

Views from the boundaries

Music streaming revisited

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MedieKultur 2021, 70, 32-49

Published by SMID | Society of Media researchers In Denmark | www.smid.dk

The online version of this text can be found open access at www.mediekultur.dk

Abstract

This article explores how Norwegian record label managers understand their current positions and future possibilities in a market that is increasingly driven by on-demand subscription-based streaming. It adds to a growing body of research by adopting a qualitative approach, seeking to describe issues at a personal or company level, and provide nuance and dynamics in a discourse that is often described in dichotomies and on aggregate levels. The article argues that stakeholders have more varied attitudes than simply being for or against the innovation, the new economic models and their effects on their own business, and the market in general. It also demonstrates that perceptions change as markets develop, and stakeholders and their businesses adjust. The article uses four in-depth interviews to assess a 2013 government-initiated project, and provides insights into differing positions and changes over time.

Keywords

Music streaming, digital disruption, music business, music industries, algorithms, playlists

Introduction

Digital advances have altered the ways and means of the production, distribution and consumption of cultural and creative content, providing a range of opportunities but at the same time engendering challenges and concerns, as expressed by creators and artists (Hesmondhalgh, 2020) as well as rights owners and producers (Nordgård, 2016), and audiences (Snickars, 2016; Bottomley, 2015). Music streaming has become the dominant format for accessing and listening to recorded music, and consequently the main economic driver of revenue from recorded music, as evident in the IFPI Global Music Report 2019¹. Initially, music streaming helped eliminate piracy by offering cheap (or free) user-friendly access to recorded music, altering consumer behaviour (Marshall, 2015, p. 184), and successfully converting illegal consumer behaviour to legal. In doing so, the streaming format spawned significant economic change, turning the dramatic economic decline in recorded music revenue, into a long-awaited increase (Tschmuck, 2017; Krueger, 2019a; Hesmondhalgh, 2020). It is difficult to overestimate the significance of this development. However, music streaming has also resulted in heated discussions over the economic fairness and sustainability of the models that dictate the streaming economy (see Hesmondhalgh, 2020 for a thorough and critical analysis of these discourses). It is a complex and somewhat contradictory debate, following that of digitalisation in general and particularly evident in the music business and on-demand music streaming. It is also a debate that is largely determined by the stakeholder, artist, sector, or level of the music industry that is being considered, as well as which market. There are differences in how far different markets have come in adopting music streaming as the main format for accessing recorded music, and so the stakeholders and market under consideration may affect the research and ensuing discussions. The same is true of time. These are developing markets and businesses, and perceptions of issues such as fairness and sustainability may change as things progress and markets mature.

Norway was among the very first markets to adopt on-demand subscription-based streaming, and long ago embraced the format as the default way of listening to recorded music (Eidsvold-Tøien et al., 2019). Consequently, Norway experienced early intense and difficult debates over economic sustainability and cultural plurality in the new streaming economy (Nordgård, 2016). An early initiative commissioned by the Norwegian Ministry of Culture in 2013 (Nordgård, 2013) addressed issues surrounding the music streaming format and economic developments in order to establish what the streaming economy really looked like and how it affected different stakeholders in the Norwegian recorded music market (Nordgård, 2013, 2016). These issues will be described in more detail below. Two important developments were revealed: that the recorded music economy was improving overall, but also that Norwegian musicians, artists and rights-holders seemed to constitute a diminishing share of the domestic market. Both developments were

1 <https://www.ifpi.org/resources/>

ascribed to the economic models that music streaming built upon. A growing body of work has emerged since then, offering a richer understanding of the economic models of streaming (Maasø, 2014; Pedersen, 2014; Muikku, 2017), the shape and internal workings of Spotify (Eriksson et al., 2019), the effects of playlists (Hagen, 2015; Kiberg, 2020; Morgan, 2020) and the gatekeeping functions of streaming platforms (Bonini & Gandini, 2019), to name a few, however, much is still unclear regarding how the streaming economy affects music companies, label managers and their strategies.

This article adds to a growing body of research by adopting a qualitative approach, seeking to describe issues at a personal, management- or company level in order to shed light on what music business managers see as their current position and future possibilities. The article seeks to explain why there are conflicting perceptions and narratives about what this digital format means for their respective businesses, and why perceptions may change over time. It does so by returning to the government initiative in 2013, and by conducting a new series of four in-depth interviews with record-label representatives who were also part of the committee established in 2013. Interviewing music managers who were members of this committee means that the article can not only demonstrate the differing perceptions and positions of music streaming, but also whether and how these perceptions may change over time, as markets develop and businesses adjust.

Based on the four interviews, this article presents and discusses four distinct narratives from the recorded music industry, regarding how music streaming has affected the business of record labels in Norway. The four narratives align well on some issues, while conflicting on others, suggesting that the effects of music streaming differ significantly, and that this relies on factors within the record labels as much as those within the streaming services.

Scandinavian frontrunners

The Scandinavian markets were quick to adopt the streaming format, and Norway and Sweden were frontrunners in on-demand music streaming, both when it comes to audience adoption of the format, as well as being the birthplace of dominant on-demand, subscription-based streaming platforms, such as Spotify (Sweden) and TIDAL/WIMP (Norway). Coinciding with the growth of streaming there has been a significant economic rise in the recorded music market in Norway, suggesting that streaming is the cause of the economic resurrection of recorded music, however, in parallel with this there has been debate about economic and creative sustainability for stakeholders other than the three major record companies (Eidsvold-Tøien et al., 2019; Nordgård, 2016, 2017). The concerns have primarily been economic – and have primarily been among independent labels, composers and artists, who argue that digitalisation favours massive volumes of streams and superstars (much in line with Krueger, 2019a, 2019b) over creativity, breadth and plurality (Kiberg, 2020). In other words, public debate in Norway following the adoption of

streaming has been concerned for the sustainability of music creators and music companies whose business models rely less on volume and more on identity and genre-specific musical qualities.

Much of the public and scholarly debate concerning music streaming has been focused on economics, and more specific, on price and scale – on the fractions being paid per stream, and the scale needed to make music projects economically viable. The streaming economy represents a fundamental economic shift from traditional purchase and consumption to access and rent, and it has been argued that many of the complaints and frustrations simply stem from confusion/misunderstanding about these changes (Marshall, 2015, p. 181). It has been argued that despite smaller payments, the overall economics will eventually amount to the same (Sinnreich, 2016). However, although long-term economic income from the new streaming economy may eventually provide a sustainable income, we do not know how long it will take to reach former economic levels, nor the level of investment (such as marketing) needed in the streaming of a particular track, album or catalogue to maintain a certain level of income. It also seems to leave artists and smaller record labels with a dilemma regarding investment and recoupment. If it takes longer to recoup investments, then it becomes all the more important to have cash reserves – a situation that once again puts the larger record companies in a stronger position (Marshall, 2015: 183). It may also create a difficult economic dilemma for smaller actors in the music industries – the nature of revenue streams from streaming leaves them in a vulnerable and difficult economic situation (Eidsvold-Tøien et al., 2019).

Norwegian stakeholders were early in questioning the economic models in music streaming. Initially, these debates seemed like local Norwegian issues, fuelled by market-specific features such as size, language and culture, however as more markets have adopted streaming as the default format for recorded music, similar debates and concerns have echoed elsewhere (Bottomley, 2015; Krueger, 2019; Marshall, 2015; Rogers, 2013; Snickars, 2016), suggesting that the Norwegian debate represents more general tendencies and more general issues, albeit a little earlier than other markets. It also means that developments and accompanying debates in Norway and the Scandinavian markets should be of more general interest, as they may represent more general issues with streaming, and may predict future developments and future challenges for other, bigger markets. They may even suggest potential solutions or actions to help improve current models and systems.

Norwegian initiatives and the focus on local share

In 2013 the Norwegian Ministry of Culture commissioned an initiative aiming to determine what the streaming economy really looked like, and how it affected different stakeholders in the Norwegian recorded music market (Nordgård, 2013, 2016). Although on-demand subscription-based streaming had been around for quite a while, there was significant uncertainty among central stakeholders and policymakers about what the streaming

economy looked like, and the effects on Norwegian stakeholders. In particular, the initiative set out to examine the economic effect of music streaming on Norwegian music and its repertoire, as opposed to the Anglo-American repertoire and international hits. The concern among local stakeholders and policymakers was that streaming led to a more UK- and US-dominated market at the expense of Norwegian local music. The project was meant to provide more accurate knowledge about the anatomy of the streaming economy at a time when research and knowledge on this part of the recorded music economy was sparse. Beyond demonstrating considerable disagreement between some stakeholders, and in particular between the artists' and musicians' unions, Gramart and MFO (now Cre), and the IFPI, on issues such as record contracts and the legal position of streaming, the committee was able to establish two particular and important developments.

First of all, the report suggested that music streaming had turned around a decade-long economic decline in recorded music revenue, starting in 2012 with a 7 pct. increase (Nordgård, 2016, p. 176). This development has continued, comprising seven successive years of growth, with a 1.9 pct. increase in 2018². The other development described in the report was a fall in the local Norwegian share of its own market. In fact, data provided to the committee suggested a significant shift in revenue-distribution at the expense of Norwegian artists – the local Norwegian share seemed to fall significantly, with initial numbers indicating a decrease from 25-30 pct. to 10-12 pct. (Nordgård, 2013, 2016). These figures have since been debated and questioned as other figures have emerged, and more research has taken place into these same issues in other markets (Maasø, 2014; Pedersen, 2014; Muikku, 2017).

Nevertheless, in 2013, the main objective of examining a variable such as the share that Norwegian actors have in their own domestic market was to create a comparison with the Anglo-American repertoire of international hits, and to be able to assess any development in either direction. The objective was not really to establish a discourse around nationality and “national music”, but rather to investigate the economic sustainability of Norwegian/national stakeholders such as musicians, composers, artists and labels, by demonstrating a change in the domestic market and consequently in domestic revenue streams, especially, since the dialogues and interviews in 2013 revealed significant concerns about the economics of streaming and particularly among smaller stakeholders (independent and genre-specific labels and artists). This proved somewhat difficult, however, with various definitions of what constitutes “Norwegian music” (language, performers, rights-owners, nationality, tax-base, etc.?) and depending on the data that was used (for example data from the IFPI versus data from TONO – the authors' and composers' collecting society). It was also difficult to verify figures beyond the statements and public figures provided to the committee (Nordgård, 2013). Perhaps more importantly, these figures may have also become somewhat political in terms of their use in assessing the

2 <http://www.ifpi.no/statistikk/169-norske-totalmarkedet-2018>

economic sustainability of the streaming format. This latter issue is also being examined by Marshall (2015, pp. 177-178).

Today, it seems that looking solely at the local share of a market may miss important factors, and it may not be an accurate or very useful determinant of diversity and plurality. It says something about aggregate levels and the share of Norwegian rights-owners, but very little about the internal division of listening and how different artists, genres and expressions are performing. It may even prove contradictory as an explanatory variable, as a few successful titles, or even one, can have a disproportionate effect on statistics. It thus makes sense to reconsider the original Norwegian findings, in order to update original concepts, but also to expand debate with additional perspectives.

Methods and data

This article deploys a qualitative research design, aiming to provide new insights into *how* music streaming affects different stakeholders and *why* they seem to experience the current changes in different ways. The objectives are open and explorative, seeking to unveil the complexity of streaming and focusing on personal experiences, considerations and valuation. The data builds on Kvale's (1996) methods for interviewing as research, and consists of four semi-structured in-depth interviews with Norwegian record-label representatives during the summer of 2019. The interviews were conducted through Skype, and were 45 to 60 minutes long. The four interviewees were strategically picked, based on the companies and organisations in the 2013 Norwegian Government Committee, representing both the major record companies (n:1) and the independent labels (n:3) and also, representing different types of companies with differing strategies for streaming. They all held executive positions. Two of the independent labels were genre-focused as well as format-focused, representing two extreme cases with very different experiences and developments. The other two have a more "commercial", non-genre based market approach. The four interviewees have features that can be said to represent *types* of labels and so the data should be representative of record companies generally.

All interviews were recorded, transcribed and coded. A dynamic but structured approach was used to analyse the qualitative data (Miles & Huberman, 1994) which built on Wolcott's (1994) three phases for analysing qualitative data: *description*, *analysis* and *interpretation*. The ambition was to systematically organise and structure the data, and to present concepts or narratives that can help better understand the complexities in music streaming. These narratives will be presented and discussed below.

Findings

An important and more general finding from the four interviews is that opinions and attitudes towards streaming seem more nuanced within the group as a whole. In 2013,

and in many of the debates that followed, central stakeholders seemed divided on major issues, such as the division of revenues and the economic models on which the streaming services build, or how to interpret data. These divisions seemed to follow specific categories (big multinational record companies versus smaller independent record companies) or positions in the value chain (composer or artist versus record company). According to the four interviews, it seems that despite still taking different positions and having different opinions on streaming, the divisions seem more nuanced today, perhaps reflecting a less black and white reality.

I present four issues below that might shed light on streaming and how it affects the recorded music industry and its different stakeholders.

Digital enthusiasm and analogue nostalgia

An interesting and very distinct voice among the four interviewees belonged to the managing director of a small independent record label that had been in business for almost two decades. The record company is genre-focused, catering for a distinct audience and retaining the physical format of vinyl. The company distributes vinyl internationally, and the label's artists have an international audience. He explained that while he was somewhat sceptical about the economics of streaming to start with, he had been enthusiastic about streaming for quite a while. This enthusiasm does not really represent optimism about the streaming economy, however, but rather streaming as a means to reach an international audience. More specifically, the label representative argued that while there is little money to be made from streaming, his income from vinyl sales is dependent on the reach of streaming. He says that streaming is an excellent tool for the spread and discovery of music. He noted how much he liked the way that Spotify can provide young people with music that he himself discovered and worked with decades ago, and how all of a sudden he saw these artists appearing on the playlists of his teenage children. This, he argues, would never have happened in the age of the CD; when music was out, it was out. When songs appear in different settings today, such as commercials or films, and since accessing them is so easy, they can experience a significant revival, gain streams, and perhaps even start selling in a vinyl format again.

The independent record label representative enthusiastically advocated the digital format throughout the interview, while emphasising that his business runs primarily on vinyl. Streaming was seen as a critical means of reaching fans and then selling them vinyl records, with the streaming format a loss-leader for the vinyl format. Although he was not making much money directly from streaming, he was optimistic about the future of music and streaming, and he nonetheless runs a small, but successful company by catering to an international audience and building on a highly diverse set of income streams.

I don't really remember how things were, but I surrendered pretty quickly, thinking that you really can't control these things. It has come to stay, and you can't reverse it, anyway. I

was one of the first on Spotify in Norway, when there were only two people working there. They gave me accounts to share and I remember giving it to a journalist in Dagsavisen, saying that 'this is the future'. (...) I think I just capitulated pretty early, thinking that you can't fight against this. And then eventually, I realised it's had a big impact on the way I run my business. Because now, all of a sudden, physical has become meaningful again. For me, the irony is that because of Spotify, vinyl is back! I mean, at the time Spotify came around, releasing vinyl was unheard of! It was impossible for me to release on vinyl and as a record label – an old-school record label – you feel like unless you release stuff on vinyl, you don't really release it.

The manager explained that while the income from streaming is meagre, he sees the future as bright. In fact, he expected recorded music to enter a new golden era. In his case this stems from having a product to offer, and being flexible. He believed their success with streaming resulted from being a modern company, and not necessarily from being smart, but from being forced from the very beginning to be flexible regarding the company's organisation (he has a few people working in Norway, but several people are project-based and work regularly, all over the world) and its spread (working with a niche product means they were forced to build a broad set of small markets globally). Although they are not in the business of creating superstars, the concept described by the label manager very much echoes Krueger's two determinants of creating superstars; *scale* and *uniqueness* (Krueger, 2019, p. 81). Spotify provides a digital scale, and uniqueness is provided through the artists, repertoire and format (vinyl). I will return to this below.

Flexibility and conservatism

The above enthusiasm for streaming was not shared by the manager of a second independent record company. This was also a genre-specific label and had operated for more than four decades. Although they have a limited international market they must be considered to work primarily with Norwegian artists, primarily for a Norwegian audience. The manager explained that a positive feature of streaming, such as Spotify or YouTube, is that it provides a spread and reach that his company did not have before, which supports some of the views described above. The company he runs has international releases and he sees that they reach far more listeners than ever before. The problem, he believed, is that streaming does not pay much. The label manager expressed strong concerns about the streaming economy during the interview, as the label had done in 2013, in the government committee. He believes the situation has only worsened from their perspective. They are experiencing a worsening financial situation, based on a diminishing per-stream-value that according to the label manager have decreased from 0.7-0.8 cents per stream to 0.5. Although the number of overall streams are increasing, the label's income is not. The label director attributes this to the pro-rata economic model that the streaming model rests upon (Maasø, 2014; Pedersen, 2014; Nordgård, 2016; Muikku, 2017), but also that they do not release much "streaming-friendly" music. He explained that it was a challenge for them to release 10-12 records per year, or about 120 songs, where one or two

songs from this may be “streaming-friendly”. In 2018, he said, only one song was “streaming friendly”. He explained that in the CD era half their releases would make a profit, providing much better economic stability for the company.

In response to the diminishing income from streaming, the label introduced a release window for physical products. New releases were not made available on streaming platforms until three years after release when they considered physical sales to have exhausted. Such a model is not unlike that used in the film industry and the traditional windowing for cinemas, although a three-year window is significantly longer than is usual in this sector. The three-year release window strategy was counter to the ambitions and strategies of the artists the company worked with, however, who wanted their music to be widely available so they could promote their concerts and tours. This of course made it much more complicated, not least as the company depend on their artists to tour in order to promote the recorded music. He explained that three things were today required for a release: 1) public funding, 2) a touring artist, and 3) coverage in the traditional media. When talking about the importance of coverage in the traditional media, he made an interesting point explaining that: *“A news article could result in quite a lot of attention, which leads to streaming and which may lead to concerts and then record sales”* (Label manager of independent record company).

There are some important points to be made from the above case, namely the importance of public funding and that music streaming is a means and not an end to business – record sales are. The order of the “release plan” is also interesting, as it is very much the old model where touring functioned to promote records.

Optimism and ambiguity

The third representative from an independent record label runs an independent record label himself, and represents a larger entity of several independent record companies. The record label started three decades ago and is not genre specific. The managing director has long been a vocal critic of the economic models in streaming, both the pro-rata model, but also the way music “consumption” is counted³. Today, he is less assertive. In 2013, he was negative about the new streaming economy, and warned against its consequences on smaller Norwegian music companies. Today he is much more balanced in his view, recognising that streaming per se, does not threaten Norwegian music, although it does pose a significant challenge for some, relating to genre and music that is not particularly “streaming-friendly”. Some of his optimism stems from old catalogues being revived and experiencing a second round of discovery, and supporting the enthusiasm of the first independent label manager.

3 Today, a stream is counted after 30 seconds and only once. Some argue that a fairer model would involve counting based on the minutes listened. This would be in line with the way music on the radio is counted and remunerated.

There are challenges, however. The manager believed that there was really no point in talking about long tail economics, but that short tail economics must be considered:

It's getting harder. In streaming, we talk a lot about the long tail, but you could just as well talk about the short tail. Because, when you release a song nowadays, you try to have the editorial people place it high up somewhere. And if the audience skips the song, if it has a long intro and people start skipping, it goes out of the list. And then that track is dead. That's what I call a short tail. And most tracks from Norwegian artists have short tails. The record label could do an excellent job getting it into playlists and then it just gets dropped. And the pessimist in me thinks that they will never return. The songs are dead. Forever. And it's complicated to work with, to invest in new releases and new artists when they end up dead before you even get started.

Referring to Chris Anderson's much-quoted theory of the long tail (2006), the label manager argues that there is really no long tail for the vast majority of songs. His point is not necessarily to argue that digitalisation cannot create a long tail of non-hit items, but rather to emphasise that the lifespan of the majority of releases is short, and perhaps more importantly, that success is dependent on factors outside their control, making investments in new artists and new releases riskier and more unpredictable. This illustrates the frustrations echoed among most of the interviewees about not knowing the determinants of success – who the gatekeepers are and how they work.

Control and access: playlists and algorithms

Two particular issues were referred to and discussed in the interviews: (1) access to playlists, and (2) the role of algorithms. Obviously, these issues are connected; playlists have a central role in how we discover and listen to music (Bonini & Gandini, 2019; Hagen, 2015; Kjus, 2016), and algorithms increasingly determine the performance of a song (Morgan, 2020; Prey, 2020; Prey et al., 2020). The two forces affect one another, and both issues affect plurality and diversity.

There are 108 editors in the Spotify system, they have their own, and this I have from the head of independent labels in Spotify. They have gospel- and country editors in Nashville, they have people in LA, they have people in Norway. But, there's a transformation happening right now, where they're not allowed to have direct contact with me. I mean, I'm not allowed to pitch songs to them, I have to pitch it into their systems, where you have to fill out all these forms about release-plans, marketing plans, etc. (...) These bigger companies, they have meetings with Spotify, like Playground or the Orchard. And they present their projects for Christmas, or the summer. I mean, you can write this, but this is not from me: they are the real gatekeepers. Your distributors; they are the gatekeepers! So, if they release 800 tracks on Friday, they are only allowed to present five prioritised songs. And then they have a list of an additional 15 songs that are almost "up there". And if you're not on either of these lists, Spotify doesn't listen at all. (Interview, independent label representative)

Controlling playlists means controlling access, and although digitalisation allows for an unlimited amount of music to be available, this does not mean that people will find it and listen to it. Playlists have become central in navigating a digital musical landscape – some playlists more than others – and central to the strategy of streaming services like Spotify (Prey et al., 2020, p. 8). As several scholars have demonstrated (such as Eriksson et al., 2019), there was a shift in Spotify around 2015, when the platform became more of a producer of experiences and services through their playlists, and hence had more control over the design and position of playlists. There is thus an increased interest in the systems, structures and motives behind the curatorial features (human and algorithmic) of streaming services (Bonini & Gandini, 2019). Playlist-curators and algorithms seem to be the new gatekeepers in a more technology-dependent music industry through an “algor-torial power” that sets the listening agenda of global music consumers. Bonini and Galdini argue that this is a shift in power.

This notion of a shift in power is evident in many of the interviews, and foremost through examples of how it has become more difficult to reach the limited number of editors determining the content of the most important playlists, but also in concerns about how algorithms work and how these are increasingly influencing how music performs.

I believe the position and role of the editors is disappearing. At least that's what I hear. What I hear is that we are more and more moving into artificial intelligence and algorithms, with regard to the audience out there. And that makes it even harder for them. I mean, in one way, it makes it easier for people to find things that resemble what they already listen to, but more difficult to discover new music. And more difficult for us. (Interview, independent label representative)

These issues are being mentioned as problematic by others too, but there is also an interesting notion with regards to algorithms and the length of the songs, made by an independent label that sells vinyl globally; the fact that skip-rates can have a devastating effect on certain genres. He gives an example of a recent single-release he had with an international artist (3.2 m monthly listeners and 700,000 followers), which ended up dead just as it started:

You thought you'd figured it out, that you now know how to break artists online, like the majors. But it changes all the time. And it's really depressing, because the algorithms on the computers control everything. And you just kind of give up. So, I released this track with (Artist A) together with (Artist B). And (Artist A) got really involved with the release and stepped up at Spotify Headquarters and talked to them all. They all got really excited and I got a marketing plan and much enthusiasm from Spotify. But this was a long disco track and we had to make an edit of it. But you couldn't make an edit that captured the essence of all ten minutes. And during the first two days there were like 4-500,000 streams. And I was like, wow! so this is what it looks like when things are in the millions! And then it just stopped. The

algorithms just stopped it, they weren't interested. The people at Spotify loved the track and did what they could, but the algorithms kicked out the song because it was too long. It was too long and then they skipped and when they skipped, it all just stopped. And that's really depressing, because you have a great artist, but people don't have, they don't have patience.
(Interview, independent label representative)

The above quote was from the independent label that specialises in vinyl, and so his frustration may not be directly based on revenues from Spotify, but more on the spread and promotion of his releases. As he emphasised in an earlier quote, he sees music streaming as a significant tool for reaching out to global audiences and later to sell them vinyl. His example, however, would be just as valid regardless of whether your economic model is based directly on music streams, or indirectly on record sales. More important is perhaps the frustration he communicates about sudden changes and not understanding why the track can go from performing well, to being cold and dead. These concerns differ from merely economic ones, and are more related to unclear procedures and uncertainty about the gatekeeping processes in the streaming market. Morgan (2020), for example, had similar findings. When interviewing artists and managers on playlist-pitching through Spotify, Morgan describes the interviewees as “unsure and uninformed about how Spotify decides to move or drop recordings within the playlist ecosystem” (Morgan, 2020, p. 8). The music business has always involved gatekeepers, whether the artist and repertoire (A&R) in the record labels, radio stations, booking agents or music critics. There is nothing significantly different in this, however, there is a change in perception among label managers that the current gatekeepers differ from the old traditional gatekeepers as regards accessibility. This resonates with Prey (2020), who reported interviews with industry veterans describing today’s relationship between the streaming services and the record labels as formal and opaque – compared to previously.

Local shares and a Nordic window

Although the local share of domestic markets may be a less central variable through which to assess and discuss the sustainability of the music streaming economy, it was still addressed and discussed by some of the interviewees. A person representing a consortium of the major labels agreed that the Norwegian music industry should focus on the local share of the market and that the major labels also work hard to increase the Norwegian market-share, but she also problematises what we mean by the term “local share”. She argued that much of the debate around the local share of the Norwegian market has been about whether it’s Norwegian, rather than *what* Norwegian music has a market share. She used the 2019 top hit “Sommerkroppen” by former football player and media celebrity Mads Hansen as an example, and noted that in the streaming economy, a few titles make up a large proportion of streams. There is little evidence that simply increasing the Norwegian local share will mean anything more than the few top hits increasing

their income. There is no reason that a change in the local share will affect the broader economic distribution.

I suspect that many of them – whether FONONO [the organisation for the independent labels] Gramart [the featured artist coalition] or Creo [the musicians' union], or whatever – who say that the Norwegian local share is too low, don't.... I mean, it's also a matter of which songs are within that Norwegian local share. I mean, there's a lot of "Sommerkroppen"⁴ within that share! There's a lot of "Juletragedien" and "Sommerkroppen" and they make up a big proportion of it. So, I think, FONONO's, Creo's and Gramart's biggest problem is that many Norwegian artists make much less today than they used to, however a bigger local Norwegian share does not equate to better income for these artists.(...) There are some songs that are streamed extensively, and many songs that are streamed very little. And if the Norwegian local share had increased to 40 pct., this wouldn't mean much for the songs that are streamed little. They wouldn't experience a doubling in turnover. I don't think so. And this, I think, is the main challenge – there is too little variation. If you watch the weekly charts, there is very little variation from one week to another. Before, there used to be more variation. (Interview, major-label representative)

There are several important points being made here. First of all, there is the notion that changes in local share do not necessarily result in any significant change in revenue for the majority of Norwegian stakeholders. This resonates with interviews from the independent labels. The parameter can be misleading as an indicator of plurality, as the Norwegian market can be just as skewed towards the top as the international market, but she also mentions that there is less variation in today's charts than in the past. The problem, she says, is that there is very little variation in the top charts, from week to week. There used to be more variation. Before, you could see, when you had a release, that this would be reflected in the charts. Today, you do not see that very often. Things are much more stable. She makes two important points, namely that back in the days of CDs it was easier to push Norwegian music. You could ensure that it was placed at the top of petrol station sales, or create big record-store campaigns. It was easier to push specific music compared to today's streaming market. She shares some of the concerns relating to the local share of the Norwegian streaming market, however – or perhaps more specifically an ambition to increase it. This ambition, she says, is shared with the major record companies. She also points out that Norway and the Nordic countries may have had a window of opportunity that is now closed. As some of the Nordic countries were early to adopt the streaming format, these markets had a few golden years, which she calls the Nordic window, where several Norwegian artists reached significant streaming figures and had international reach, such as Norwegian artists Nico and Vinz, Kygo and Alan Walker. Nordic music companies set up streaming early and for a short period of time they could enter markets

4 Sommerkroppen was a highly successful pop song by a media-personality Mads Hansen, who had substantial success in Norway and was signed to Sony Music Norway.

that were less prepared for music streaming, and thus take a much bigger market share of these markets. Eventually these markets were also set up for streaming and the window more or less closed.

Being unique and “streaming friendly”

It is commonly argued that the streaming economy is all about scale and volume, and that very few can provide the scale needed to take full advantage of the digital economy (as also stressed by several of the interviewees). As briefly mentioned above, the late Professor Alan B. Krueger discussed the phenomenon of a superstar economy in his last (post-mortem) piece in the *New York Times* (Krueger, 2019a), drawing lines between economics, technology and scale, and referring to earlier research on the superstar-economy by Alfred Marshall. His point is that business, technology and scale have always been connected, and he shows how early technology (such as the telegraph) led to the wider dissemination of businesses, and thus that “technology increased the scale of the market, an essential ingredient for a superstar to be able to earn a supersize income”. Krueger’s (2019a, 2019b) point here is that the key to understanding the superstar economy has less to do with a change in business models and more to do with the size of the market. In other words, the benefits of the market scale provided by the new technologies are limited to a few. According to the four interviews, however, it may also have something to do with business models, and perhaps also with the size and shape of the company. There is an interesting similarity between the two independent record labels that are more genre-based, in that their key business model still relies on a physical format as the core product of their business. One still relies on sales of CDs, and the other enthusiastically uses streaming to promote vinyl. This does not contradict Krueger’s notion that a superstar economy relies less on the business model and more on the size of the market, but it shows that on a micro-level, business decisions can have a significant impact on how streaming affects a company.

The label manager working with vinyl assigned his successful adaptation to streaming, to flexibility – to being small and flexible, minimising costs and working with different international partners, mostly on a project basis – but his enthusiasm for streaming was just as much about the technology, and (in accordance with Krueger, 2019) the reach that technology can provide (market size). Smaller genres and more niche music are perhaps even more dependent on market expansion to reach a sustainable size. Although the other genre-based independent label manager agreed that streaming was an opportunity to reach wider audiences, and particularly international markets, he did not share any of the optimism found among the other interviewees. This could be due to differences between the physical formats upon which their businesses depend – CDs or vinyl – and perhaps that the latter still has unique qualities that the market is willing to pay for. The

label manager also makes an important point that was also referred to by the interviewees, about whether a song is “streaming friendly”.

The term “streaming friendly” is not an accurate, or agreed upon term, but it can be used to discuss some important points made during the interviews. On the one hand, “streaming friendly” is used to characterise certain music enjoyed by the masses, commercially designed and consumed in volume. It sometimes refers to music that can be put on repeat, that can work in the background, or music that is listened to by a younger audience with more time to listen to music, as opposed to older audiences who listen less, but (perhaps) with more dedication. Such definitions of “streaming friendly” seem inaccurate and highly prejudiced in favour of the artists and labels who happen to have hundreds of millions of streams (or strive to reach them), but perhaps more so in favour of the millions of subscribers listening to “streaming friendly music”.

A more accurate definition would perhaps be that “streaming friendly” music fits the algorithms that the streaming platforms use, or that playlist editors favour (Eriksson et al., 2019; Morgan, 2020). Some of the characteristics used by algorithms are known by the interviewees, such as the length of the song or the length of the introduction. One can also guess that nationality and language are important, however, these characteristics, and even the term “streaming friendly” itself, are not that different from those considered “radio-friendly” – a term used in the music business for decades. Even the most enthusiastic record label manager communicated frustration and disappointment about having little control over, or ways to impact a song’s performance on a streaming service. This, in many ways demonstrates that the challenge perceived by the record label managers has less to do with merely economic issues, but also issues with new gatekeepers and power-relations between Spotify and the record companies (Prey, 2020). This can of course be countered as music business protectionism and exactly what digitalisation was supposed to disrupt (Hesmondhalgh, 2013; Tschmuck, 2017), however, it also begs an important question; who (or what) decides what music we listen to? Are they better or worse than whoever decided before?

Conclusion

The objective of this article has been to provide new insights and new knowledge about the impacts of music streaming on Norwegian record label managers. Although digitalisation in general, and streaming in particular, has gained interest from a range of scholars over the last decade, there are still interesting and important issues to be addressed and discussed. The aim of this contribution has been to take a bottom-up approach to investigate a particular part of the music industry, record labels, and how these stakeholders perceive and understand their positions and strategies. The aim was also to provide nuance to a debate that is often categorical and simplistic, and to demonstrate the dynamics of relationships in constant change.

There are a couple of points to be made here. First of all, even within the category of “the record labels”, there are significant differences in the way they consider their strategic positions and business potential in the streaming market. This is very evident from the two independent labels which were somewhat similar in the way they focus on specific genres or markets, and also that they continue to depend on a physical format. Although there are other important differences between the two companies, it is tempting to suggest that part of the differing optimism and success lies with their reach (global versus national) and format (vinyl versus CD). That said, it is unlikely that both labels could adopt the same strategy for global digital reach and shipments of vinyl, as they cater to different audiences and with different genres and artists. In other words, the point being made here is not that all independent record labels should adopt the same model, but rather to provide an example as to why stakeholders in the same “category” may have very different perceptions of positions and potentials.

There is a shared frustration about the structures and procedures for pitching songs to, and influencing, the composition of the most important playlists. There is a sense of disconnection from the processes that dictate success in the streaming market, even among the most enthusiastic label managers. The shift in power between the labels and the streaming services described by Bonini & Gandini (2019), Eriksson et al. (2019), Prey (2020) and Prey et al. (2020) is fully visible in the interviews. These frustrations are more than mere economic concerns. As one of the independent labels explained in the quote above, the label did an excellent job in getting the song into a playlist and setting it up for success, only to have it “dead” when they’d only just started. As the other manager explained, people at Spotify headquarters embraced the release, but it was then “killed” by the algorithms. While this obviously has an economic effect on the labels, the disappointment probably also stems from ambitions other than mere economic ones. The frustrations seem to be more about a lack of control (and understanding) over gatekeeping functions in the streaming market.

A final point to be made here is that things change. This is true of the digital platforms and formats through which music is communicated, but also of the perceptions and attitudes held by the stakeholders that work with these structures. These are dynamic relationships, and although some of the positions taken in 2013 are still evident, there are changes. These changes are connected to the independent record labels and a more nuanced approach to the economic and creative sustainability of on-demand subscription-based streaming, but also to the major labels. While the position in 2013 was much more categorical, there is more nuance here too, not least when it comes to concerns over variation in the charts. These concerns are more in line with those held by the independent labels in 2013.

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Disclaimer: Since 2016, the author has served on the board of Gramart – the Norwegian featured artist coalition. Nordgård has served on the board in capacity of being a researcher and digital expert, not as a member and artist. Although Gramart is not part of the current research, it was part of the initial government committee in 2013 to which this text refers. However, at that time, Nordgård was not serving on the board of Gramart.

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