy and Technology

“Where the old economy was the machine, the new one is chemistry, always creating itself in new combinations, always discovering, always in process” (Arthur, 2009, p.25). Arthur's recapitulation to the new economies was corroborated through his understanding to the relationship between technologies and economies and the larger process of mutual adaptation between domain and economy.

Arthur's dialectical approach to the relationship between technology, domain and economy goes on; by emphasizing on the fact that a revolution does not happen until, first, we organize our activities, businesses and commercial procedures around its technologies. Second, these technologies adapt themselves to us and their markets are found. Finally, until the existing structure of the economy is re-architected to make use of the new domain and become familiar with its inherent practices, and of course, until all these are mediated by: finance, institutions, management, government policies, and by the availability of people skilled in the new domain.

Arthur also explains that Economy is not a container for technologies, economy arose from its technologies, and he is arguing, as an economist, that economy evolving as its technologies evolve, since any economy mirrors the changes in its technology, and the natural process of structural change in the economy driven by the evolutionary process we have just delved into.

Arthur suggests thinking differently about the economy by considering that source of energy within the economic system which would by itself disrupt any equilibrium that might be attained, this source is the combination: The economy continually created the new by combining the old, and in doing so it disrupted itself constantly from within.

Finally, Arthur is suggesting to countries that want to lead in advanced technology to perceive that they need: First, to invest in basic science without any stated purpose of commercial use. Second, they need to create science culture within stable financial funding and public encouragement environment. Third, they need studies and sufficient background in the pieces

that will form the solution. Fourth, It needs to foster the local culture craft and deepen the shared knowledge resides in people and establish it locally, and that grows over time. Fifth, they need to adapt technology into a wider range of tasks and to enhance its safety and reliability. Finally, they need to speed up improvements through, for example: motivating competition (Arthur, 2009, p.191-2016).

2.1.4 Reflection on the Egyptian Technology and Music Industry

Based on W. Brain Arthur presentation to what is technology, its domains and economies, there is a need to investigate the technological development in Arabic countries and in Egypt precisely, since Egypt is considered as a leading country to the rest of the Arab countries, and through this investigation, some questions should be asked:

- 1) Do the Arabs (precisely Egyptians) participate in the technological development and information revolution? Or are they receiving and consuming what is produced in other parts of the world?
- 2) Do Arabic regimes, governments, organizations and companies understand profoundly what technology means and requires? And then adapt policies that will help their societies to achieve a technological participation and progress?
- 3) Are Arabic regimes, governments, organizations and companies aware of the domains and economies that are required for technological development? Or are they aware that certain technological development requires new domains and economies?

It is obvious that for the emerging information revolution and technological development in the Arabic world and Egypt, there is still a need for something other than political revolutions (Arabic spring) or consumption revolutions (gulf high consumption supported by oil), there is a need for an organic and grass root socio-economic revolution to speed up the economic development within local and region context; expanding public awareness about technologies and it's predicted reflections on their societies' economies and culture, and enhancing public access to information and communication services.

“Social media can be used to ease extremism” says Saudi Interior minister (Mail and Guardian, 2013), *“Egypt Blocks YouTube”* (Aljazeera English, 2013), and *“The regulation policy consists of certain frameworks and categories in regards to the internet, which must be taken into consideration by Internet service providers to ensure the security of the Internet and protect end users from harmful websites containing materials that are contrary to religious and ethical values of the community of the United Arab Emirates”* (UAE Interact,2008), all these examples on internet regulations and restrictions at Arabic countries has different reasons and leads to one result; which is controlling the internet based on worries and believes that this new technology could motivate new political domains that contradicts with the already existing one, or it could motivate creativities and inventions that also contradicts the “society/regimes values”. Arthur’s intensifies these ideas by this sentence: *“The greater the distance between a novel solution and accepted one, the larger this lock in to previous tradition”*(Arthur, 2009, p.140).

On the other hand, the digital information revolution got this **MORPH** power of not allowing being controlled, and this is influential, especially to the independent art and music in Egypt, and Arabic countries within its context. When Mubarak’s regime have shut down mobiles and

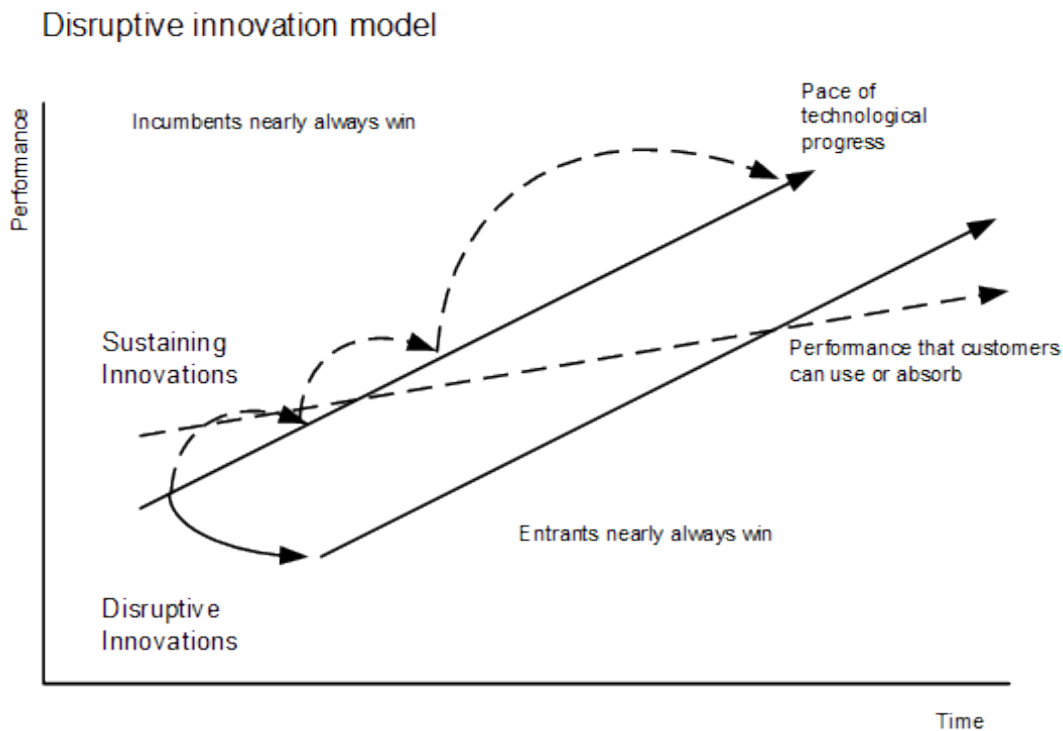
internet access in Cairo downtown between 27-28/1/2011 (The Telegraph, 2011), he did not know that rules of the game changed, it is not the old game- rules anymore; where borders could be guarded, and it is not printed manifesto or newspaper which could be confiscated, it is a new virtual domain.

The conclusion for the last decade, and intensively since 2011, that the Arabic world, especially Egypt, is facing a huge disruption in the current systems (economies and domains and part of it resulted from the information revolution and digitalization), but still did not create or produce new system (economies and domains and this is notable in the music production).

For example, the disruption that occurred to the sales of major music catalogues (which is criticized for the homogeneity with the western pop music) is huge, but the new leading independent music is trying to cover and imitate other western music genres like: Rock, hip-hop, jazz, and till now cannot aggregate, filter or produce new music genres and markets.

Thus, the independent music must *“foster the local culture craft”* and create its own sound. Maybe it cannot make it now, because it’s still living and experiencing the transformation era and the process of a structural change; but it should be aware of this transformation and change requirements.

2.2 The Innovator’s Dilemma



Source: Figure 1-2. Scott Anthony, et al.
The Innovator's Guide to Growth. HBS Press. 2008

Figure 10: The Disruption Innovative Model (Christensen 1997)

After defining technology, its domain and economies, Clayton Christensen at his book: Innovator's Dilemma, will deepen the knowledge of when technology is disruptive and when it is sustainable? And which companies are facing the disruptive technology, and why?

This theory linked with the previous reading, will help the author to approach the research questions about the future of the IEM in the digital era by exploring if new technologies are disrupting the Egyptian music production, and if there is any new alternative music genres or business to emerge or flourish?

2.2.1 Who will be disrupted by the innovation dilemma?

Christensen's theory about the innovation dilemma is not targeting companies that stumbled as a result of bureaucratic, arrogance, tired executive blood, or poor planning and short term investment horizon, or inadequate skills or resources and Plain bad luck (most of these are characterizing the major music label's), but Christensen's theory is targeting the companies with well management, competitive antenna up, listening astutely to their customers, Investing aggressively in new technologies, but yet lose market dominant (Christensen, 1997, p. xi-xvi).

Ironically and based on some researches, Christensen is showing that in the cases of well managed firms, good management was the most powerful reason they failed to stay at the top of their industries. Precisely, because these firms listened to their customers, invested aggressively in new technologies that would provide their customers more and better products of the sort they wanted, and because they carefully studied the market trends and systematically allocated investment capital to innovations that promised the best returns, because of all of these, they lost their positions of leadership (Christensen, 1997, p. xi-xvi).

In the case of Arabic music, the major labels acted (with exaggeration) the same way, they released what they thought that their customers and music users like and desire, based on short term investment with an aggressive investments in technologies (for example, launching many satellite channels for the same melodies and music genre) which caused a very boring 80's and 90's (boring two decades were used many times by IEM stakeholders whom were interviewed) and motivated a high percentage of music users to look for other kinds of music like: world music, niche, underground and classical catalogues.

The two Arabic major's with their own value network (copied from the developed countries labels network) and their own vision and mission (copied from the political regime values, mission and vision) tried to cope with the development that happened as a result of the emergence of the internet and the consequences of file sharing (piracy) using same techniques that they used before, when the cassette and CD emerged: controlling the market and political obscured lobbying, and the result was catastrophic to their business models; since they were isolated from their context and alienated from the new technological context by not being aware enough of the nature of this technology.

Of course they are still thinking this technology is a sustainable technology which requires them to keep their value network the same, and they do not see the disruption that happened to them as a result of it, which caused, for example, a collapse of the sales for one of the two major Arabic

labels' almost by 80%.⁶ They are aware that new technologies are revolutionizing the industry and this change requires revolutionizing their business models.

2.2.2 Why the music label's value networks and frameworks are failing?

Christensen is describing this failure based upon four findings from a study that was used as a base in his book:

1) *Most of these companies could not distinguish between sustaining and disruptive technologies:*

Sustaining technologies: Technologies that improve the performance of established products, along the dimensions of performance that mainstream customers in major markets have historically valued (i.e. physical and digital products in music Industry). Most of these technological advances rarely have been precipitated the failure of leading firms.

Disruptive technologies: It brings to the market a different value proposition than had been available previously, and also bring new customer-values. These technologies are typically: cheaper, smaller and more convenient to use (Christensen, 1997, p. xviii – xix).

2) *When these companies cannot observe when trajectories of markets need versus technology improvement:*

Christensen explains that the pace of technologies' progress can, and often does, outstrip what market needs. This means that the relevance and competitiveness of different technological approaches can change, with respect to different markets over time, and these technologies can progress faster than what market demand; i.e. that in their efforts to provide better products than their competitors and earn higher prices and margins, suppliers often overshoot their market by offering their customers more than what they need or willing to pay for.

Then again these companies do not have the vision to be aware that the disruptive technologies that may underperform today, relative to what users in market demand, may be competitive in the same market tomorrow (Christensen, 1997, p. xix- xx).

3) *Investing in disruptive technology versus following rational investments:*

Established companies think that investing aggressively in disruptive technology is not a rational financial decision because these technologies have the following traits:

- Disruptive products are: simpler, cheaper and lower margin.
- Disruptive technology is first commercialized in emerging and insignificant markets.
- Generally most of their profitable customers do not want, and indeed initially cannot use, products based in disruptive technologies.
- Disruptive technologies are initially embraced by the least profitable customers in a market.

⁶ Based on the interview with Mohsin Jaber – CEO – Alam Elfan

Hence, most companies with practiced discipline in listening to their best customers and identifying new products that promise greater profitability and growth, are rarely able to build a case for investing in disruptive technologies for unseen market, until it is too late, and leave these markets relatively to certain types of entering firms (Christensen, 1997, p.xix).

4) *The companies innovation limitations caused by its value network framework:*

As Christensen puts it: *Good managers do what make sense and what make sense primarily shaped by their value network*, value network is mirroring the product architecture and thus it matrices the product value and cost. Christensen, summing up, says that the attractiveness of a technological opportunity and the degree of difficulty a producer will encounter in exploiting it; are determined -among other factors- by the firm's position in the relevant value network. The manifest strength and weakness of entrant firm's are consequences not of differentials in technological or organizational capabilities between incumbent and entrant firms, but of their position in the industry's different value network (Christensen, 1997, p. xx- xxxii).

2.2.3 Arabic Music Major Labels and Innovation Dilemma

If these four findings are the main reason for the disruption that is facing the world's major music labels in the digital era, and the Arabic two majors (Alam Elfan and Rotana) copied these business models and strategies, hence, these two companies are not an exception in this case.

This never means that the majors died, but majors are shifting their business model from being active music labels (releasing new music, exploiting new artist and repertoires financial rights) to entertainment media producers such as concentrating on their satellite channels which is supported by advertisements and fans paid SMS, and being satisfied by licensing their back catalogues to major entertainment programs like: X factor, Arab Idol and The Voice. (These programs are occupying the mainstream music scene and filling the lack and collapse of live concerts for the superstars as a result of the current Arabic political situation) (Elbadil News, 2012).

2.2.4 Independent Music and the Innovation Dilemma

Then again, what about the independent music? Did independent bands and musicians markets emerge? And did they discover new markets to the Arabic music? Hypothetically we can quote Christensen as an answer to this question, when he mentioned this point: if these markets do not exist, it cannot be analyzed: suppliers and customers must discover them together. Based on author's interviews and observation in Egypt, still, independent music market is not mature enough and did not flourish yet, for many reasons, to be analyzed and judged if it is disrupting the major music.

2.2.5 Managing Disruptive Technological change

Christensen suggests some principles to manage disruptive technological changes (which could be helpful to this thesis) through:

- 1) Matching the size of the organization to the size of the market.

- 2) Managers who confront disruptive technological change must be leaders, not followers, in commercializing disruptive technologies.
- 3) Effecting the growth rate of emerging market, so that it becomes big enough, fast enough, to make a meaningful dent on the trajectory of profit and revenue growth of a large company, and they can achieve this by placing the responsibility to commercialize disruptive technologies in small organizations that their performances will be meaningfully affected by the revenue, profit, and small orders flowing from the disruptive business in its earliest years.
- 4) Managing innovations that mirrors the resource allocation process: innovations' proposals that get funding and manpower required may succeed.
- 5) Managers of these companies simply need to recognize that their company's capabilities, culture, and practices are valuable only in certain conditions, and from the pace of the progress that markets demand or can absorb may be different from progress offered by technology.

Successful companies populated by good managers have a genuinely hard time doing what does not fit with their model, perhaps the most powerful protection that small entrant firms enjoy as they build the emerging markets for disruptive technologies; is that they are doing something that simply does not make sense for the established leaders to do (Christensen, 1997, p. xx- xxxii).

2.3 The Long Tail Theory



Figure 11: The New Marketplace Long Tail – Internet Source: The Long Tail (2006)

Based on Chris Anderson long tail theory which focuses on market for niche products and services, it is very helpful for this research to adapt some of the long tail theory suggestions to

develop a niche market (bumping the long tail: less market share than superstars one's but with enough market share and sustainable revenues streaming)⁷ to IEM.

Before approaching Chris Anderson theory and its implication to IEM the author is aware of the discussion and debate that happened around this theory, specially from Will Page and Eric Garland at their article: The Long Tail P2P, which is criticizing Chris Anderson long tail theory based on their perspective of what culture means and their disagreement of dividing the music market to hit and niches, in addition to their warning of paradox of choice of such unlimited choices(Page and Garland, 2009). But our major motivation for choosing this theory was beyond or not related to their critic, and based on the agreement with Chris Anderson on the following points which were mentioned in his book (Anderson, 2009, p. 115-124):

- 1) As Anderson clarified that long tail is indeed full of crap and that without filters, the long tail risks just being noise. This is why long tail information theory was built around the problem of pulling signals from random electrical noise. (Although one person noise could be another signal).
- 2) Inventory is non- rivalries: any other limited means of distribution, the ratio of good to bad matters because it is zero sum game, but in the unlimited shelf it is non-zero sum game.
- 3) Long tail has a wide dynamic range of quality, so with good filtering you can find good quality in all parts of the tail (Although quality is subjective).
- 4) Niche products are by definition not for everyone and filter technologies drive demand down the tail and increase satisfaction by connecting people with products that are more right for them than broad – appeal products at the head.
- 5) Chris Anderson made a point (that was observed at the author field work interviews with IEM) that the majority of them do not want to be stars or they dream to be heard my masses, and they do need a descent life by generating enough financial revenues from their music profession, and they mentioned that they are composing music for other major reasons than just money.
- 6) The author agrees with other points mentioned my Chris Anderson, which is that independent does not necessarily means a musician who could not get a major deal, and not necessarily true if music is selling more, or artists are popular, and songs are big hits that their music is good with high quality, vice versa. So music is not perfect, and judging it should not be absolutes and extreme.

One of the thesis arguments is to assist IEM by using the digital era technologies and platforms to create revenues for their music and assist in creating sustainability to their music life; this is why the author will focus on the following aspects of the long tail theory by Chris Anderson.

⁷ Bumping the long tail was first presented for the Author by Professor Bendik Hofseth at one of the music management master programs lectures.

2.3.1 What is the long tail theory?

This theory talks about the consequences of the massive information revolution that led to democratization of the production tools (i.e. PC'S), distribution tools (i.e. internet) and new ways of connecting supply with demand (i.e. Google) which created a shift from passive consumer to active consumer (Prosumerism) (Anderson, 2009, p.55-124).

A revolution that leads people to move from the world they know “hits” to the world they do not or could not reach before “niches”. But this long tail needs also a kind of filtering to avoid all kind of distortion, these filters should not be based on one model “no one size fit all”, but should lead to specialization and using different developed filters like social media platforms.

Chris Anderson reflected some of his observations and analysis to the long tail by noticing that lines are not quite at zero, and so many of them collectively represent a substantial significant market (seemed indisputable market) if it is aggregated, especially that if it is backed up with the heretofore unseen data (Anderson, 2009, p. 52-84).

Virtually all markets are there (more niches goods than hits), and the ratio between niches goods to hits goods is growing exponentially to the side of niches, as the tools of production become cheaper and more ubiquitous, and the cost of reaching those niches is falling dramatically as a result of digital distribution and powerful search technologies.

2.3.2 What are the characteristics of the Long tail economies and markets in the digital era?

Long tail economics: Is more about abundant than scarcity, economics of variety, it is about changing the game rule 80/20, and it is about the new culture of “and” not “or”. The main characteristics for long tail economies in the digital era that is lowering the connectivity between supply and demand which changed not just the numbers but the entire nature of the market (described as quantitative and qualitative change). But at the long tail economies demand should follow this new supply to make a shift to niches, and this could happen within the digital era, since that economics of providing is improving but if this shift did not happen, the tail will be wither (Anderson, 2009, p. 125-146).

Anderson emphasized that offering more variety does not shift demand; consumers must be given ways to find niches that suite their particular needs and interests. A range of tools and techniques, from recommendations to ranking, aggregating digital sales and distribution, are effective at doing this. These filters can drive demand down the tail and turns the massive expansion of choice into an economic and culture force. Anderson sums up that scarcity requires hits, and traditional economic hit driven retail limited choices, but the new shape of demand is unfiltered by the economics of scarcity. And hits with niches, for the first time in history, are on equal economic footing.

Long tail market: Is more about the markets of music niches which is huge, but still selling in small number which needs to be emerged, filtered and aggregated to make a bump. Mass market

is turning into a mass of niches and its characteristics in the digital era that it is much easier so music users find niches music and vice versa.

Anderson added that the new market is not replacing the traditional market of hits, just sharing with it for the first time as a result of the fall of distribution cost, which only created more choices. This, with the favor of new technologies which turned the mass markets into millions of niches, created new marketing techniques such as conformity, word of mouth and recommendation (Anderson, 2009, p.85-124).

Anderson mentioned also that the biggest money is in the smallest sales (in our case and for IEM this money is in the live concerts). So now, musicians can offer many more music, but what they need to create or be part of some filters that will make it easier to the end users to find.

Finally Anderson concludes that because the economics of niches is roughly the same as hits, their profits or revenues are to be found at all levels of popularity, and he predicted that we are moving from the mass market to niche nation, defined by geography (locality) and shared music interest. Anderson showed that these new technologies are making us, and for the first time, ablest to measure the consumption patterns, inclinations, tastes of consumers in real time (as new tastemakers) and without the need for super elite of people cooler than us (old filters).

2.3.3 What are the (suggested) rules for bumping the long tail?

Chris Anderson suggests some rules that could help music that is located at the long tail to achieve some of its goals. These rules will be reflected by the author and applied on IEM in the digital era (Anderson, 2009, p.217-248).

Internet and digitalization amplified the voice of the IEM after facing all pre – internet obstacles and IEM is currently growing, but they should use this opportunity of mainstream production crises by improving their presence by joining or creating an online platforms of networking, aggregating and filtering their music to their fan base and stakeholders in an updated, dynamic and easy way. By this, IEM can shift the focus from the mainstream (at the head of the demand curve) to the independent music niche at the tail which could be reflected directly to them by increasing their live concerts. IEM should think niche by using different distribution method and understand that there is no one distribution thta fit all, while focusing on the new social networks to create new markets. For example, they can use all online analytics like: Google or Facebook analytics to help them define their fans demographically and geographically.

3. Research Methodology

The investigated subject “*The Future of Independent Egyptian Music in the Digital Era*” has not been discussed before in Egypt, and the only related research about it was conducted by professor Nagla Rizk with the title “*Notes from Egypt’s Alternative Music Scene: Business Models, Commons and Copyright.*” This has been published in 2010 with main emphasis on the intellectual property rights. This research, such as other researches which investigated the Arabic and Egyptian music (Rizk, 2010, p.101 and Frishkopf, 2010, p.17), finds it difficult and almost impossible to find any published information, statistics or data on sales, revenues or employment within Egypt’s music industry (**secondary data**).

3.1 Data Collection: Secondary Data

The author faced a lot of difficulties finding a valid and reliable secondary data which can assist the research achieving its IAM in answering its questions, and lead to conclusions about the impact of new technologies and information on the future of IEM.

1) Reliability: Joppe defines reliability as: The extent to which results are consistent over time. Also, an accurate representation of the total population under study is referred to as reliability as well. So if results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable (Joop, 2000, p. 1). Based on this definition, the author could not find any reliable secondary data which is published by different sources to fit with this definition.

2) Validity: Joope provides the following explanation of what validity is in quantitative research: Validity determines whether the research truly measures what was intended to measure, or how truthful the research results are. In other words, does the research instrument allow you to hit "the bull’s eye" of your research’s object? Researchers generally determine validity by asking a series of questions, and will often look for answers in the research of others (Joppe, 2000, p. 1). Thus, the author could not find any published secondary data through which any hit could be achieved after consistence measurements analyzing this data.

These were the two reasons, in addition to the major reason by which that, IEM is still young and flourishing without a solid metadata base, made the author make a decision of excluding the collection of secondary data from this research.

3.2 Data Collection: Qualitative Semi structured Interviews

The author followed a research strategy that is based on collecting a primary data through a qualitative semi structured interviews; that were conducted to approach the research questions and IAMs. The qualitative - semi – structured - interviews method refers to a context in which the interviewer has a series of questions that are in the general form of an interview schedule, but still able to vary the sequence of questions (Byrman 2008, P.196).

Through this method the author could design more general questions than the structured interviews; which will assist in understanding the contexts of IEM scene, and its current relationship with the new technological development and digitalization helps to get the interviewee subjective input for the future of IEM. The qualitative semi structured interviews gave the author the freedom to raise new related questions to the research objectives; by receiving strong evidence either to reject or to confirm the research hypothesis.

3.2.1 Qualitative Semi Structured Interviews Criteria

Reading through many references about which criteria should be used by the author to prove the integrity of the research analysis and assuring the quality of demonstrating and judging data - which is produced through the qualitative semi structured interviews - the author found out that although there is a debate about what criteria to be used - and as a result of investigating a subject which requires an understanding within the context of IEM - the author will follow two criteria which are based on the work of Lincoln and Guba cited from Carol Baily book: A Guide to Qualitative Field Research.

- 1) **Authenticity:** Through the whole field work, the author received a high cooperation from IEM stakeholders, who shared the research goals by developing appropriate strategies to bring about a real change within IEM as part of liberating the Egyptian culture and hence; the Arabic culture. This is why the author followed strategies that will lead to true results and ideas of the interviewee’s interpretation and inputs (Daymon and Holloway: 2002).
- 2) **Trustworthiness:** The author followed the criteria of evaluating trsuworthness by

Credibility	Transferability	Dependability	Conformability
Interviewing related and relevant IEM stakeholders who can stimulate the research to reach findings that has relevant meanings within their context.	Most of the merged models and principles for this research could be highly applicable in the future and current situation of the IEM and in many other Arabic countries.	All the fifteen interviews were encrypted and saved, but the thesis context do not allow to attach all the encrypted interviews because it is passing the limited thesis pages numbers	Following a consistence and repeatable method of the process of analyzing the collected qualitative data without any personal interference. The interviews records were not audited as a result of many technical and research context condition, but all interviews are available for any future auditing request.

Table 2: Based on Carol A. Baily book: A Guide to Qualitative Field Research (Bailey, 1996, p. 179-188)

- 3) **Interviews and Questions:** The author conducted fifteen interviews with IEM main stakeholders (which is mentioned in figure 14) by directing the interviewee’s to answer with a specific point of view, and not just general opinions related to the research questions without limiting them to a particular format of answers. Although interview - guided questions were used, but the author was flexible by raising some questions depending on the interview/Interviewee’s context and condition.

- 4) **Generalization and Contextualization:** The author tried to bridge these two concepts: Micro and Macro (Byrman 2008, P.196), by reaching some common and general results related to the subject. Also by understanding the different socio-economic, political conditions of the Independent Egyptian Music.
- 5) **Time and Budget:** The author conducted these interviews starting from December 15, 2012 to January 24, 2013, and the efforts that were made to achieve the author's thesis and field work goals were very intensive and expensive financially (traveling to Egypt with all the needed expenses).
- 6) **IEM Stakeholders:** All relevant IEM stakeholders were interviewed as it is mentioned later.
- 7) **Showing names:** After the protests, uprising or revolution of 25th of January 2011 the freedom of speech in Egypt flourished without limits or borders,⁸ on the other hand IEM scene is just emerging from underground to online, and still do not built complicated interrelations and networks that need to deal with this issue carefully. This has made the interviewee's raise their opinions and points of view without restrictions. Even though this research's methodology allows individuals to disclose their information, yet this research the interviewee's did not ask to be anonymous or hide their names; they were open to be quoted and cited properly in this academic research (but for any other public publishing: like Journals, the author will ask for their permission).

3.2.2 IEM Primary Stakeholders:

Identifying the various stakeholders related to IEM in the digital era is an important step to achieve a better understanding for research IAM and questions. This research's identification is based on three criteria:

- 1) Based on the widely used Freeman's definition to the stakeholder's approach which is: *"A Stakeholder in an organization is by (definition) any group or individual who can affect or is affected by the achievement of the organization's objectives"* (Freeman, 1984, p.46). Thus, most of the groups or individuals who could IEM objectives were considered as a stakeholder.
- 2) Although identifying IEM stakeholders is a difficult task; since this independent music is just emerging as a movement and it has a different political, economic and cultural context than the developed countries context, but the author identifies IEM stakeholders by selecting for the interviews the stakeholders who are considered relevant and crucial at this stage of the development. Based on that and through elicitation from the traditional stakeholder map - Figure 12 (Freeman, 1984, p.115) and the music industry stakeholder map for releasing and selling an independent CD - figure 13, the author developed the relevant IEM stakeholder map Figure 14.

⁸ although the old system did not collapse and the movement / uprising / revolution did not achieve its other goals: good life, Dignity and social justice, but the freedom of speech goal - with its ineffective meaning of free self expression and unlimited open and public critic - was achieved, although it's influences on the political decision makers is very limited.



Figure 12: Traditional Stakeholder map. Based on Freeman’s perspective

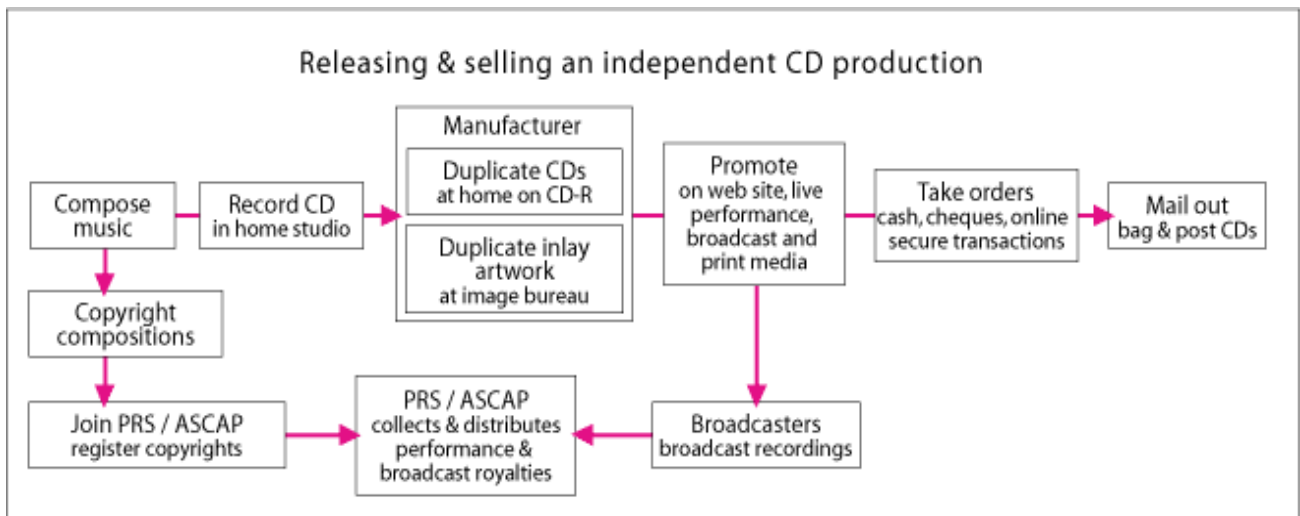


Figure 13: Music industry Stakeholder Map for Releasing and selling an independent CD source: Plant of Tune

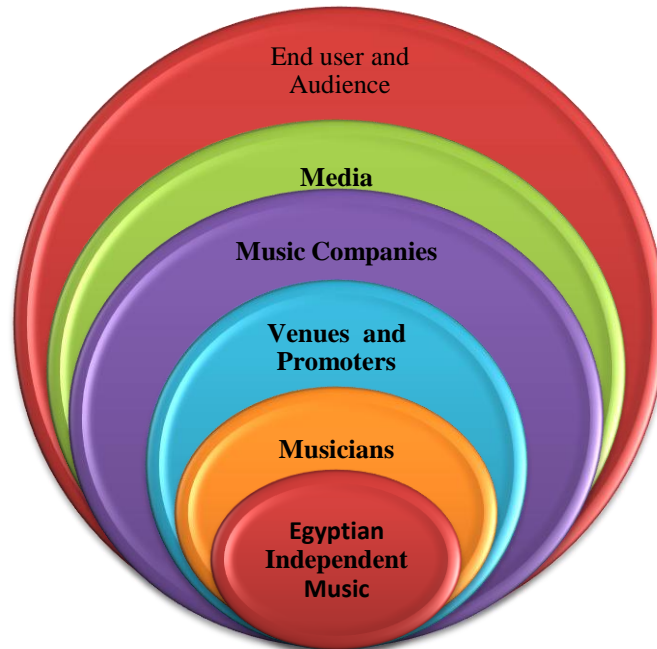


Figure 14: IEM Primary stakeholders - Developed by the author

3.2.2.1 Musicians

Songwriters, music composers, recording or performing musicians, and artistic producers; all of these titles could be found in one person, or could be as many persons as it's needed to produce the content that will be delivered in different formats for the end users. There is no limitation to how this content is received by the end users, it could be through: live concerts, CD's, cassettes, streaming or downloading.

Independent Egyptian Musicians are active at the independent music scene in Egypt, and mostly they consider themselves music -producers- because they love music, and would like to proceed in this career for artistic reasons with minimum financial motivation.

As part of this research the author met with different musician categories: songwriters, music composers, music producers and performers from different music genres and different popularity statuses, some are famous in the independent scene and others just got started, and they are:

- Single Artists: Yousra Alhawary who is a singer, songwriter and accordionist.
- Bands: Masar Egbary represented by Ayman Masoud, Eskendrella represented by Hazem Shaheen and Wust Albalad represented by Ahmad Omar.
- Artistic Producer: Fathy Salameh who is an active performer at the IEM and he is the founder of the first independent band which was presenting an Egyptian – Jazz fusion genre; Sharqiyat.

3.2.2.2 Venues and Promoters

The promoters are the people who hire musicians to perform, and venues are the physical places: stage, pub, theatre and cultural center. But in Egypt venues fill the role of promoters IEM live

scene. Some of them are doing this job as a business project with artistic vision and mission, like Cairo Jazz Club which was represented by Ammar Dajani, and others do this job for cultural and artistic reasons with minimum economical motivation (mainly covering part of the expenses since their business model is non-profit organization) such as Saqiet Alsawi – Culture Wheel represented by Heba Hasab and Alkawred Althaqafy - Culture Source represented by Charls Akl, and it is important to emphasize that these three venues and promoters played the major role in developing the independent Egyptian scene in the last decade.

3.2.2.3 IEM Companies

At the preparation period, the author found out that there is one independent music company which is Eka3 – Rhythm and one independent record label 100 copy. Eka3 is an active company within the independent scene, especially in the following music business branches: management, distribution, artist’s live concert agency, in addition to synchronization. The author interviewed Tamer Abu Ghazaleh who is the founder and manager of Eka3 (he is also a singer, oud player, and music composer). The other company 100 copy is a record label specialized in the independent electronic music (100 copy do other activities alongside the release of new music, such as a recording studio and small venue of this music genre) was represented by the founder and manager Mahmoud Refaat.

3.2.2.4 IEM Media

Media is playing an important role in shaping the culture and creating fuss, and interest around different issues in different sectors. Hence music is not exceptional in this case; *“since the turn of the twentieth century the dramatic rise of the mass media has profoundly transformed music practices in the Arabic world”* (Frishkopf,2010 cover page). But at the twenty first century, both traditional and new media played a major role in developing the independent Egyptian scene; this is why the author considers media as a primary stakeholder. The author selected one active journalist who is following and covering the IEM since many years Chitra Kalyani (she is a freelance journalist writing in English at a local and online English newspaper), and Mahmoud Yousef who represented a new online radio walsla.fm, which is specialized in streaming and broadcasting Arabic independent music.

3.2.2.5 IEM end users and audience

Interviewing this primary stakeholder was beyond the author and research resources, which requires adapting another research methodology – survey.

3.2.3 IEM secondary stakeholders

The author decided with close coordination with the supervisor to conduct interviews with three secondary stakeholders to IEM who can provide the research with extensive information about the Egyptian music industry history and current situation, in addition receive their perspective toward the new wave of the IEM.

3.2.3.1 Syndicate of Musical Professions

Even though the Egyptian Syndicate of Musical Professions is active with major musicians, yet within the special context of Egypt regulations and bureaucratic system, the syndicate is the only decision maker of who can be a musician or active musician in Egypt. In other words, the musicians syndicate is issuing a license to the people who want to perform music, and no one can perform in Egypt without this permission. In addition to that, any venue that is hosting a concert or gig should pay the syndicate a fee to be legally qualified to host any concert or gig. Based on that, the author interviewed the Egyptian musician syndicate general secretary Ahamd Ramadan.

3.2.3.2 Egyptian Major label

The author was aware of the importance of meeting Mohsin Jaber the CEO of Alam Elfan – World of Art, which is one of the two major record labels in the Arabic world; to discuss with him (he is in the music industry since 40 years) all the research questions.

3.2.3.3 Egyptian Collecting society

The general secretary for SACERAU Hani Muhanna was interviewed⁹ although SACERAU has a limited role toward the right holders for many technical, socio-economic and political context, but their perspective toward IPR and IEM is relevant for the thesis.

3.2.4 Interviews and Questions

The author was aware of the difficulties that were expected to face the research within the Egyptian political, economic, cultural, music industry structure and context (including that IEM scene is still not mature enough), especially at the last two years, were Egypt faced instable political conditions. This interviews context could disrupt the planned field work, scheduled interviews, or causing a dispersion to the interviewee's, this is why the author was very careful and flexible (specially by time and place) in scheduling the interviews and developed a series of questions (closely with the supervisor) with a purpose to assist both this thesis and any potential research or paper discussing the IEM. These questions were divided to three main categories:

- a) Two questions are related to the research goal of developing a documented timeline for the Egyptian music industry and the IEM context through the interviewee's biography. Part of the answers influenced the first chapter of this thesis, thus, the related discussion and analysis were embodied (by citing or quoting) at the first chapter, and will not be discussed and analyzed at this chapter. These questions are:
 - 1) **How you explain the context and the current situation of the Egyptian Music Industry, specifically the context of IEM?**
 - 2) **How did you start your career as a musician and producer?**

⁹ Hani Muhanna is also a musician and keyboard player, and he is an active musician at the major music scene since more than 35 years. (Based on the interview with Hani Muhana).

b) Five questions revolved around related issues to IEM, especially their perceptiveness toward the IPR, revenue sources, future music genre that will be breaking through locally and internationally, the challenges that IEM is facing, and IEM adaptation to the new technologies. These five questions are pivotal to the research methodology and IAM, and will be discussed and analyzed at this chapter. These questions are:

- 1) **What are the difficulties you faced when you started your music career? And what are the main problems and challenges that are facing IEM music industry in general?**
- 2) **Can you explain the main revenue sources for the IEM?**
- 3) **How do you observe the intellectual property? Can you give your opinion on the IPR within the Egyptian context?**
- 4) **Do Egyptian and Arabic music have a specific genre that can lead to a breakthrough in the local and world music market?**
- 5) **How do you evaluate independent musician's adaptation to new technological development, especially with the new flourishing digital markets and online music platforms?**

c) Two questions revolved around the future possible projects that could contribute to the development of IEM from their perspective, and what is their opinion toward the researcher business project which is proposed to aggregate the Egyptian and Arabic repertoire, using the new digital and online platforms for sales, streaming and networking. These two questions are crucial for the later chapter which contain a new suggested business model for the Arabic independent music, thus, the interviewee's point of views and inputs to this point will be cited and quoted later in chapter 4 to strengthening the author potential business model. These questions are:

- 1) **Do you think that new digital music aggregator for independent Arabic music repertoire will assist and support the Egyptian and independent Arabic music culture and economic status under the digitalization era? If yes, what are your suggestions to develop it?**
- 2) **Do you have any other suggestion that we can study and research which will lead to solving some of the Egyptian and independent Arabic music problems and challenges?**

All the interviews were conducted in Arabic, except one, but all were recorded face to face and later were converted to transcripts in Arabic, and then translated to English, to facilitate the developing of an effective discussion and analysis. Finally, although not all interviewee's had sufficient information about some of the questions, especially about the timeline of the independent music, but through their inputs, and by linking the answers, the author combined an overall picture, and deeper insight to the IEM.

3.2.5 The Answers

The fact that the emergence of Independent Egyptian Music is still in its infancy, and with the intensity of the political situation during the implementations of the interviews, the author decided to interview as many stakeholders as it is possible within the time limitation to gain a relevant and significant data to the research which can give additional value and better insight to the thesis, and other researches which could be implemented in this area.

The author received a massive amount of new information that provided a better understanding to the IEM, but at the same time the author was facing a challenge on how to reduce the massive amount of data and interviewee's interpretation to different questions, this made the author follow a process of summarizing the stakeholders answers for each question, and to highlight a quote from one significant and relevant stakeholder interviewee for each question, and ending with a summary for each question.

1) What are the difficulties you faced when you started your music career? And what are the main problems and challenges that are facing Independent Egyptian Music and music industry in general?

Almost all Egyptian independent artists faced similar difficulties and it could be summarized by what Ahmad Omar from Wust Albalad Band said: *“The problem that we are the music creators, but not producers or managers, so we cannot develop our own post production plans that should be designed and followed by specialists in this field”*. This means that most of their problems are post production problems with more emphasis on the lack of music companies or managers who are specialized in all kinds of music post production activities, specially distribution and marketing, both online and offline.

In addition to that, many independent artists mentioned that they faced many difficulties with music copyrights protection registration process, which is a very special case in Egypt and a major bureaucratic problem in front of publishing music and releasing any album. This goes back to the fact that independent musicians cannot publish or release their albums without being part of a company or studio to gain a publishing permission and registration certificate from the Real Estate Publicity District and Documentation - REPDD.

Another problem facing IEM is the negative prejudgment from the venues, specially for some contemporary music genres, such as electronic music, and this was mentioned by Mahmoud Refaat from 100 copies label, since these genres are not popular and do not attract audience. This negative position by venues is based on their pure commercial thinking and lack of music's culture knowledge, which lead to promoting specific genres and blocking the development in the music scene generally and independent scene specifically.

On the other hand, Mahmoud Refaat emphasized the importance of independent musicians to take the challenge of developing their music content and performance to be played and performed in different venues with different business models.

The interviewee's of independent media focused with their answers on the production and marketing difficulties that are facing IEM, and how the whole scene is dependent either on their limited personal financial resources and networks, or limited on local interested funders. Thus,

they suggested that IEM should go beyond their national market and look to international funding, festivals and networking, and this requires some public relations, marketing and promotion investments by IEM.

Independent music venue's managers/owners and promoters summarized IEM difficulties by two points: First, the results of the instable political situation that is limiting any rational development Plans for the whole scene but mostly hurting and influencing the motor of IEM, live scene audience, as a result of the little expendable or disposable income at the audience pockets. Second, the lack of professional management teams around the bands and artists, which is weakening their live music supportive activities, such as communication and publicity, branding, live performance skills, and this is de motivating the audience and reducing the whole scene quality.

Alam Elfan, syndicate and SACERAU focused on intellectual property implementation obstacles and the need of enforcing IPR culture, which is very weak in Egypt specially by not controlling the internet content. In addition to that, they shared another difficulty: the dramatic decrease in the size and numbers of the live concerts and festivals as a result of the political situation; therefore, their major income source is dramatically decreasing. Finally, what was noticeable that they shared almost the same opinion about IEM, by asserting that It is a phenomena that developed as a result of the major music production current problems, especially after the two revolutions: information and political revolution, that made people produce low music quality as a result of the easiness of doing that, but they agreed that it is just a phenomena that will disappear sooner or later.

Summary

The different stakeholder's answers to these questions could be divided in two parts: First, is related to the primary independent music stakeholders who focused on the weaknesses of the independent scene production, as a result of the financial limitation and the lack of a developed value chain that can motivate the scene development. And second, secondary independent music stakeholders were focusing on IPR enforcement in Egypt, and for them the emergence of independent scene is temporary and will disappear for different reasons - mostly because they are amateur and not related to the Egyptian music culture and heritage.

2) Can you explain the main revenue sources for the IEM?

There was complete consensus when it came revenue sources; the major revenue for the independent musicians is received from the live concerts and gigs, both inside Egypt or abroad, and mostly it is generated from performing their music with their bands, or by joining other bands and musicians in their concerts. The average concerts numbers for an established independent band like Massar Egbary, is ranged around 50 concerts a year, with an average fees 2000 EGP/concert (around \$300) and with average audience of 200 person.¹⁰ Finally, IEM generate some revenues from other activities, such as composing, recording or performing music for theatre plays and movies.

¹⁰Source: Ammar Dajani – Cairo Jazz Club, Ayman Masoud – Massar Egbary Band and Charls Akel – Alkawred Althaqafy.

Summary

While these results are related to weak music albums sales in Egypt, as a result of the structure of the Egyptian music market - this fact is not limited to IEM scene - but it includes major musicians, who generate their main revenues from live scene, except major record label who receives part of the revenues from live scene, but major revenues come from sales activities. Thus, most of the stakeholders emphasize the importance of live music as an essential medium between creators and their fans. In addition to their believes that live music experience cannot be found in any other mediums, therefore, live music is the only part of music industry that can motivate the development of other activities such as: record label, management companies, distribution companies.

3) How do you observe the IPR? Can you give your opinion on the IPR within the Egyptian context?

Most of the IEM primary stakeholders shared the idea of the need to protect and enforce moral, faire and literature rights of the IPR (minimal rights). But for the financial part, since they are aware of the fact that their fan base is still niche (2% of music audience)¹¹ and not mature enough to generate money by selling their music in the different formats, they agreed that end users should receive their music without restrictions. All of them mentioned that their fans are the music promoters, and their main source for their live concerts demand. Some of them emphasized the point of their believes that keeping music open to end users will have a better influence on the public cultural taste (all made it clear that all these believes, exclude any use of their music by a profitable businesses).

Yet one of the things that were noticeable, is that most of IEM primary stakeholders criticized the role of the only collecting society in Egypt SACRERUA¹² and the syndicate of professional musicians, specially by arguing that both organizations has either a complicated or unaccepted membership procedures, both organization lake transparency and accountability, both are biased to the mainstream musicians and both antagonize the independent musicians by not understanding that IEM is functioning differently and is developing faster than laws and regulations.¹³

Fathy Salemh telling his experience with the Egyptian IPR judiciary system and dispute solution with their complicated legislation and arbitration, SACERAU bureaucracy and hypocrisy:

¹¹ Mahmoud Yousef Expectaion- Wasla FM.

¹² most of the independent musicians are not member at SACERAU and many of them are members at SACEM in Paris.

¹³ Syndicate of Musical Profession is charging for any independent music concerts around 500 EGP (\$ 72) which is most of the time more than the Independent musician fees (said Ammar Dajani).

A) The First Phase of Arbitration – Estimated Time 2-4 years

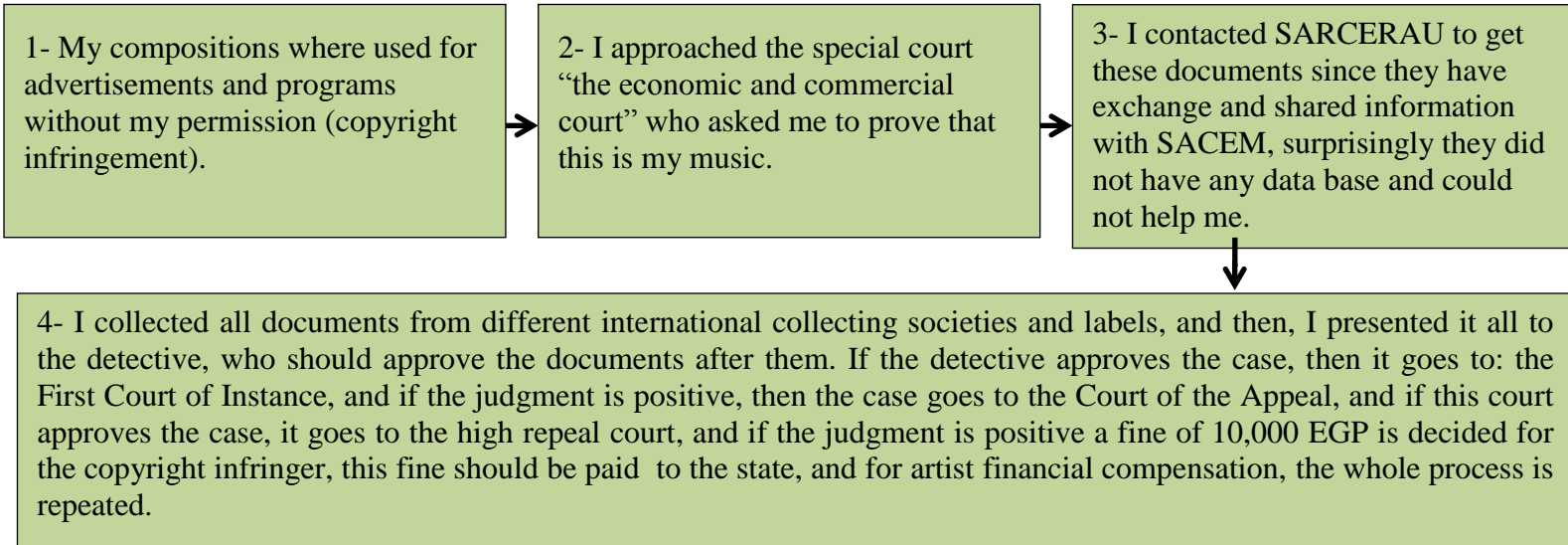


Figure 15-a: The First Phase of Arbitration in Egypt. Compiled based on the interview with Fathy Salameh
 Compiled interview

B) The Second Phase of Arbitration – Estimated Time 2-4 years



Figure 15-b: The second Phase of Arbitration in Egypt Compiled based on the interview with Fathy Salameh

Alam Elfan, musician syndicate and SACERAU, focused on the IPR implementation obstacles and explained how they are part of different initiatives to eliminate some of the IPR problems in Egypt, such as merging the collecting societies to one holding organization. Although there's agreement about strengthening the IPR in Egypt, there is a clear debate and power conflict between three of them, this is why SACERAU is now working on developing a new IPR law that could cause a conflict with major label, since this new law (will be developed with the National Media Council and will be approved later by the senate room) will contain additional rights to the composers and authors, by not allowing the complete ownership of the composition by the record labels, and limiting its rights to exploit it financially for certain period, this means an amendment to the Egyptian law 354/1954 and law 82/2002 which gives the label the rights to own completely all financial exploitation for their catalogues. In other words, this amendment

means minimizing the power of label's and increasing the power of SACERAU who is facing a lot of critics from both: the syndicate and label (in addition to IEM).¹⁴

Another conflict arose from the interview with the musician's syndicate who criticized the SACERAU, and Ahmad Ramdan made it clear that if the neighboring rights will be approved (the syndicate is keen to pass the neighboring rights law), these rights should be collected under the syndicate control and no one else. Ahmad Ramadan mentioned that this law has not been approved till now, as a result of current and previous political situation lead by autocratic regimes, and since Egypt did not join the related international agreements; new problems raised by approving the new constitution that excluded any article enforcing IPR.

Finally, Hani Muhana from SACERAU saw that independent musicians are free to join SACEM in Paris, but Hni Muhana argues that this will cost them, since SACEM deduct 33% of the collected money based on the French law. But SACERAU deducted just 20%, in addition to other social services that they could obtained by joining SACERAU. Hanu Muhana mentioned that SACERAU is collecting 8% from mechanical rights, 4% goes to composer and 4% to lyricist, and he added that SACERAU revenues decreased after the revolution but he is optimistic that it will increase again, especially after approving the new laws and regulations for enforcing the IPR which will include approving the neighboring rights.

Hani Muhana explained the process of registrations and payments at SACERAU which is compiled by Figure 16:

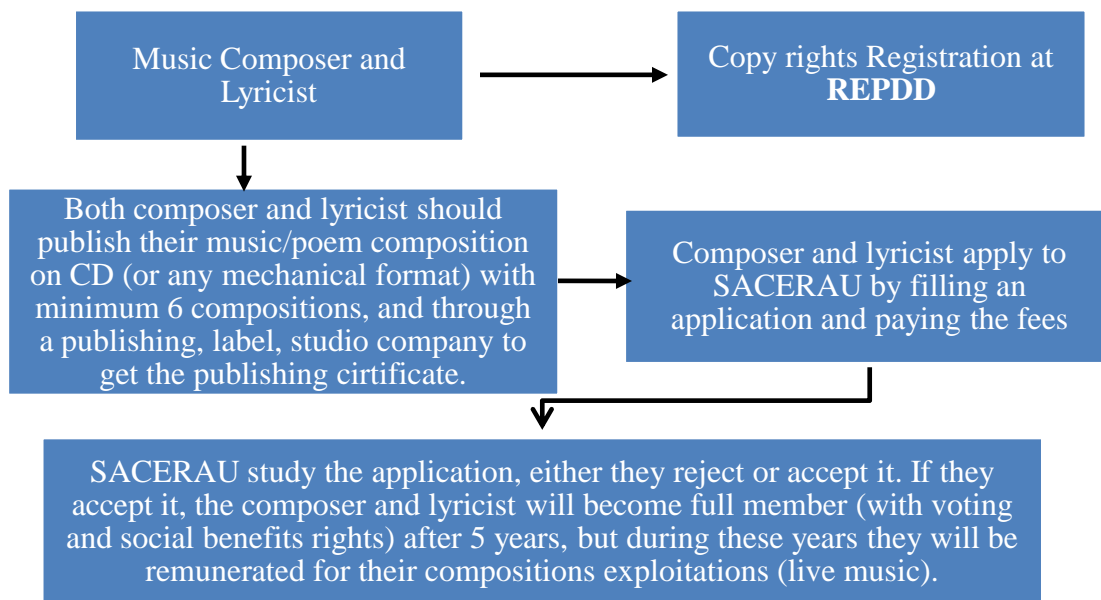


Figure 16: The Process of Registrations and Payments at SACERAU. Compiled based on the interview with Hani Muhanna – SACERAU.

¹⁴ Mohsin Jaber explained that these tow laws are essential for all Arabic labels, he mentioned that Alam Elfan have full exploitations rights - for publishing and michenical prduction - for 99% of its catalogues.He added, This is why SACERAU should know that they are working in different regulations and rules context than SACEM in Paris.

Summary

IEM primary stakeholders have a flexible perspective toward IPR when it comes to the access to the individual end users, but they are demanding a minimal enforcement for the literature and ethical rights, and a financial compensation for any exploitation that occurred by other businesses - specially the well - established one and not the small size businesses (hairdressers, small workshops or small coffee shop).

But IEM secondary stakeholders have a very strict approach to IPR and they mentioned that most of their business problems are an output of the weak IPR regime in Egypt, and even though they agree about the enforcement, they disagree about their responsibilities and rights.¹⁵

4) Do Egyptian and Arabic music have a specific genre that can lead to a breakthrough in the local and world music market?

Most of the stakeholders expressed their belief that this music genre should be rooted within the local culture and soil. This criterion is shaping independent bands; mostly since they are very linked and connected to their societies and it is reflected in their music, without ignoring the importance of developing their sound. In addition to that, many of the stakeholders mentioned the difficulty of specifying one leading genre, since most of music genres (on local and international level) are mixed and have different levels of cross influences, thus, maybe there will be a new merging genre without labeling or categorizing it, but it just has to be authentic and aesthetic.

Mahmoud Yousef from Wasla.FM Said: *“The genre that has captured the majority of the Arabic audience is the Arabic traditional music (folklore, Arabic lyrics and classic) with a modern vision, like Muhammad Munir, so music with Arabic roots is more attractive.”*

5) How do you evaluate independent music’s adaptation to new technological development, especially with the new flourishing digital markets and online music platforms?

Most of IEM primary stakeholders mentioned the different solutions that new technologies brought to them, specially by facilitating and making the process of the recording easier as a result of cheap recording software and equipment. In addition to the benefits that were gained by the new online social platforms, wheather it was by communicating with their fans, strengthening their cooperation, shortened the process of communicating, and exploring new music productions and activities inside and outside Egypt.

But the new technologies also brought some challenges and problems to the independent music. Some of these problems rise from the fact that with the easiness of producing and recording

¹⁵ For example there is several dispute cases between Alam Elfan and SACERAU, since SACERAU internal regulation does not allow any label or publisher to exploit financially or own more than 50% of the composition, but labels and publisher (mainly Alam Elfan referring to law 82/1982 which allow them to own the composition 100%) have problems with SACERAU and this conflicts(in addition to the Syndicate criticism to SACERAU) will be critical when the neighboring rights is approved, since there is a debate who should collect the money, and how it should be distributed.

music, many independent bands and musicians started to have loops and samples library for different instruments and melodies. So by using these loops and samples, and without being musically educated or with limited talent, new music could be produced pretty easily. Other problems are related to the lack of any financial remuneration for streaming and broadcasting their music – even though their music is broadcasted more on new online radio’s and streaming platforms, and they acknowledged how important these streams and broadcasts are playing a major role with IEM development, specially by the relative increase in their live concerts offers, but still they are aware of the issues they are facing. Finally, they emphasized that as a result of the political and socio-economic context, there is immature market size, the new technologies were not exploited well, and the environment did not motivate the development of the other major components of the independent music value chain, such as: record labels, management companies who can assist the independent music generating income from having their music at the different online platforms.

Tamer Abu Ghazaleh explained why online sales are very low to a degree that it is useless to consider it as a revenue streaming source to IEM: ***“although online music sales are increasing internationally and physical sales are decreasing, still in the Arabic world (relatively speaking) the situation is the opposite - since these online sales require a very developed internet infrastructure which still being developed in the Arab worl, and many of the Arabic countries including Egypt have low online purchase culture, especially using credit card, which is also immature enough, as a result of the economic context.”*** He concluded: ***”This is why most of our music that is sold online, is sold to audiences who is living in other continents, especially in Europe and USA. But the size of these sales is not big, because the major IEM audience and end users are the Arabs in their countries. So this is a big challenge in front of IEM and the industry in general on how to develop these sales and flourish this market.”***

Finally, IEM primary stakeholders mentioned other features of technological impact on them, such as: live concert depending on Facebook, the shift in the promotion budget from traditional media to online media. but also, many of them stated most of the independent musicians need more time to understand how to manage their online platform accounts by differentiating between promotion and spam from one side, and overestimating their online feedback on the other side.¹⁶

The IEM secondary stakeholders expressed the importance of the new technologies, which is helping artists and musicians, only if it is used correctly at the production level, and if the IPR was enforced at the distribution and broadcasting level. The author checked their use of the new technologies and found out that Alam Elfan which is very developed,¹⁷ SACERAU and the syndicate are offline, they do not have website, Facebook page and above all, their data base is very primitive using old paper filing system.

¹⁶For example, many artists are depending of their facebook/ YouTub likes from irrelevant audience or as a result of unorgnized promotion tactics.

¹⁷ Alma Elfan has 20 employee who are professional on Information Technology, a vey updated and developed website, an active facebook page, launched prepaid card for the online sales in 2000, two satellite music channels; Mezzika and Zoom, YouTube channel: Mezzika, developed many app's for their artists, and they have their own music shop with different subscriptions options.

Summary

Most of IEM primary stakeholders are aware of new technology benefits, especially at production and promotion levels, but they also emphasized the financial remuneration challenges that are facing them. Either directly through online sales or indirectly through increasing the live concert demand as a result of online promotion. The author observed that the IEM primary stakeholders have enough skills, creativity and knowledge to solve many of the technological negative impacts on their music business value chain, such as 100 copy label initiative - which has a business model based on reducing the fixed and variable costs by establishing an exchangeable and reciprocity relationship.¹⁸ Another observation by the author is that most of the famous independent bands are the ones who protectively use their online platforms and new technologies, since they are assisted by others, such as friends or relatives who are specialists in this field.

¹⁸ 100 copy has a recording, mixing, and editing room where all IEM can record their music with a very low cost or for free (if they do not have money) but in front of this service, they should make a service for the label at the same amount of value, such as: playing a concert for free at 100 copies.

4. Reflections from the Independent Norwegian Music to Independent Arabic Music

4.1 Prelude

This chapter is an output of an internship that the author performed at Kirkelig Kulturverksted - KKV from 1/2– 30/4/2013 as part of the master's study program. The internship was organized closely between the author with: KKV, Phonofile within the support and advice of the master program supervisor Professor Benidk Hofseth,

The internship aimed to improve the thesis informative and quality content and to gain a practical related experience to the field of digital music business, specifically on digital sales and online social media.

Thus, through this internship, the author developed this chapter which includes a suggested online marketing plan to KKV with a goal of increasing their online sales on both: streaming and downloading by 10%, and developing their online social media services.¹⁹

In addition to that, the author gained additional experience from the internship that can be reflected in developing a new business model for independent Arabic music (in addition to the IEM interviews feedback) with the name: Digital Arabic Repertoire and Network Aggregator – DARNA with a goal of empowering the economic foundation for the independent Arabic music – IAM through developing IAM online market and enhancing their network using the technological development and the flourishing digital market opportunities.

4.2 KKV Online Marketing Plan

KKV is considered as one of the main independent labels in Norway, and the author observed KKV team awareness and knowledge of the music industry changes in the digital era, and their concern and interest in developing new plans (especially online one) to cope with this change. But one of the main obstacles that is facing KKV is their limited financial and personal resources to follow up and implement a comprehensive online plan, and this is the problem with many other Norwegian independent label's and artist's, specially, with a lack of aggregator for the online marketing and the nature of many of these online tools that require to be done internally and not outsourced.

Phonofile is the largest aggregator for indie music in the Nordic region, and one of the most experienced players in the digital music market place today, is updating its members with many updated information, skills and kits that will help in developing their online sales and social performance. But for the mentioned obstacles that are facing KKV and other Norwegian

¹⁹Two other goals were achieved through this internship and added a lot to the author practical experience which will be very essential for his potential career in music business in Palestine and the Arabic world. First, as a result of the full support from KKV team to conduct this internship and the highly appreciated feedback and consultancy from phonofile team, the author practiced what it means to be a record label and an online music aggregator in a developed country like Norway. Secondly, the author gained an important administration and live concert management experience.

independent label's (limited financial and personal resources), make these service's efficiency unmeasured.

4.2.1 KKV Market

4.2.1.1 Target Market

All music lovers who prefer a high quality and provoking music. But analyzing the online market segmentation for KKV, the results show that KKV majority end users are Norwegian who are above 18 years old (figure 17), from both genders (figure 18) with a major online market share in Norway with 80.4% (figure 19). (56% males and 44% females, 80.4% for ages +18 years). The second geographic market is Sweden with 9.4% of the online sales. Most of online sales revenues are either through streaming (mainly in Spotify and Wimp) or downloading (through iTunes).

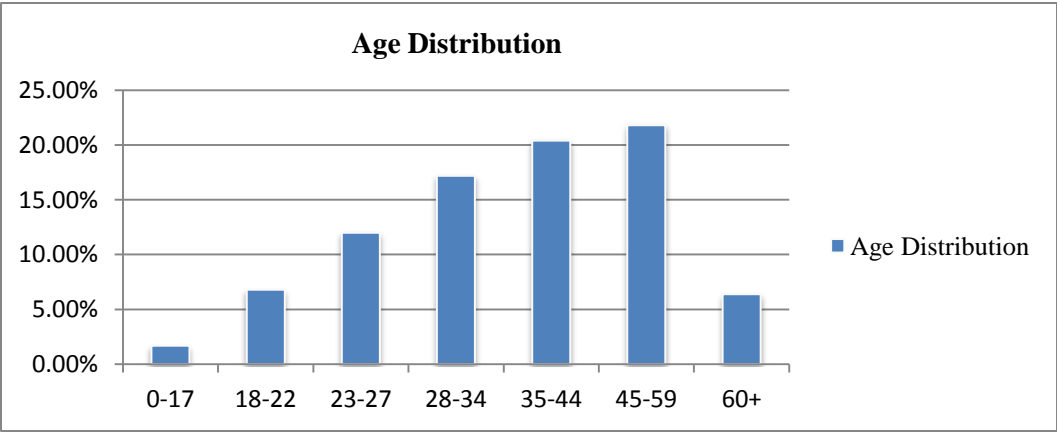


Figure 17: KKV Digital Sales Age Category Developed by the author based on Phonofile Analytics



Figure 18: KKV Digital Sales Gender Distribution. Developed by the author based on Phonofile Analytics

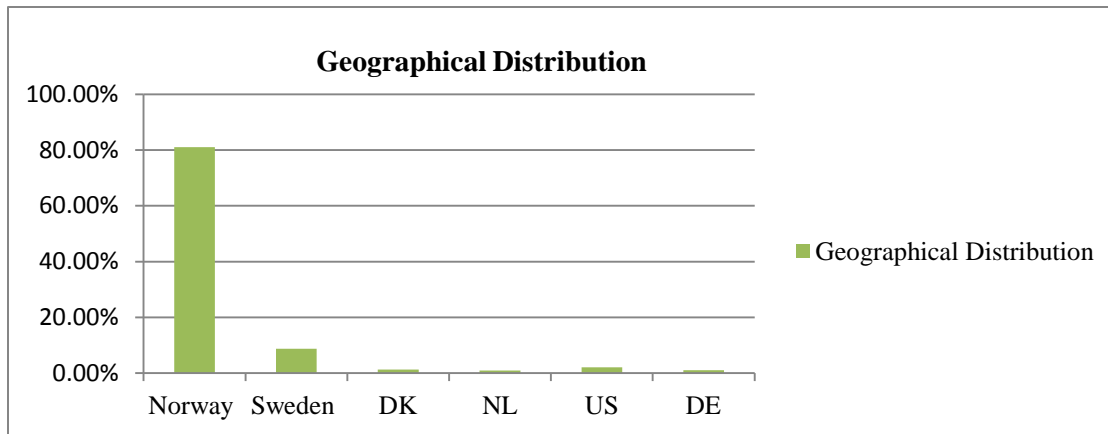


Figure 19: Figure 17: KKV Digital Sales Geographic Distribution. Developed by the author based on Phonofile Analytics.

4.2.1.2 KKV SWOT

1) KKV SWOT Analysis:



Figure 20: KKV SWOT Analysis developed by the author.

2) SWOT activities sheet:

SWOT weakness/threat	Activity to address weakness/threat	Activity completion date
High cost of Albums production	Not changeable, this is part of KKV vision.	
Low online promotion	Developing an online marketing plan which includes developing KKV social media activities for promoting platforms where KKV products are available.	All the Time starting from 15/8/2013
Collapse of the music sales as a result of the low revenues from the online music streaming channels.	Lobbying and networking with other independent music labels to find a good streaming business model.	1/6/2013
Not signing new young performing artists	Signing a Norwegian artist with potential growing market share	1/8/2013

Table 3: KKV SWOT Activities sheet developed by the author based on Internship Observation.

4.2.2 Products

KKV is the oldest Norwegian independent record label based on number of it releases which combine both Norwegian and international artists. It has unique selling proposition with its high quality releases, and its reputation is based on these releases' musicality (especially with gospel and Norwegian releases), sound quality, fine art design and packaging. KKV music releases prices are following the Norwegian and world music market prices.

4.2.2.1 KKV Product description and Price

Product/Service	Description	Price
Albums	Released by KKV for its artist who are Norwegian and international	Dist. 100- End User 180 NOK
	Digital releases: Download format	0.66/track - 0.99 End User
	Digital releases: Streaming format	0.09/streaming
Promoter	Live Concerts at Jacoub Church	Depending on the event
Management	Artist Management	% of services
Other Services	Design consultancy	Projects

Table 4: KKV Product Description and Price. Developed by the author based on Internship Observation.

What is significant here, that the Norwegian telecommunication companies are new entrants to the music industry, and they did so by launching their own streaming platforms to their end users, as it is mentioned in figure 21:

Norwegian Streaming Platforms and Owners

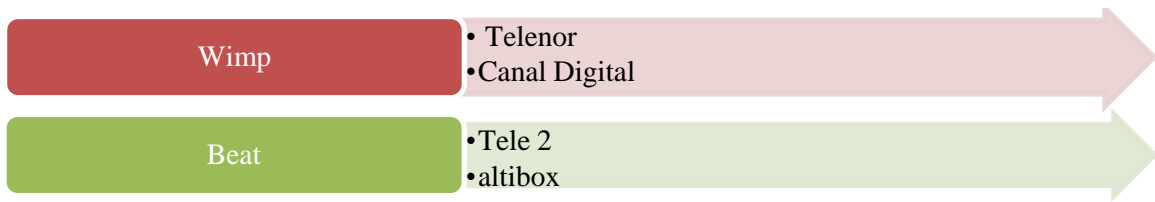


Figure 21: Norwegian Streaming Platforms Ownership. Developed by the author based on Wimp and Beat websites.

4.2.2.2 Products distributions channels

Channel type	Products/services	Percentage of sales (%)	Distribution strategy
Traditional Music Shops	Music CD's	60%	This strategy is changing by being not a major revenues source, but still a good percentage of KKV fans want to buy KKV releases on physical formats.
Online music sales platforms	Music digital files and CD's	30%	Need to be improved because it is the new way of using music.
Streaming	Digital	10%	This channel is risky with the current streaming business models since they offering label a very low payment on each streamed song. ROI is low using this method. But from other side it could help selling physical CD's, iTunes format and promoting live concerts.

Table 5: Production Distribution Channels. Developed by the author based on Internship Observation.

4.2.3 Environmental and industry analysis

As it is illustrated by figure 22 and 23, KKV online music sales are increasing on Norway and Scandinavian countries, but streaming is leading this increase while downloading has a tendency of stable sales:

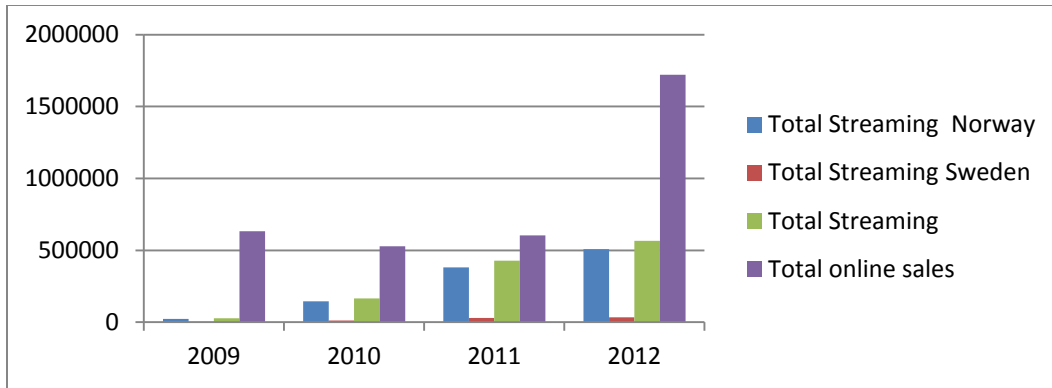


Figure 22: KKV online streaming sales. Developed by the author based on phonofile Analytics.

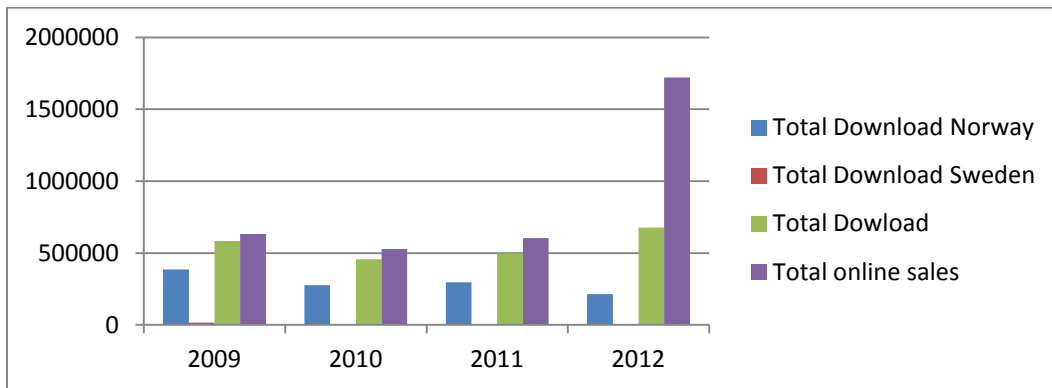


Figure 23: KKV online downloading sales. Developed by the author based on phonofile Analytics.

From the other side, this increase does not compensate the losses from the physical products sales, specially that streaming through Spotify, as a multinational streaming platform with a major share in Norway, is not generating enough revenues as a result of Spotify low remuneration for independent labels based on its streaming business model. In addition to that, KKV is facing a major competition from the multinational major label, such as Warner Music Group – WMG, with its strong live concert branch in Norway and huge budgets in promoting their Norwegian and international artists, specially their live concerts in Norway. This situation should motivate KKV to lead the Independence label’s to do lobbying and design strategies toward these threats, and create a strong solid network between them.

4.2.4 Marketing Action Plan

KKV target is achieving a remarkable growth at the end of 2013 on KKV online sales and social platforms friends, followers and subscribers. KKV is aware of the importance of the new media and should invest and allocate enough resources to sustain its business model. These goals could be achieved through the suggested online marketing plan logical framework table 11 followed by the estimated budget.

Before reviewing the logical framework, the author would like to mention that all the published reports and most of KKV team feedback showed the importance of the information revolution and online sales. Thus, the core of the suggested logical framework is the increased value of the end user management and customer relation management - CRM, therefore, KKV should

manage well its fan base by updating them with KKV new releases, news, artists news, interesting music articles, asking for their recommendation and suggestions for good playlist or album names, and many other dynamic two way - communication. In addition to that, KKV should focus on CRM through communicating with its audience and client/end user using tools and ways which suit their ages, habits or expectations. Finally, KKV should update all its information on any online medium and measure always its performance to adjust any communication tool plans.

Finally, what is important is to create a team to implement, supervise and coordinate all the details in the online marketing plan, and the suggested team is:

Job Title	Name	Responsibilities
General Manager	Erik Hillestad	Supervision and authorization
Online sales manager	Stian Moen	Implementation and following up
Financial Manager and physical sales.	Hege Marit Folkestad	Implementation and following up

Table 6: KKV online Marketing Team. Developed by the author based on the internship observation.

4.2.4.1 KKV Online Marketing Plan Logical Framework

To achieve the online marketing plan oriented goal, the author preferred to use the Logical Framework Approach (LFA) which is a management tool mainly used in the design, monitoring and evaluation of projects. The core of the LFA is the "temporal logic model" that runs through the matrix. This takes the form of a series of connected propositions:

- If these marketing activities are implemented, inputs and resources were invested, and all restrictions were avoided, then these marketing outputs will be delivered
- If these marketing expected outputs are delivered, indicators were developed and these assumptions hold, then these marketing expected outcomes will be achieved.
- If these marketing expected outcomes are achieved, and these assumptions hold, then this Goal (overall goal) will be achieved

KKV online Marketing Plan Logical Framework

15/8-31/12/2013



OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Goal: Developing KKV online sales and social media practices</p>	<ul style="list-style-type: none"> ➤ 10% Increase on KKV online sales at the end of 2013 ➤ 50% increase on KKV social pages and followers at the end of 2013 	<ul style="list-style-type: none"> ➤ Phonofile quarterly and yearly reports on the digital sales ➤ Online social media analytics 	<ul style="list-style-type: none"> ➤ KKV management will invest financially to achieve the plan goal
<p>Outcome 1: Developing KKV online social platforms</p>	<ul style="list-style-type: none"> ➤ 50% increase in all KKV online platforms followers, fans, visitor and users at the end of 2013 	<ul style="list-style-type: none"> ➤ Online social media analytics, such as Google and Facebook analytics 	<ul style="list-style-type: none"> ➤ KKV management priories this outcome by allocating enough resources to achieve it
<p>Output 1.1: Develop KKV website to more dynamic and easy use to the end user</p>	<ul style="list-style-type: none"> ➤ 50% increase on number of visitors to KKV website 	<ul style="list-style-type: none"> ➤ Google analytics 	<ul style="list-style-type: none"> ➤ Time and money investment approved
Activities	Inputs/resources	Costs & sources	Restrictions
<p>1.1.1 Adding more video features to KKV website and redesigning KKV artists information</p> <p>1.1.2 Optimizing KKV website on Google search starting from 15/8/2013</p>	<ul style="list-style-type: none"> ➤ Assisting Stian on his working hour's distribution ➤ Budget 	<ul style="list-style-type: none"> ➤ Stian Working hour's ➤ 200 NOK / Month. 	<ul style="list-style-type: none"> ➤ Shortage in Stian working hour's and no budget for the promotion

KKV online Marketing Plan Logical Framework

15/8-31/12/2013



OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Output 1.2: Develop the communication with KKV Facebook page fans	<ul style="list-style-type: none"> ➤ 50% increase on number of visitors to KKV Facebook page 	<ul style="list-style-type: none"> ➤ Facebook analytics 	<ul style="list-style-type: none"> ➤ Time and money investments approved
Activities:	Inputs/resources	Costs and Resources	Restrictions
1.2.1 Posting two messages a week: one with the weekly newsletter and one talking about a current events or any music information 1.2.2 Launching facebook page promotion in Norway and Sweden within KKV target end users. Starting from 15/8/2013	<ul style="list-style-type: none"> ➤ Assisting Stian on his working hour's distribution. ➤ Budget 	<ul style="list-style-type: none"> ➤ Stian Working hour's ➤ 200 NOK / Month 	<ul style="list-style-type: none"> ➤ Shortage in Stian working hour's and no budget for the promotion
Output 1.3 Developing KKV YouTube channel content	<ul style="list-style-type: none"> ➤ 50% increase on number of visitors to KKV YouTube channel 	<ul style="list-style-type: none"> ➤ Number of hits/likes or dislikes 	<ul style="list-style-type: none"> ➤ Time and money investment approved
Activities	Inputs/ Resources	Cost and Resources	Restrictions
1.3.1 Shooting or creating two videos a month, especially for KKV artists and events 1.3.2 Uploading it to KKV YouTube channel 1.3.3 Using the opportunity of new releases and KKV live concerts	<ul style="list-style-type: none"> ➤ For new releases to Norwegian artists, producing a low cost video clip with 5000 NOK budget ➤ Training one of the technical team to shot the live 	<ul style="list-style-type: none"> ➤ 5000 NOK / month ➤ Working hour for team members who can be part of this activity 	<ul style="list-style-type: none"> ➤ Producing visual content is expensive and need a strategic decision

KKV online Marketing Plan Logical Framework
15/8-31/12/2013



OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> concerts at Jacob church ➤ Documenting all recording sessions and creating movies for some songs using stills photos. 		
<p>Output 1.4 Developing KKV newsletter</p>	<ul style="list-style-type: none"> ➤ 50% increase on number of visitors to KKV newsletter 	<ul style="list-style-type: none"> ➤ Number of online subscribers 	<ul style="list-style-type: none"> ➤ Time and money investment approved
Activities	Inputs/resources	Costs & sources	Restrictions
<p>1.4.1 Release the newsletter on time once a week with nice design and active links</p> <p>1.4.2 Working with attractive designed template</p> <p>1.4.3 Promoting the online copy within KKV friends and using Facebook page and Google ad's</p>	<ul style="list-style-type: none"> ➤ Assisting Stian on his working hour's distribution ➤ Budget for Google ad's 	<ul style="list-style-type: none"> ➤ Stian Working hour's ➤ 200 NOK / Month 	<ul style="list-style-type: none"> ➤ Shortage in Stian working hour's and no budget for the promotion
<p>Outcome 2: Increase KKV online sales</p>	<ul style="list-style-type: none"> ➤ 10% increase on KKV online sales through different online platforms at the end of 2013 	<ul style="list-style-type: none"> ➤ Phonofile quarterly and yearly reports on the digital sales 	<ul style="list-style-type: none"> ➤ KKV management priorities this outcome by allocating enough resources to achieve it

KKV online Marketing Plan Logical Framework

15/8-31/12/2013



OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Output 2.1: Increasing the number of sales transactions on the new online music shop: Klick Track</p>	<ul style="list-style-type: none"> ➤ 10% an increase on KKV sales through Klick Track 	<ul style="list-style-type: none"> ➤ Phonofile reports on Klick tracks sales, and KKV internal tracking these sales 	<ul style="list-style-type: none"> ➤ Time and money investment approved
Activities	Inputs/resources	Costs & sources	Restrictions
<p>2.1.1 Promoting Klick track in all KKV social media by having always a link to the shop starting from 15/8/2013</p> <p>2.1.2 Offering special sales packages to KKV friends and fans, such as:</p> <ul style="list-style-type: none"> a) 20% discount on all purchases through Klick track b) Buying the flake format with the mentioned 20% discount through Klick track. And if the end user, bought the physical CD (includes Vinyl) additional 20% will be offered 	<ul style="list-style-type: none"> ➤ Coordinating with phonofile for how to reflect this offer on the pricing and purchase system ➤ Assisting Hege in finding time for all online physical products sales ➤ Financial decision about the discount 	<ul style="list-style-type: none"> ➤ KKV team Working hours 	<ul style="list-style-type: none"> ➤ Through Klick Track, KKV is saving the 20% for the end user, thus, this could motivate the discount decision
<p>Output 2.2 promoting: KKV music on the major streaming and download platforms</p>	<ul style="list-style-type: none"> ➤ 10% an increase in KKV streaming and downloading sales 	<ul style="list-style-type: none"> ➤ Phonofile quarterly and yearly reports on the digital sales 	<ul style="list-style-type: none"> ➤ Time and money investment approved

KKV online Marketing Plan Logical Framework
15/8-31/12/2013



OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Activities	Inputs/resources	Costs & sources	Restrictions
2.2.1 Create different playlists for the different streaming and download platforms, such as: a) Charismas playlist on Spotify, Wimp and iTunes b) Norwegian best music playlist with lossless format on Beat 2.2.2 Motivating KKV artists to share these playlists on their social platforms 2.2.3 Always showing all the streaming and download platform icons and links at KKV online platforms or paper printed publications	<ul style="list-style-type: none"> ➤ KKV team support Stian in preparing different playlists to different music genre, format and events 	<ul style="list-style-type: none"> ➤ KKV team Working hours 	<ul style="list-style-type: none"> ➤ KKV high quality music is essential in attracting end users through playlists

Table 7: KKV online Marketing plan Logical framework developed by the author based on difference observations, readings and researches.

4.2.4.2 Online Marketing Plan Estimated Budget in NOK

Activities	August	September	October	November	December	Total
Optimizing KKV website on Google search	200	200	200	200	200	1,000
Facebook page promotion in Norway & Sweden	200	200	200	200	200	1,000
Creating and shooting Video Clips	5,000	5,000	5,000	5,000	5,000	25,000
Promoting KKV newsletter	200	200	200	200	200	1,000
Total	<u>5,600</u>	<u>5,600</u>	<u>5,600</u>	<u>5,600</u>	<u>5,600</u>	<u>28,000</u>

Table 8: KKV online marketing plan budget. Developed by the author.

4.3 New Business Model for the Arabic Independent Music: Digital Arabic Repertoire and Network Aggregator – DARNA



4.3.1 What is DARNA²⁰?

Digital Arabic Repertoire and Network Aggregator “DARNA” (in Arabic it means: Our Home) is going to be a leading aggregator for Independent Arabic Music “IAM” which manages, organizes and increases the availability of its repertoires in digital markets and platforms, targeting both: distributing IAM music to all digital platforms (B2B) with a developed distribution channels through a partnership with Phonofile Norway.

Furthermore, DARNA is going to initiate the idea of networking among Arabic independent musicians through managing and organizing a yearly independent music meeting (like BY:Larm, MIDEM, WOMEX) in cooperation with an established and well known independent live concert promoter Cairo Jazz Club “CJC”.

Finally, DARNA will launch several workshops and training projects targeting IAM with coordination with all DARNA international and Arabic specialists, with support of local and international funders.

4.3.2 Business Model Background

The premises of this new business model is rooted at the thesis theoretical framework, starting with a fully agreement with W. Brain Arthur perspective toward technologies and what it requires to flourish, technologies has a context, domain and economies. To prove this any evident could be picked up from the garden, but one of the noticeable evidence is the huge disruption that happened to the major Arabic labels and Arabic music (and culture) industry as a result of the new disruptive technologies. Why this happened? Clayton M. Christensen in his book described the reasons, and he added that it happened specifically to what is considered as

²⁰ DARNA logo designed by Fares Mansour – Palestine

successful mega companies. These disruptive technologies caused a mega disruption for major Arabic label's, since these labels copied the developed western models in their businesses within a primitive and different context (no productive domains or real economies with the classical definition).

On the other hand, the internet and digitalization amplified the voice of the IAM and was not disruptive like what happened with majors, and this is for a major reason, that IAM does not have its own market and industry that can be disruptive. The opposite, the new disruptive technology helped the IAM to flourish by leaving the underground area. Another thing, as Chris Anderson explained, the digital era is creating a new market that requires a new ways of thinking and strategies, it is the long tail market where everything is available, but it needs to be aggregated, filtered, and to create its own business models to survive and grow.

Based on that, DARNA is emerging to assist in aggregating and networking the IAM repertoire through use of the new technology opportunities which will be reflected positively in both: music creators and users. This initiative was amended and developed by the positive and productive feedback from Independent Egyptian Music stakeholders when the author interviewed them as part of the thesis field work.

4.3.3 DARNA Description

DARNA will be registered as a non-profit company which gives DARNA the possibility to generate profit which will not be divided by the shareholders, but it will be allocated and reinvested on DARNA activities such as: promoting the repertoires, enhancing the online platforms and managing some artists. In addition to obtain funds and grants, as part of DARNA financial tactics. This income will be generated from music sales, networking projects, training and consultancy projects that are funded or sponsored.

- DARNA Vision: Number one online aggregator for the Arabic independent music.
- DARNA Mission: A self sustaining Arabic music business model that is focusing on the emerging digital market and the growing independent Arabic music through aggregating the online music distribution and managing the first IAM network, in addition to that, DARNA will offer all IAM stakeholders different trainings and consultancy programs.
- DARNA Philosophy: Based on Naom Chomsky thought about optimism and future: ***“Optimism is a strategy for making a better future. Because unless you believe that the future can be better, you are unlikely to step up and take responsibility for making it so.”*** (Chomsky, 2012), and based on John Wheeler thoughts about time: ***“Time is what prevents everything from happening At Once”*** (Wheeler, 1911-2008). DARNA emerge as a serious business model to empower the economic and cultural foundation for the Arabic music productions and markets, using the technological development and the flourishing digital market opportunities.

- **DARNA Objectives:** Besides aggregating the IAM repertoire digital sales, DARNA will offer different services and programs that focused on the online music distribution, promotion and sales, building capacities for the Artists and Indie. This will be achieved through training, consultancy projects and managing network between IAM. All these services will increase the effectiveness and efficiency of the Arabic music production; therefore, it will increase also IAM financial revenues.
- **DARNA Location:** The Main Office will be in Ramallah- Palestine and more offices and branches could be opened in the long run after evaluating the first three years Plans and goals.
- **DARNA Management:** DARNA will be run by two employees from its office in Ramallah, which includes the founder (CEO) and website developer/IT specialist, both will manage the IAM repertoires digital sales aggregation, reporting and fundraising. Other projects such as networking, training and consultancy will be run by DARNA with specialized employees who will be hired for these projects and have projects contracts.

4.3.4 Aggregating IAM Repertoire

Through an agreement with phonofile, DARNA will get benefits from phonofile developed data base and online sales system, specially tracking sales and reporting to the independent labels and musicians.

4.3.5 IAM Network

DARNA will launch, manage and organize the first network between IAM through yearly meeting that provides all IAM stakeholders a good platform for meetings, exchanging experiences, attending lectures and workshops, and attending concerts for independent bands from different Arabic countries.

DARNA will give a full sponsorship for one of the private Arabic companies to the yearly meeting with a very attractive promotion offers and packages.

4.3.6 Training and consultancy

This service will target mainly the independent labels, music organizations and musicians focusing on issues related to music businesse, such as: Online social platform management, online sales opportunities, branding, strategic planning.

4.3.7 DARNA funding tactics

DARNA will follow a mixed fundraising strategy that is targeting all potential local and international funders who can offer financial funds or exchangeable services, to support the yearly network meeting, trainings and consultancy projects.

4.3.8 DARNA Marketing Strategy

- Market Segmentation: DARNA will have a partnership agreement with a well known international digital music aggregator – Phonofile, to use their developed software and database that gives DARNA the authority to manage and control its aggregated repertoires sales and information, and thus supply its members with appropriate reports.

- Marketing Mix: contains:
 - 1) **Products (Services):** DARNA core service is digital distribution for the IAM repertoires; in addition to that, two concrete services will be offered by DARNA: managing and launching the IAM networking, and offering training and consultancy for IAM.
 - 2) **Pricing:** DARNA digital sales service which will be offered to IAM based on 50/50 percent for the net revenues. Networking service will be completely funded, but IAM participant will be offered a ticket of \$200 that includes accommodation. Finally, for training and consultancy projects, it will be dependent on IAM requests.
 - 3) **Promotion:** DARNA promotional strategy will be based on the word of mouth tactic which will be spread and manifested by DARNA on/off line social networks emphasizing its vision, mission, philosophy and transparency.
 - 4) **Distributional Strategy:** DARNA is a digital distributor for IAM repertoire.
 - 5) **Place:** Ramallah – Palestine.

- Social media strategy: Through the internship period at the Norwegian leading independent label KKV, and based on the field work interviews, the author founds that it is not enough for IAM to distribute their music digitally so they can generate income, as a result of the weak Arabic digital market and IAM marketing strategies. These reasons are making DARNA to priorities promoting the IAM repertoire through the different digital platform through developing DARNA online social platforms, efficiency and effectiveness, focusing on launching promotion on Facebook using IAM playlists on all download and streaming platforms.

4.3.9 DARNA SWOT Analysis

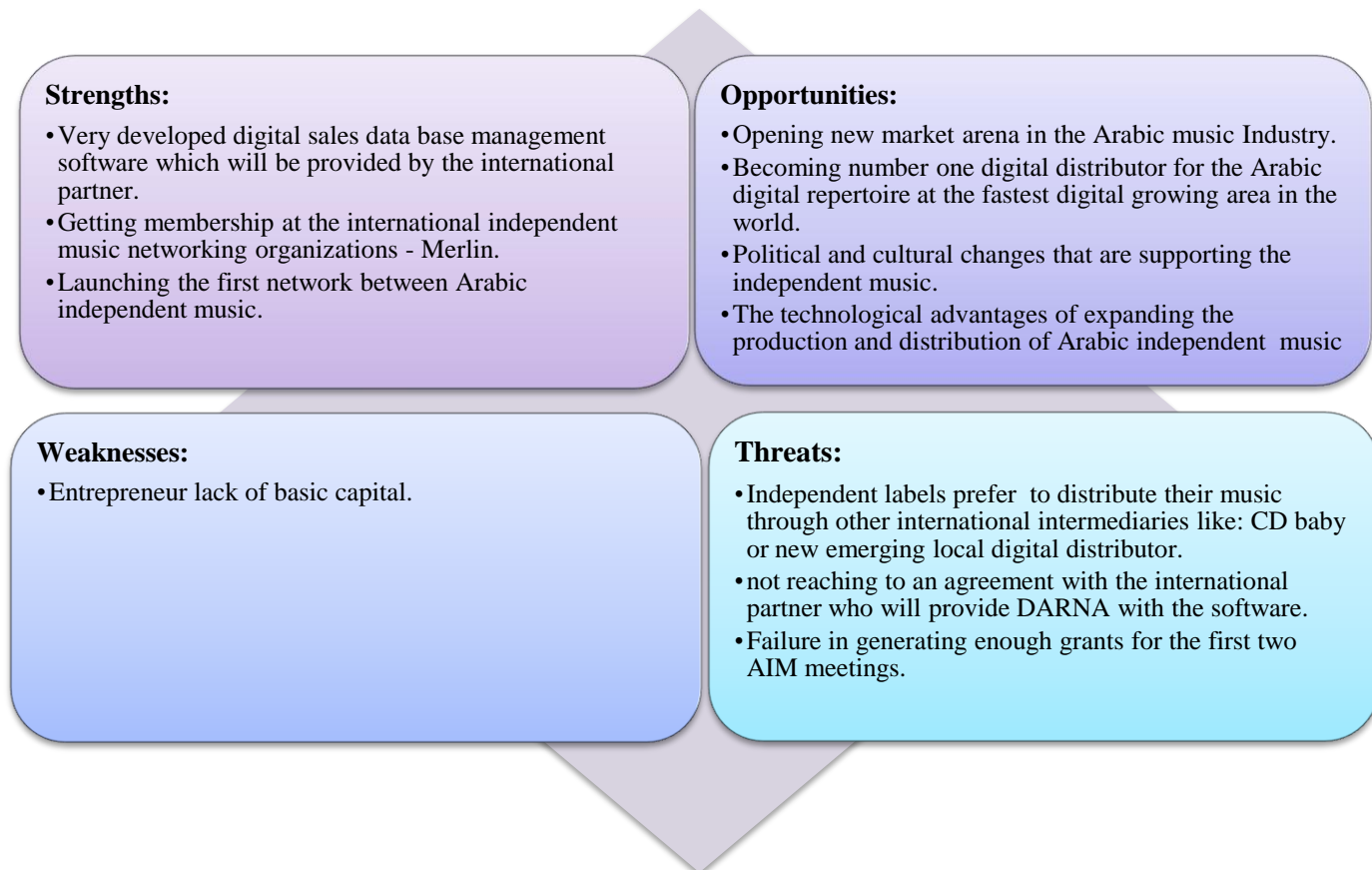


Figure 24: DARNA SWOT Analysis

4.3.10 Road Map

Initial Phase 2014	Establishment Phase 2015	Maturity Phase 2016
1) Constructing a dynamic and well designed website and social pages for DARNA: www.darnamusic.com . 2) Recruiting staff and office renting.	1) Promoting DARNA services and signing training and consultancy projects with different IAM stakeholders.	1) Through DARNA partnership with the European digital label, 5 new productions will be released.
3) Signing a partnership agreement with international digital music aggregator (Phonofile).	2) Organizing the first meeting for the IAM stakeholders and launching the IAM network.	2) Organizing the second IAM meeting.

4) Signing contracts with 50 independent Arabic label/artist to distribute their repertoires.	3) Signing contracts with another 50 independent Arabic label/artist to distribute their repertoires.	3) Signing contracts with another 50 independent Arabic label/artist to distribute their repertoires.
5) Fundraising the first and second IAM meeting where the network between IAM will be launched.	4) Receiving membership at Merline and signing a partnership agreement with European digital labels to support producing music for independent musicians.	4) Evaluation and adjustment.

Table 9: DARNA Road Map

4.2.11 DARNA Financial Plan

The following sections will outline important estimated financial assumptions and information for DARNA business model:

- **DARNA Membership Assumptions:** DARNA optimistic assumption that 50 contracts will be signed with IAM each year with a total of 150 contracts at the end of 2016. The pessimistic assumption that this number will not be more than 25 contracts each year with a total of 75 contracts at the end of 2016.
- **DARNA Music Sales:** DARNA sales revenues will be divided with IAM, based on 50/50 percent from the net revenues, with an expectation of \$10,000 sales starting in 2015 which will increase by 50% each year at the optimistic scenario. The pessimistic scenario is selling \$5,000 at the first year, with an increase of 25% each year.
- **DARNA network management, trainings and consultancy projects** should be funded completely.
- **DARNA Estimated Expenses:** DARNA expenses will be minimized; the set up expenses and two salaries that are covered by the digital sales revenues. The networking, consultancy and training projects expenses will be funded (including team’s salaries). The amounts of expenses are estimated numbers, with adding 10% on the amount of the optimistic expected expenses to have the amounts of the pessimistic expenses. Also the increasing in the expenses during the coming years based on the inflation rate were added, optimistically we assume that the inflation rate will be 2.5%, and pessimistically 5%.

- DARNA Breakeven Point: As it's illustrated in figure 25, DARNA will reach the breakeven point - when our revenues equal to our expenses - at the end of the second year, and positive revenues - as a result of different service revenues and grants - started at the beginning of the third year. Based on DARNA registration license, as non-profit company, all the gained additional revenues (profit) cannot be distributed between the owners, thus, will be invested at DARNA related activities and projects.

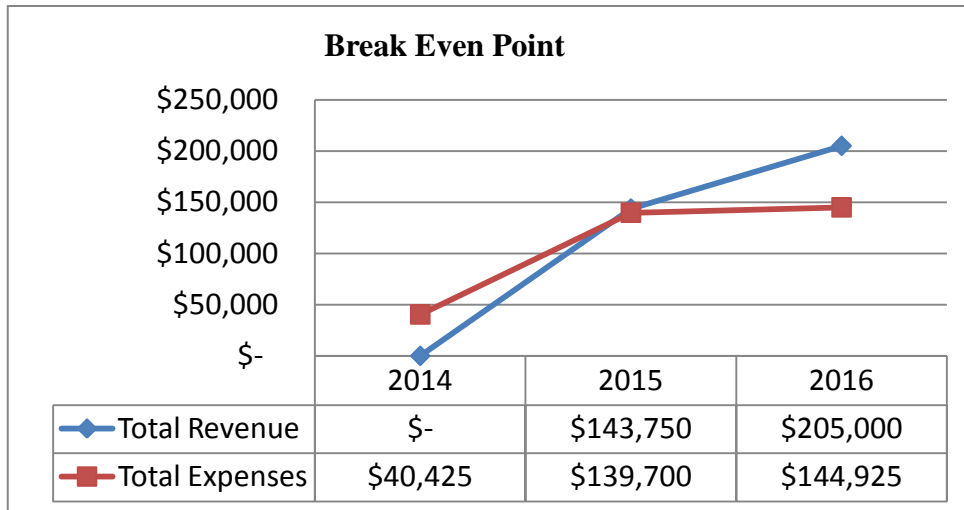


Figure 25: DARNA Break Even Point

- DARNA Estimated Income Statement 2014-2016: DARNA expenses will be divided in two parts: set up and two employees' salaries. Other expenses that are related to the network meeting, trainings and consultancy projects, will be fully supported through grants and funds, in addition to some fees collected from the participants.

Digital Arabic Repertoire and Network Aggregator Estimated Income Statement 2014-2016

	2014	2015	2016
Average Revenue			
Grants for Networking Meeting	\$-	\$125,000	\$175,000
DAR Music Sales	\$-	\$7,500	\$11,250
Yearly Meeting Members Participation Fees	\$-	\$7,500	\$15,000
DAR Training and Consultancy	\$-	\$3,750	\$3,750
Total Revenue	\$-	\$143,750	\$205,000
Average Expenses			
Salaries:			
General Manager (36 months)	\$9,000	\$24,000	\$24,000
IT and Website Developer	\$9,000	\$18,000	\$18,000

Legal contracts preparation	\$2,500	\$-	\$-
Network meeting Project management Team (3 project base contracts)	\$-	\$12,500	\$12,500
Network flight for participants living out of Egypt	\$-	\$22,500	\$22,500
Network meeting lecturers fees	\$-	\$12,500	\$12,500
Network Meeting accommodation cost (2 nights/3 days in Cairo)	\$-	\$17,500	\$17,500
Consultants and trainers fees and travel expenses	\$-	\$3,750	\$3,750
Equipment and Furniture	\$-	\$-	\$-
Rent & Utilities	\$4,000	\$4,000	\$4,000
Website registration and communication	\$3,000	\$3,000	\$3,000
Publicity (specially for the Network Meeting)	\$1,500	\$5,250	\$5,250
Promotion (specially for Network Meeting)	\$1,500	\$2,500	\$6,500
Phonofile 20% from digital music sales	\$-	\$1,500	\$2,250
Subtotal	\$36,750	\$127,000	\$131,750
Other (%10)	\$3,675	\$12,700	\$13,175
Total Expenses	<u>\$40,425</u>	<u>\$139,700</u>	<u>\$144,925</u>
Net Revenue (Deficit)	<u>\$(40,425)</u>	<u>\$4,050</u>	<u>\$60,075</u>

4.2.12 Exit Plan DAR

DARNA has a clear exit plan, which is based on the overall strategy. We will try to get hold of a large market share and establishing DARNA as a leading digital aggregator for the IAM, with enough internal revenues to cover the basic expenses. All DARNA projects beyond the aggregation should be funded and sponsored completely. But, if DARNA failed in signing enough number of IAM repertoire or the sales were much lower than what is expected, then DARNA have three options:

- If this happened at the initial phase 2014, then DARNA should adjust its plans, especially with promoting and marketing the initiative.
- If this happened at the establishment phase in 2015, specially being able to fundraise the networking meeting, DARNA team should do an in-depth evaluation how to adjust the fundraising strategy and project concept.
- If marketing and promoting DARNA (after adjustment) between the IAM stakeholders failed to sign enough artists and labels at the maturity phase 2016, then the business model should be frozen, contracts should be transferred to another local or international aggregator, or if artists and labels choose another distributor that all catalogues should be transferred to. All related expense and liabilities paid by the founders.

5. Conclusion

The author experience within the independent scene in Palestine which shares some similarities with the Egyptian independent music scene, made the decision of choosing the thesis subject, aim, questions, theoretical framework very relevant and correlated which was supported by the feedback and answers which were received from the fifteen IEM stakeholders whom were interviewed. In addition to that, and through the three month internship at Kirkelig Kulturverksted record label (KKV), focusing on social media and digital sales area, the author developed the following conclusions.

5.1 The Nature of the technological development in Egypt

“I realized that new technologies were not “inventions” that came from nowhere “ (Arthur, 2009, p.2), this is why it is a very idealistic to approach technology as if its creation is separated from its dialectical materialistic structure and context that was explained precisely by Arthur through emphasizing the major factor contained and embodied in all novel technologies that is built out overtime within a certain domain, this domain contain its special and owned rules of combination and ways of thinking, within certain economies, which is mirroring its technologies progress and novelty.

This nature of technology is undeveloped in Egypt than other developed countries, with an economy that was all the time suffering from injustice and inequality with a high class division represented by the 25% poverty living with EGP256/month per person (less than 37\$ equal to the price of two CD's in Oslo) EGP171.5 and 4.8% extreme poverty with EGP171.5/month per person (less than 25\$) and 13% of unemployment. In addition to many social realities that is opposing to the new technologies and digital uses such as the illiterate percentage which is 24% between Egyptian women and 12% between Egyptian men (World, 2013). All these economic and social example leads to unbalance technological development between Egypt and many other countries specially the developed world.

Peter Tschmuck agree with Arthur that the concept of innovation should include social, legal, organizational, aesthetic factors, rather than reducing it to just technological factors. *"Industrial culture" is merely not affected by technological changes but also by the changes of norms adhered to and values held by acting persons and differentiate between Invention and innovation, by explaining that innovation has occurred only after invention is successfully put in the market"* (Tschmuck, 2006, p.214).

Thus, we conclude, generally speaking, it is not true that technology is a real driving motor for economies, culture and society in Egypt, including music, but new technologies application, specially the online social platforms connected the unseen, undefined, unrecognized Egyptian population segment (mostly youth and middle class) to the world and gave them the opportunity to raise their voice. A noticeable part of this segment is the IEM which was rebirthed in a strong status with the entrant of the internet in 2000. Internet speed up the flourish of new IEM wave but this wave was more motivated by the new venues which were opened targeting them, and later, with the political change that opened for them new media coverage and live concerts opportunities, in and outside Egypt.

Thus, IEM should be biased to the real roots of music: people, place, interaction, creation and communication, all achieved from the live music experience. The same with internet and technology, nothing is *"opaque"* all is physical and made as a result of human being accumulated experiences and creativity. Andrew Blum defined and explained to us what is actually the internet means: *"In that case, the network that compose the internet could be imagined as existing in the three overlapping realms: logically, meaning the magical and (for most of us) opaque way the electronic signals travel; physically meaning the machines and wires those signals run through, and geographically, meaning the places those signals reach..... in fact, trying to see them the way I imagines the interstices of the physical and electronic worlds"* (Blum, 20112, p.20).

5.2 Innovators dilemma, disrupted the major Egyptian Music Industry

In the last 30 years the mainstream Egyptian music produced by the major label's overshoot the Egyptian and Arabic music market, shaped by producing one subject (mostly love songs) with similar rhythm mixed or influenced by few world popular music genre such as: Latino or western pop, depending on their unauthentic audience whom were consuming the music like any other products and after few weeks or days of using it, it is forgettable. These major's did not try to create tools and channels to different sub Arabic music genres to flourish, and thus, creating a diverse music library that can help them to sustain during the dramatic changes and disruptive technologies. The major's listening capabilities to their audience is similar to the dictatorship regimes listening capabilities, and almost their collapse was similar, and the consequences for this collapse was huge and full of chaos

The Arabic Major's (similar to the world major's) did not see (and listen) to the new technological development requirements (especially internet and digitalization) to recreate their framework, culture, way of investing. The opposite, they thought in the same traditional way, with ignorance sometime, and arrogance many times, and radical lobbying for maximizing the IPR legislation and fighting piracy most of the time.

"some cases the new technologies swept through quickly, others transition took decades" as Christensen is explaining, this is why the major's thought that new technologies could be controlled like the traditional market, and they were correct by this short term vision, since they controlled the market the whole decade from late 90's to early 21st century (before that there no disruptive technology flourished like the internet and digitalization). This disruption situation was accelerated by the development of the internet and other technological products such as mobiles (with the second and third mobiles generation), in parallel to that, the independent scene found new live (venues) and online channels, cheaper recording costs, and reached their peak success after 25th of January 2011 uprising, were the majors found that their last compensating revenue source, live scene and festivals, collapsed dramatically as a result of the political and economical situation.

Peter Jenner in his speech at WIPO conference in China told the audience: *"Coming, as I do, from the UK it is hard to make suggestions on these issues given our own failure to adequately*

deal with the copyright problems raised by the digital revolution. So let me start by saying that I hope you will tolerate my comments and think about doing what I say, not doing what my country has done on these issues”,²¹ in other words, the Arabic major label’s and market was disrupted by the new technologies more than their sisters in the developed countries because they did not understand the nature of the new technologies and they were all the time copying not creating, consuming not producing, imitating not inventing, and importing the developed countries models without investigating their context, and with a manner of repeating their mistakes in a very catastrophic and radical way.²²

5.3 Independent Egyptian Music should bump the long tail or it will be stuck

Bumping the long tail requires from IEM to flourish it is new business model that is organized and developed enough to be suitable for creating a sustainable creative industry and sustainable economic life for creators. Most of the IEM stakeholders whom were interviewed mentioned how it is important that these business models should focus on aggregating the IEM, networking, lobbying, promoting, and should help them developing a new value chain for IEM, that can promote their music productions.

In addition to that, this bumping requires from IEM to understand and study carefully what is the nature of the new technologies and online social media, and to be careful that this technology can be as Clay Shirky wrote: *“New technology makes new things possible: put another way, when new technology appears, previously impossible things start occurring. If enough of those impossible things are important and happen in a bundle, quickly, the change becomes a revolution* (Shirky, 2008, p. 107), or it could be ineffective and irrelevant for any kind of changing if it was not used and exploited carefully and professionally.

Finally, New technologies and especially new online social platform should be observed by the IEM as their amplifier, their channels which through them are reaching to their people and audience, but it will not be effective unless if it was linked to the following two principles:

- 1) Their music should be authentic music, ramifying them truly, speaking about the situation of the absent (the others) and about their own context issues linked to their culture. (Moor, 2002, p. 209-223, and Hand and Lindberg, 2010, p.465-485).
- 2) Technology and new social media can speed up their base but will not shape the future of the Egyptian music which needs more than technological revolution to do this radical change, Egypt and the Egyptian music needs a deeper economical, social, educational and political change and restructure to be affordable and realistic to observe how will be the Egyptian music and other field future (Brisson, 2011).

²¹ Peter Jenner: Unpublished speech: 16.11.2010

²² Most of the major contracts that they offer to their artists is exploiting the financial benefits of the recorded music forever. Mohsin Jaber – Alam Alfani

5.4 DARNA: Business model to bump the tail

The author is aware that the digital market in the Arabic world is still primitive and through the field work and the three months internship at KKV with the supervision of Phonofile, and within the designed theoretical framework, the author concluded that IEM and IAM, generally should not depend completely on the new technological development and the digital era culture with its applications, and they should know that this technology has many positive impacts on IEM, but the Arabic music is like nature, rooted in physical scene (live concerts) and influenced by human attitude. On the other hand, there is a need to initiate new projects that is supporting the IAM at this phase, to create new possible options in front of IMA to grow and produce its own organic, revolutionary, authentic and sustainable future.

DARNA project (in Arabic it means: Our Home) is not just about digital music sales, but is more about amplifying the IAM to the whole world and assist them to get their rights to reach a broad audience. DARNA approach is to start aggregating digital music sales as the first goal, but networking and exchanging relationship between all IAM stakeholders which could lead to more aesthetic and authentic music, live concerts and more sustainability, is the major goal.

Digital Arabic Repertoire and Network Aggregator “DARNA” is going to be a leading aggregator for independent Arabic music “IAM” by managing, organizing and increasing the availability of its repertoires in the digital markets and platforms and managing the first network between the IAM which will strengthen the discussion, researches and exchangeability between the IAM stakeholder.

6. Limitations and Future Studies

As mentioned before, the author found a lot of difficulties finding any published information, statistics or data on sales, revenues or employment within Egypt's music industry that is illustrating both the Arabic and Egyptian music industry in general, and more specifically the independent Egyptian music, especially that this secondary data could develop more accurate scientific research.

Another limitation is related to the current political dramatic events in Egypt and many other Arabic countries which is demotivating for many researchers to investigate subjects as a result of the political pressure, people priority, and lack of resources. But this thesis - beside Rizk and Frishkopf papers - could be considered as an initial references for further researches and studies that could be developed about the Arabic music.

In addition to these limitation, the author - thesis structure and conclusions could lead to a further argument and discussion about the different raised issues, specially the author assumption that the Arabic major labels were disrupted, by arguing that they are still their gaining huge revenues from the new satellite channels, mega popular songs - hits and talented armature contests.

Another point of argument that IEM (and thus the IAM) new wave is not structurally different from the major mainstream music, it is noticeable that most of the IAM and IEM are producing music that is influenced by the western rock, country, heavy metal, Latino and jazz genre, and both music section are imitating the west.

Adding to this point that although IAM/IEM song's lyrics are closer to the street and people issues, but the their audience segment is limited to the young audience (mostly middle class or upper middle class young audience) and the poor people or working class are very linked either to mainstream or classical Arabic repertoires.

The author is encouraging other scholars to investigate these issues and other related issues to the Arabic and Egyptian music, specifically, the live music scene, the end user behavior, what is the definition of the independent music, the role of the government and private sector in developing the Arabic music industry, music and politics and music and religion.

As an Arabic researcher it is a unique experience to investigate the Arabic music industry, the author was almost naked from most researchers weapons: references and secondary data (but who needs weapons), you just go to the battle with one and only one weapon, your believe!

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