Towards 2.0
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Abstract
In recent history, the music industry has been built on a small number of relationships, largely driven from the top down. Whilst the actual music forges a direct link between musicians and their fans, the reality of the industry is that a number of intermediaries interrupt that relationship, forcing musicians to communicate through their management companies and record labels. The promise of the new technologies is to reconfigure the possibilities allowing the emergence of new relationships. The communication and distribution potential of the Internet (which can be encapsulated as Music 2.0) suggests that disintermediation and reconfigured relationships are possible. But what is the reality of this promise? In the context of a broader global experience, this paper draws on primary research consisting of interviews with a range of Australian musicians to explore how they may be forging new networks of opportunity; and how realistic the promise of Music 2.0 might be.

Introduction
This paper summarises a number of in-depth interviews conducted with Australian musicians during the course of 2007, and contextualises those conversations in a wider global discourse that gestures towards a general direction that the recording industry is taking. Our research provides both confirmation of those trends, and a counterpoint to utopian sensibilities that may be emerging.

Some key themes emerged from this research. Firstly, there is a common understanding amongst musicians that times are changing. The new technologies do allow artists to engage with their audiences directly; via social networking sites in particular and the Internet more generally. For example, musicians can distribute digital music files for free or paid download, provide “premium content” such as desktop images and screen savers, and communicate with fans via bulletins and forums. As a result, there is a widespread feeling that the major record labels are becoming redundant.
Secondly, individual artists have different responses to change. What works for Madonna and Prince may not be appropriate for an unsigned new artist. It’s clear that whilst the new technologies make more direct relationships with fans possible, somebody still has to build those relationships, and this still requires resources that smaller artists often do not have.

Thirdly, the incumbent top-down relationship model is evolving. Traditionally musicians are connected to fans via intermediaries including recording companies and commercial radio, but the new technologies are driving a mesh-like networking model; with flattened hierarchies, more (and evolving) actors, and nodes joined by various activities and communications, of which recorded music represents only one form.

Fourthly, the Internet has allowed many artists to establish a new kind of economic relationship with their fans. Whilst MySpace, for example, does not directly generate sales in terms of CD or download sales, many respondents indicated that it provides the most potent tool in an artist’s arsenal of promotional tools. The networking facilitated by MySpace enables artists to convert ephemeral notions such as interest and discoverability into attendance at performances.

The promises of artist empowerment enabled by Music 2.0 are enticing, but the view from the trenches is one of uncertainty. Our interviewees provided a range of responses, but all alluded to a period of transition. The major labels still wield significant market power, and alternative publicity, marketing and distribution models are still in flux. Whilst the theories of Music 2.0 may be apparent from the outside, a magic bullet has yet to appear defining an easy alternative pathway for musicians to obtain (independent) market success.

A Note on Methodology

The interviews cited in this paper (undertaken between April to November 2007) consisted of open-ended questions conducted either face-to-face or via the telephone. A wide range of musicians was canvassed via contacts (both personal and
professional), and unsolicited email. The forty respondents included successful popular artists with top 10 hits, classical music professionals and musicians on the local gig circuit with day jobs. Most responded on the condition of anonymity. Whilst it would be inappropriate to draw singular conclusions from such a diverse group of musicians, there was striking similarity in many opinions expressed; which contributed to our overall sense of attitudes towards Music 2.0.

**What is Music 2.0?**
The changes in the music industry can be overlaid against the meme of so-called Web 2.0 technologies. The idea of Web 2.0 sprung from a brainstorming session involving publisher Tim O’Reilly at the end of the dot com boom. The term has since been used to describe everything from programming tools such as AJAX, Google page rank systems to popular Web sites that rely on tagging and recommendation such as Flickr, Reddit and Digg. If the Web 2.0 meme can be simply summarised, it might be seen in the title of Kevin Kelly’s 2005 article in *Wired* magazine, “We are the Web”. In that piece, Kelly identifies a key theme in the Web 2.0 discourse – the idea that “the producers are the audience, the act of making is the act of watching, and every link is both a point of departure and destination” (1). Or in Tim O’Reilly’s progression, “publishing --> participation” (online).

Without engaging in a critique of the Web 1.0/2.0 dichotomy, it is fair to suggest that the idea of Web 2.0 is a contemporary expression of what Tim Berners-Lee has called intercreativity – “building together, being creative together” (Khare & Denison online). In wider media studies discourses, this has lead to the rise of the so-called citizen-journalist and the increasing number of blogs which contribute to something that (arguably) bears more than a passing resemblance to the Habermasian public sphere. Of course, this reconfiguration of professions, an intrusion of Keen’s so-called “cult of the amateur” has lead to aggressive debates. Whilst these arguments are often voiced by those intent on protecting their turf, there are legitimate questions that need to be asked – most of which focus on the economics of Web 2.0, and the ability to provide, not just a sustainable living for creators, but a range of services and information that is actually comparable to what already exists.
It is easy to situate music in the centre of the Web 2.0 maelstrom. The new technologies have enabled a number of seismic shifts. The first is increased accessibility, and a consumer expectation of on-demand digital delivery of the entire catalogue of musical offerings, legitimately or otherwise. As well as legal distribution mechanisms such as iTunes, the more contentious sharing networks such as Soulseek and BitTorrent provide 24/7 access to an unprecedented collection of music far exceeding the digital offerings of the major labels.

The second shift is a flattening of what was once a distinct divide between creator and audience. In the case of music, this flattening has two components. As well as musicians discovering new ways of engaging with their audiences, the audiences themselves are fast becoming collaborators in the act of musical production, as ideas of audience shift towards what Henry Jenkins calls participatory culture (290). This process encourages disintermediation – the direct connection between musician and audience, not only via the traditional means of the music itself, but by creating different communications channels that largely bypass traditional middlemen (record labels, distributors, radio networks and independent record promoters). A consequence of this is the growing realisation that the traditional manner of making money from music is no longer the only viable option. The promise of Music 2.0 then, is nothing less than a total reinvention of how musicians create, distribute and generate money from music (Draper 6-9).

The twentieth century recording industry was built on a model in which record labels identified, nurtured and marketed musicians; providing them with the resources to create and record their music and finding ways for them to distribute that music via radio and record stores. It was a model that proved extremely successful – not just for the many artists who achieved widespread attention, but for the industry itself – which managed to create a self-sustaining and lucrative business model.

Today, that industry is apparently in crisis. As CD sales fall, the view from the top appears bleak. “Record sales as we know them are in long-term decline” according to Keith Jopling, the Director of Market Research for the International Federation of the Phonographic Industry (Sandall 29). Nielsen SoundScan reports that North American
CD sales dropped by 19% in 2007 (The Economist online) whilst the RIAA’s 2006 end of year report pointed to a drop of 12.8% in the number of units sold through retail outlets (RIAA online). The impact of new production and distribution technologies seems, on the surface, to be wresting control away from the traditional gatekeepers and providing new opportunities for musicians beyond the traditional signing to a record label.

Of course, the recording industry is still huge. Even its harshest critics would have to admit that the multi-billion dollar a year industry is not going to disappear overnight. The type of global success enjoyed by a small number of musicians such as U2 or Madonna is unlikely to be replicated without the marketing prowess of the four major record companies. At least not yet.

But the music industry is much more than just the recording industry and encompasses a far broader range of businesses. Live performances, publishing, licensing, and merchandising are growing areas, something the record labels acknowledge with moves to capitalise on these alternative revenue streams. An example of this is the so-called “360 degree” contract, in which the labels manage not only music recording and publishing rights, but also touring and merchandising revenues. Some arrangements have extended artists’ reach into new developing commercial opportunities such as fragrances and underwear. Such ventures are not unprecedented – the notion of artist as brand has been propagated by many for years, including David Bowie who issued “Bowie Bonds” in 1997, set up his own ISP in 1998 and launched Bowiebanc in 2000.

The danger for labels though, is that other companies might intrude on their turf. The most high profile example of this change in priorities is Madonna’s business realignment. No longer signed to a record label (she had been signed to Warner Music for 25 years), she has negotiated an all-in-one 360 degree contract encompassing “new albums, tours, merchandise, sponsorship, TV shows and films” with Live Nation, a company whose main business is touring. As she stated:
“The paradigm in the music business has shifted and as an artist and a businesswoman, I have to move with that shift... For the first time in my career, the way that my music can reach my fans is unlimited. I’ve never wanted to think in a limited way and with this new partnership, the possibilities are endless.” (BBC News online)

Within a fortnight of Madonna announcing her new affiliation with Live Nation, the company began negotiations for the acquisition of Signatures Network, an enterprise that deals in marketing and licensing of over 125 artists including Justin Timberlake, Kanye West, Black Eyed Peas and U2 (Lauria online). In addition to concert promotions, Live Nation deals with the full gamut of entertainment promotion including ticketing and merchandising. When the perceived value of recorded music is at historical lows, will the culturally significant position once occupied by the major labels be filled by companies such as Live Nation that have touring and promotions at the heart of their business? Or are even these new intermediaries unnecessary as artists capitalize on possibilities of Music 2.0?

A Brief History of the Future

Of course, musicians were using the Internet well before the term 2.0 was coined. The prehistory of music 2.0 demonstrated that an accessible online space catering to consumer demand mixed with some promotional effort can yield impressive results.

MP3.com was a notable pioneer, providing an alternative means of distribution for many artists. For example, 303infinity, (the moniker of electronic musicians Mikel Fair and Jordan Kolar) registered with MP3.com in 1999 and used the site until operations closed four years later. 303infinity achieved six number one hits in the MP3.com charts; over ten million downloads and accumulated over $200,000 from the “payback-for-playback” scheme. At one stage during summer 2000 following a D.I.Y. promotional campaign distributing flyers with their MP3.com URL, the duo was grossing $700 per day in “payback for playback” royalties.12

12 303infinity’s page at the original, and now defunct MP3.com archived at http://web.archive.org/web/200311130010810/artists.mp3s.com/info/34/303_infinity.html
For nearly a decade, audiences used to the possibilities of digital have been demanding more accessible content. During the years since Napster, we have seen the entrenchment of online digital distribution of music, both via legal services and the murkier parts of the peer-2-peer networks. Simultaneously, previously rigid formats such as the long-play album have lost their dominance in this marketplace – music is now consumed in smaller chunks via singles, ringtones, or in the form of freely available music videos. In the foreword to “Sonic Boom” John Alderman recounts a Net café encounter with two avid fans of digital delivery – “it struck me: Not only have these guys never probably owned an album, but they probably don’t even think in terms of CDs or albums. Songs to them are listed on screens, then downloaded and played . . . a new way of thinking about music” (xii).

An anecdote published in the Economist sums up the shift:

“In 2006 EMI, the world's fourth-biggest recorded-music company, invited some teenagers into its headquarters in London to talk to its top managers about their listening habits. At the end of the session the EMI bosses thanked them for their comments and told them to help themselves to a big pile of CDs sitting on a table. But none of the teens took any of the CDs, even though they were free. “That was the moment we realised the game was completely up,” says a person who was there.” (The Economist online)

Whilst the majority of recorded music is still sold in physical format via bricks and mortar stores, the trend (both philosophically and in reality) is towards online digital distribution, or bits rather than atoms. For example, after only a few years of operation, the iTunes store is now the second biggest music retailer in the USA (Metz online) – at a time when traditional retailers such as Tower Records and HMV have found themselves unable to compete (Noguchi online). In 2005, Informa Media predicted online music sales (digital downloads and CDs ordered online) would account for $3.8 billion or twelve percent of the industry’s annual revenue by 2008 and that by the end of the current decade digital sales are “expected to overtake hard format sales in North America” (Lin 50-52).

Traditional retail channels are being shrugged off by bands capable of using Web-
based services that allow them to sell MP3s and CDs. The highest profile of these is iTunes, which is open to independent submission of tracks as well as serving the major labels. For artists catering to fans wanting physical media such as CDs, there are entities such as CD Baby, a Web-based business that has “paid out over $10 million to artists for sales of their music” since its founding in 1997 (Kusek & Leonhard 55). There exists an abundance of online music distribution sites, and numerous aggregators or ‘digital distributors’ who guarantee a widespread Web presence.

However, Music 2.0 goes beyond new distribution mechanisms for traditional industry stakeholders. It describes a new media environment in which musicians are empowered to create and distribute with unprecedented ease. In short, the promise of 2.0 is that users (in the case of Music 2.0, musicians and audiences) do not need the same level of technical prowess to take advantage of the potential of the Internet. The key difference between Blogger.com and a Web page is not in the small technical differences between the content generated. Rather it lies in the comparative ease with which a blog can be generated as opposed to a Web site — arguably a small difference to those versed in code, but a vast one for many people. Similarly, whilst musicians have long been able to develop Web sites (or have them developed by others), the significance of Music 2.0 is the ease with which they can access social networks, upload music and generate a significant presence in an appropriate community.

At the production level, affordable hardware and software mean that the importance the labels once had in the production sphere is waning - many musicians no longer require their production assistance: Music production packages such as Cubase, ProTools and Ableton Live deliver a professional end product and are within the financial reach of the amateur. Conversely, the bedroom studio is no longer solely the domain of the struggling musician. On BBC2’s “Later with Jools Holland” in October 2000, Moby told how his highly successful album “Play” was composed, recorded and mixed in his bedroom studio before being sent off to a mastering studio for final production treatments.

So it is not a leap to suggest an idealised Music 2.0; one in which the new media technologies are fully exploited to allow a thorough exploration of “building
together”. As with other Web 2.0 notions, there is an implicit suggestion that such a construct enables traditional institutions to be bypassed. Just as bloggers no longer require the New York Times Opinion Pages to approve their thoughts for publication, musicians no longer require Sony BMG to release their music to the world.

Music 2.0, however, isn’t just bypassing the traditional distribution channels; it is bypassing the editors, the gatekeepers, and the quality control department of the culture industries. Some commentators such as Andrew Keen suggest that this is a bad thing – and that too much choice with no quality control can destroy the talent making machines known as the major labels. The shock of Music 2.0 though is that the majors don’t make talent, they only package it up, market, exploit and then in most cases dump it. In theory, Music 2.0 allows talent to shine through regardless of the market trends of the time. One of the many boons of Music 2.0 is the loss of marketable format and genre restrictions, and to a great extent the erasure of image – the music speaks for itself and there’s something for everyone. For example, Lenny Kravitz experienced difficulties getting a recording contract because A&R staff were concerned that the music he was producing “wasn’t black enough”. As far as the recording industry was concerned, Kravitz’ blend of eclectic influences was incompatible with his image – “I got so sick of being told, get a drum machine” (Negus 62). Web services such as MP3.com, Last.FM and Pandora have assisted breaking down the obstacle of marketable formats by employing a likeness recommendation system that aids the proliferation of niche markets.

(Poster) Children of the Revolution
For many years, record labels have been regarded as an unloved necessity by some artists. Janis Ian, a recording artist of nearly forty years states, “I’ve created 25 + albums for major labels, and I’ve never once received a royalty check that didn’t show I owed them money” (online). Courtney Love recounts how Toni Braxton was forced to file for bankruptcy despite selling $188 million worth of CDs, and TLC, similarly bankrupt, ended up with liabilities of $3.5 million (Nelson 164). Mick Hucknall – at first glance an unlikely pioneer in this area – started simplyred.com in 1994 following his split from Warner because he “got sick of them taking all the money” (“The Online Music Revolution”).

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For such musicians, Music 2.0 holds tremendous appeal; given their existing fan base, it suggests that the traditional distribution infrastructure is not necessary. Likewise, younger musicians see Music 2.0 as a way to bypass the apparently arbitrary decision making processes of the majors. It is natural for a generation that has not known a world without the Internet to embrace those technologies unreservedly.

At the 2000 Record Producers Guild meeting in Nomis Studios, London the discussion centred on the future of record companies in the light of emerging online record companies and online distribution websites. Stefan Heller was on the expert panel of the REPRO meeting and spoke at length on how companies such as Peoplesound.com were going to revolutionise the record industry based on the cyberspace adage that anyone can be a publisher, and that traditional record companies were about to become extinct in the wake of a democratisation of music distribution. At that time such statements were more borne of hype than reality, but over the last seven years the move towards Music 2.0 – a ‘consumer direct’ approach – has become more viable leaving even entrenched artists such as David Bowie musing over the future:

“I don't even know why I would want to be on a label in a few years, because I don't think it’s going to work by labels and by distribution systems in the same way . . . The absolute transformation of everything that we ever thought about music will take place within 10 years, and nothing is going to be able to stop it. I see absolutely no point in pretending that it’s not going to happen” (Pareles online).

Bands with sufficient profile are able to distribute their music without having to resort to bricks and mortar distribution deals. In 2007 Radiohead distributed “In Rainbows” through their own Web site, with the added twist that they did not set a recommended retail price for their music, merely asking fans to pay what they thought it was worth. Although official figures have not been released at the time of writing, it is estimated that the album netted anywhere between six to twelve million dollars. The album also succeeded in selling six times more than the previous Radiohead album – which was sold on CD – did in its first week (Greenberg online).
Similarly, CMJ reported that Saul Williams’ debut release “The Inevitable Rise and Liberation of NiggyTarDust!” was released exclusively via www.saulwilliams.com. Williams’ approach, however, differs slightly from that taken by Radiohead. The album release was not accompanied by any traditional physical media formats. Instead the download page presented fans with two options; download the album for free or pay five dollars for a higher quality encoding (Miller online). Additionally, Williams does not share the same high level profile enjoyed by Radiohead, a factor that places the onus on consumers to financially support the artist, a relationship that is ostensibly a form of patronage. “The Inevitable Rise and Liberation of NiggyTarDust!” was produced by Trent Reznor, front man for Nine Inch Nails – at the time recently ‘liberated’ from his label. Reznor left the following comment on the Nine Inch Nails Web site concerning the release:

“There are obvious similarities in how Radiohead just released their new record and the way we've chosen to. After thinking about this way too much, I feel we've improved upon their idea in a few profound ways that benefit you, the consumer. You obviously will be the judge of this in the end. One thing that IS very different in our situation is that Saul’s not the household name (yet!) that Radiohead is, and that means we need your support on this more than ever. If you like what you hear, spread the word.” (Reznor online)

Since its popularity exploded, MySpace has become synonymous with online music. Although its musician services are inferior to those offered by more dedicated distribution sites, MySpace’s capital is based on social networking.

The poster child for MySpace musicians is The Arctic Monkeys. In late 2005, their single “I Bet You Look Good on the Dancefloor” hit number 1 in the UK largely it is said, on the back of a MySpace presence. Interestingly, their MySpace page was set up by fans. The Arctic Monkeys used to press their own CDs to give away during gigs, but failed to meet demand. So, a MySpace page was set up so all fans could access the music. The Arctic Monkeys’ debut album, “Whatever People Say I Am, That’s What I’m Not” went on to be the fastest selling album in British music history. The Arctic Monkeys were lauded as the band which rewrote the rules of music sales and marketing, embracing their fans using a medium which allowed that embrace to
happen more directly. Quoted in the Guardian, Conor McNicholas, the editor of NME suggested that “A record deal wasn’t the be-all-and-end-all” (The Guardian online).

It should be noted that whilst The Arctic Monkeys are the MySpace heroes, their success was not simply a result of uploading some MP3s; it actually required old fashioned hard work on the gig circuit.

Other ways of bypassing the record labels have emerged. To the chagrin of the Entertainment Retailers Association, in September 2007 (The Artist Formerly Known as) Prince gave away copies of “Planet Earth” free with copies of the UK’s Daily Mail tabloid before it was released to retail stores. The promotion rattled traditional music outlets such as HMV (which announced in June a significant drop in its profits over the last year) (Farouky online). Prince received $500,000 in the promotional giveaway, an amount that exceeds the royalties paid by record labels per unit sold. “Considering that his last album, 3121, sold only 80,000 copies in the U.K., this deal may have earned him more than eight times as much. Plus, Planet Earth — which has gotten fairly good reviews so far — is now in the hands of thousands of people who may never have thought to buy it” (Farouky online).

We’re Not All Big; What Oz Musos Said
Not everybody has the marketing clout of Madonna, Radiohead or Prince. Similarly, not everybody can attach Trent Reznor’s name to their latest recording. Despite recent unconventional maneuvers, those artists were developed, nurtured and supported by the record labels. Without label backing in their early careers, it is unlikely that they would now be financially secure enough to give away their music or to place their income at the mercy of arbitrary consumer donations. Not all musicians have that luxury.

Our research project is interested in determining the attitudes of a broad range of artists and involved interviews with Australian musicians from a range of backgrounds. Some are internationally successful whilst others are struggling to book regular pub gigs. All understood the music industry to be shifting significantly.
One common view is a less than reverential attitude towards the major labels; and the hope held by many musicians that Music 2.0 technologies will allow them to bypass what they see as the controlling overindulgences of the past. Many musicians interviewed were scathing of record companies and radio stations and enthusiastic about the new technologies because they offer a potentially more rewarding mechanism for making and selling music, not to mention autonomous creative control. Comments had a consistent theme in pointing to the majors’ slow adoption of digital distribution and reluctance to explore new business models. For example, interviewees labeled record companies as “a dying breed” and “dinosaurs”. Others denounced the majors as “big, slow moving beasts” that have “dropped the ball” with a result being that “kids won’t buy albums anymore”.

Many respondents were unimpressed by their relationships with the recording industry. One told the story of how a particular commercial radio station was happy to take money to advertise his album on the air, but explained that his music could not possibly be part of their playlist (which consisted entirely of classic hits from the last century). Another musician suggested that despite being involved in a song which went top 10 internationally, he had never seen a penny from the record company. A jazz musician bemoaned the fact that (what the majors considered) niche genres were paid scant attention by the labels. With the disillusionment revealed in such comments, it is easy to appreciate the enticing promises of Music 2.0.

Music 2.0 offers self-determination – putting musicians in control of their creativity and careers – a break from the model employed by the industry. A member of one of Australia’s most successful bands in the 1980s suggested that the record companies had been “exploiting people for a long, long time. The whole relationship between record companies and radio is completely corrupt”. Musicians with intimate experience of the recording industry displayed resentment towards some labels’ “make or break” approach to signing bands: “There’s no development anymore. In the 70s and 80s you’d get three or five album deals. Now you get one and if that doesn’t work, you’re gone”.

Interestingly, experienced musicians (including some established household names) were most vocal in suggesting that the old model was dead and good riddance: “They
were ripping us off. We sold 250,000 records and didn’t make a penny”. Others
embraced new technologies and services as a way of reclaiming control: “Our new
trio will bypass record companies and use MySpace”.

But not all interviewees were negative when quizzed about the recording industry.
Some younger bands considered that success was only achievable by signing with a
major label: “We’re still trying to get signed by a record company . . . the only ones
making it are on labels”. One interviewee (most likely echoing the truth of the matter)
expressed that she wanted “to be played on radio” and that signing with a label would
make that a reality. Others considered signing with a major label the final and
ultimate step in a musical career: “I’ll probably take the indie path to start, but
probably want to get signed eventually”.

**Independent’s Day**
The extreme version of Music 2.0 suggests a world without major record labels, one
in which individual musicians are able to independently build a fan base, and publish
their music using new digital distribution tools. Such disintermediation was a facet of
the Internet suggested by many in the early 1990s, and for the most part has not yet
come to pass (Schwartz & Leyden online). Instead we have seen a reintermediation,
in which traditional intermediaries have reinvented themselves for the digital
economy– the question for Sony BMG (and the New York Times) is one of
maintaining relevance; the question for individual musicians is how to pay the rent.

Musicians who choose to make their music independently and avoid a relationship
with major record labels are not uncommon. Certainly, for many musicians
independent labels represent a financially fairer arrangement than found with the
majors. One interviewee reported that he received “the same return on [his]
independent release by selling one tenth of [what was required] in a big label deal”.
But whilst the Internet has made it much easier to succeed as an independent, there
are no guarantees of success. UK duo Nizlopi demonstrated with their virally
marketed single “JCB Song” that the Internet is terrific at generating word-of-mouth
(or “word-of-mouse”) promotion and recommendation - allowing a range of new,
global connections; few musicians, however, are able to survive without other means
of distribution. Apocryphal examples such as the success of the Arctic Monkeys
emphasise the fact that success cannot be simply attributed to the Internet. For musicians and bands that haven’t been rolled out on the conveyor belt to instant stardom, success still involves old-fashioned hard work, mostly in the form of live performance.

What Music 2.0 does not do yet is make selling music on the Internet one-click(tm) easy. The social networking sites have not yet enabled reliable, easy-to-use online music sales. So, whilst musicians are able to easily upload and share their songs, it is still difficult for them to capitalise on their popularity without building their own store or linking to an established online vendor. A particularly technically literate interviewee had built his own online marketplace using open source code, but did not recommend it as a solution because the investment of time and labor in creating an online store was disproportionate to the demand for digital downloads. The majority of transactions were for CDs which required manual fulfillment of orders – via a trip to the post office. Even then transactions weren’t entirely friction free and the “merchant fees are expensive”.

For most interviewees, online sales meant a presence on iTunes. The success of the iTunes store (4 billion songs sold and counting at the time of writing) meant that even Australian musicians were conscious of a need to be represented on its service. Most interviewees understood its importance, and either already had a presence or intended to in the near future. In particular, musicians were aware of the international potential of iTunes, its global reach allowing a musician to take advantage of a sudden spike in demand without having to quickly produce a huge quantity of CDs. For example, one respondent spoke of a fellow musician who saw huge demand for a song in the USA after it became part of a major advertising campaign. Her presence on the American iTunes store meant that publicity translated into immediate sales.

However iTunes is not a frictionless tool for musicians. Whilst users might find it easy to use, searching for and buying millions of songs a day globally, many interviewees found it challenging to get their music onto the iTunes store. One respondent cited the reams of legal paperwork (which he felt unqualified to assess) as a barrier to entry – exacerbated by there being different paperwork for the various different international stores; the amount of work required to have a truly
international presence was significant: “The paperwork for international stores is overwhelming”. Others complained about the amount of time required to process the application, suggesting that, for the Australian store at least, there were insufficient iTunes staff for efficiency. This was particularly the case for smaller, independent musicians, who felt that they lacked commercial clout; immediately suggesting that the rise of iTunes represented re-intermediation rather than disintermediation – the replacement of traditional middlemen by a new actor, whose motivations and goals were still largely untested.

The effort required to gain a presence on iTunes was enough that many interviewees left the machinations of obtaining an iTunes presence to their managers, or delegated the role to third party providers, who would do the work for a cut of the royalties adding to reintermediation and assisting in the creation of a (new) cumbersome process. The process of adding music to the iTunes catalogue was baffling to many interviewees and some expressed concern over becoming invisible amongst a sea of peers: “Don’t know how to get onto iTunes. It’s too huge. No-one will find you”. One interviewee was particularly confused about the rights issues involved with gaining an international iTunes presence saying “I’m not sure which iTunes we’re on”. Another commented that “the technology is difficult for a small operator” whilst others appeared content to delegate the responsibility for digital distribution to managers or third parties. Interviewees’ reactions to iTunes indicated that a promise of Music 2.0 – a truly direct producer/consumer relationship – also necessitated an element of entrepreneurialism.

Moreover, most musicians found that iTunes sales were not yet significant, and were still dwarfed by CD sales, either from traditional retail channels or via their own Web sites. However, almost all acknowledged the need to have a presence on iTunes, and felt that the potential of iTunes (or similar services) was such that it would ultimately lead to a great deal of sales. Some musicians were happy with the response to their online presence reporting a fifty-fifty ratio between CD and download sales and “consistent revenue from iTunes”.

One interviewee had self-published a CD and sold over 25,000 copies both off his Web site and via the retail channel. As an independent production, his revenue was
much higher than if he had signed a contract with a major label. When pressed about the usefulness of the Internet in achieving those sales, he was hesitant, suggesting that the bulk of his sales were a result of exposure on the ABC’s national youth radio network, Triple J. Similarly, the sales of the physical CD dwarfed those of digital downloads via the Australian iTunes store: “We sold 25,000 CDs and maybe 5,000 singles on iTunes”.

**The New Networks**

Whilst selling music online has been problematic, the publicity and networking potential of the Internet has been embraced by musicians. At the low-end, mailing lists were a key mechanism for contacting the fan-bases, and musicians often had fairly sophisticated Web sites which provided a point of contact for their audiences. The use of Web sites varied depending on the available resources. Some of the more technically minded had implemented on-line stores and were selling their entire catalogues via the Web. Others were providing samples for download. Less sophisticated users simply used the site as a repository of band-related information. In particular, one band took great delight in scanning its first royalty check and displaying it amongst its gallery of historical artefacts.

The surprise (to us at the time) was the prevalence of MySpace as an online tool. The ubiquity of this social networking site is well-documented, and its application in the music space is just one example of the emerging networks of influence made possible by the Internet. Almost all interviewees had created a MySpace page; or intended to in the very near future. And whilst the aesthetics of MySpace paled against most of the interviewees’ own Web sites, musicians suggested that the impact of their MySpace page was more significant. MySpace offers a certain type of social wealth that is difficult to quantify. The connectivity offered by the system is an effective digital word of mouth with users frequently checking out what their friends are checking out. MySpace offers bands capital in the form of exposure and referral. For some musicians this can be translated into income through music sales or stimulating ticket sales, but for most unsigned and amateur musicians the opportunity to be heard is of premium value.
The economy of Music 2.0 appears to be built around the value information manifested in social and professional networking rather than a financial economy derived from sales. Several interviewees reported that they were not making money directly through digital music distribution, but rather the merits of an online presence were the establishment of a (digital) business card (letting the music speak for itself), potential collaborative endeavours such as production or remixing projects, and networking rewarding musicians with paid employment such as DJing gigs or record label interest.

That is not to say, however, that social networking cannot lead to sales. One metal band from Sydney reported how they had received unsolicited interest via MySpace from a German record label interested in releasing a couple of songs as singles. As well as showcasing their music with streaming examples, musicians used their MySpace pages to network in a more interactive manner with their fans; and establish collaborative relationships with other musicians. One band gave the example of using MySpace to find and contact other bands with a similar audience, resulting in shared gigs both locally and overseas. Another, classical composer established a contact via MySpace that resulted in the commissioning of a piece of work to be performed at the Lincoln Center in New York. The impression gained from the interviews was that the MySpace format “is a good marketing tool” allowing musicians to build a community, and draw upon the varied resources of that community with relative ease: “MySpace plays a big role: it’s the one stop shop for everything”.

Of course, musicians were aware that building a MySpace presence was time-consuming and quite demanding, but most felt that the investment of resources was worthwhile. Some, older musicians were hesitant about MySpace, and felt technically challenged by the processes involved, but ‘Generation Y’ musicians generally embraced the musical possibilities.

Some interviewees mentioned other music related sites such as Last.FM, but MySpace generally dominated the discussions. Whilst some were wary of increasing commercialisation within MySpace, and the vague shadow of Rupert Murdoch’s ownership looming over its future, most were enthusiastic about MySpace, but it was not universal. “MySpace is a big black hole” suggested one interviewee, whilst
another questioned why MySpace is “the thing”.

“**The Only Value is in Real Time**”

Whilst sales of recorded music appear to be suffering, live performances are the bread and butter for many musicians (especially unsigned, DIY bands). Whereas touring was once a means to promote an album, today the opposite is true. The perceived economic value of recorded music is depreciating whilst the value of live performances has risen. David Bowie proposes that the increasing ubiquity of recorded music will result in touring as the only remaining unique experience (Pareles online).

Whilst unwilling to pay for mp3 files, fans are willing to pay significant amounts of money to see their favourite bands live. For example, in 1990 it cost £25 to see the Rolling Stones at Wembley – a figure which was considered steep at the time. In 2006, however, it cost fans £150 for a standard seat or £350 for a premium view of the stage (Sandall 31). The resurgence in the popularity of live performances is arguably a response to the ubiquity of recorded music in the digital age. This emphasises a view shared by many bands who now consider recorded music to be of less financial value than the live performance – MP3s and CDs are becoming viewed as promotional tools dispatched to draw fans to live performances. There, they transform into customers paying for the initial ticket and then merchandise including the traditional T-shirt, but also singles, albums, and in some cases a recording of the gig they just saw – the ultimate fan memento.

For example, Peter Frawley, production manager for New Found Frequency (NFF) stated that thirty minutes after a concert for the Dalai Lama held at a 13,000 capacity venue, he had produced and sold 8,000 copies of the performance. In June 2007 half the audience at a sell-out Chocolate Starfish reunion performance bought CDs of the gig they just saw (Murfett online). NFF’s business model is supported by music futurists Kuseck and Leonhard who argue that “many aspects of digital music (and “digital music marketing”) and live entertainment will be converging down the road, and that the two sectors will be much more intertwined than music/CD retail and touring could ever have been . . . [b]ecause digital music is mobile, and as intangible and experience-based as the concert experience” (115).
As another example, post-hardcore band Enter Shikari played 700 gigs between 2003 and 2007 and have employed an online presence via their Web site and MySpace as a centralised point for disseminating music and information about live performances. These factors coupled with word of mouth spread by fans led Enter Shikari in November 2006 to become only the second unsigned band to ever sell out the London Astoria (Sandall 28). Interestingly, the band’s DIY roots and “no need” attitude towards the major labels succumbed when faced with the prospect of touring America: “America’s just too big for us to do things on our own”. Enter Shikari have decided to sign with a major label for US release, but are adhering to their roots in Europe – “As long as it ain’t broke in the U.K., I’m not inclined to fix it”.

Our interviewees largely concurred with the idea of live performance as both a revenue generator in its own right and as a venue for sales of recorded music. Indeed the decreasingly value of recorded music led one interviewee to proclaim “the only value is in real time”. Others stated that they “press CDs and sell them at gigs”. One particularly innovative musician sold CDs from her website, and included a free twenty minute live performance in the purchaser’s home if twenty to thirty copies were bought in one transaction: “We sold 10,000 copies and did over 100 of those parties. Not bad for an independent record with no radio airplay”. But again, the reality did not always reflect the theory of 2.0: “We need a completely different economy perhaps. But performing live is also a hard way to make money. Touring is expensive”.

**Conclusions**

In theory, Music 2.0 allows musicians to directly connect to their audiences and deal with them from position current occupied by recording labels. Arguably, there is no longer any disadvantage to being independent. The reality is not quite so straightforward. Whilst production, distribution and marketing is more accessible than ever, the perennial issue is how to monetize creativity at a time when the value of recorded music is at an all time low.

The recording contract has long been the ultimate destination for musicians believing that fame, success and wealth are automatically derived from signing with a major
label. The reality, however, is loss of ownership over one’s authorship and a high risk of substantial debt. Smiers points out that for “most artists, the profits deriving from copyright do not form much of an incentive to create and perform artistic work, simply because they hardly receive the proceeds” (2). The successful entrepreneurialism exhibited by Prince and Radiohead demonstrates that Music 2.0 can yield viable alternative business models, but this does not necessarily mean the redundancy of record labels.

For established bands, Music 2.0 presents a range of opportunities in addition to existing marketing and distribution channels. It allows them to more easily communicate with fans and forge relationships that are reinforced in ‘real world’ engagements such as music sales and attendance at live performances. Less established bands undoubtedly have more opportunity for exposure than in the past.

But our research confirms our instinct that the mechanisms of Music 2.0 do not guarantee ‘success’; building new relationships demands time and effort, and the new distribution mechanisms still require complex negotiation. Music 2.0 requires musicians to act as marketers, managers and lawyers – or to employ others to act in those roles on their behalf.

Despite this, the Australian musicians we interviewed seemed optimistic. Even those who had achieved mega-success in the traditional industry acknowledged the new opportunities, and were embracing the new. All were the keen to explore the potential of 2.0.

**Bibliography**


Towards People 2.0. Digital Recruiting. A recent development in recruiting has been the use of social recruiting techniques to reach out to a wider talent pool in real time. Towards People 2.0, the user-friendliness and flexibility that they are used to in their personal social ecosystem, in both systems and processes that they use at work. Bringing the two universes in alignment is now a major challenge for any organization. Towards Massive MIMO 2.0: Understanding spatial correlation, interference, suppression, and pilot contamination. Luca Sanguinetti, Senior Member, IEEE, Emil Bjo¨rnson, Senior Member, IEEE, Jakob Hoydis, Member, IEEE. arXiv:1904.03406v3 [eess.SP] 5 Oct 2019. Abstract—Since the seminal paper by Marzetta from 2010, Massive MIMO has changed from being a theoretical concept with an infinite number of antennas to a practical technology.