The impact of blockchain technology on the music industry from the artists’ perspective

Bachelor Thesis for Obtaining the Degree
Bachelor of Business Administration in
Bachelor of Science
International Management

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Vienna, 5 June 2019
Affidavit

I hereby affirm that this Bachelor’s Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

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Abstract

Since its invention in 2008, the importance of blockchain technology has rapidly grown and has affected many industries. Its emergence in the music industry poses a threat to the current supply chain intermediation by offsetting record label power towards artists. This research investigates the perception of artists towards the current supply chain within the music industry and their willingness to blockchain-based structural changes in this very sector. This was evaluated through thematic analysis of seven interviews with artists working in the electronic dance music industry. Based on the results, the artists show willingness to keep intermediation within their value chain, even though they report their feeling of existing record label power. The artists’ preference of supply chain intermediation does not prevent them from welcoming the emergence of blockchain-based changes to the industry as more transparency and faster royalty payments are desired.
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1 Introduction

1.1 Background information

Not many people were aware what revolution and advancement in technology would expect them, when the Internet was the age of the blockchain technology today (Rabah, 2017). Blockchain allows for the transfer of value and therefore poses a fundamental advancement to the “Internet of Information”, which grants only the sharing of information. This allows users online to exchange rights of ownership whereas the “Internet of Information” is not able to obstruct the creation of endless amounts of copies of digital products (Treiblmaier, 2018). For supporting the distribution of currency, delivery of possession of property as well as the approval of transactions the blockchain technology was implemented in 2009 as a proposition for the digital currency scheme Bitcoin in the quest to avoid centralized authority (Iansiti & Lakhani, 2017). Blockchain technology can influence and revolutionize many business models (Nowiński & Kozma, 2017). It is repeatedly treated as the next means of adjusting and developing sectors, yet its degree of influence continues to be unknown (Yli-Huumo, Ko, Choi, Park & Smolander, 2016).

In case of the music industry blockchain has aroused attention after having been successfully implemented in other sectors such as many financial industries and its ability to provide answers as well as useful solutions, which can have significant ramifications for the music industry. After having classified it as a potential revolution blockchain carries the ability to potentially enhance the position of the artists by shifting the power away from record labels and other intermediaries and intents to increase the benefit gained by the artist for his or her work (O’Dair, Beaven, Neilson, Osborne & Pacifico, 2016).

In the past the average music consumer identified music through the help of radio or through buying CDs. These times are long gone though (Dewan & Ramaprasad, 2014). The music industry has moved away from this sales approach and has put the emphasis towards subscription based models that generate money off selling access to an artist’s work on a streaming platform (Morris & Powers, 2015). A 59% increase of audio streams was recorded at the end of 2017 in the US, which subsequently made song and album sales decline (“2017 U.S Music Year-End Report”, 2018).
1.2 Research Aim and Question

An area that has been discussed is whether blockchain technology is capable of eliminating intermediaries and streamlining the relationship between the artist and fans on online streaming sites. Yet there is little to no research on how the individual music artists look at the current supply chain of the music industry and whether or not they cherish such a technology to create new foundations within the industry they work in. This paper’s purpose is to investigate the artists’ perception of the music industry’s supply chain and whether musicians show willingness for blockchain-based changes in the future in this very sector. The following chapters concerning this topic shall provide more insight into the relevant existing terms, literature and ramifications for this study.

2 Literature Review

2.1 Outline of this Chapter

This literature review is divided in two parts; 1) blockchain technology including its implementations, advantages as well as its challenges, 2) the history and status quo of music industry along with its supply chain structure as well as its past and current issues that are the origin for investigating the opinion of individual artists concerning this topic. Moreover the author analyzes whether artists deem a new business model through the help of blockchain a necessity.

2.2 Blockchain Technology

Blockchain is a technology, which is a ledger that is held publicly and provides the platform for monitoring and executing value transactions among all parties involved. Each and every transaction that is executed is automatically entered in the blockchain and is verified through agreement with the majority of members within the structure of this system and subsequently cannot be erased anymore (Crosby, Pattanayak, Verma & Kalyanaraman, 2016). Anonymity is granted by the blockchain technology by not publicly showcasing information connecting somebody to a transaction, but only having the public see the transaction that somebody transfers a certain amount of money to somebody else (Nakamoto, 2008). Blockchain has the ability to achieve decentralization through its agreement policy instead of redirecting
the emphasis on a central control organism. The scattered miners are offered incentives as benefits. Even though hacking cases are evident in blockchain’s case with the attack on the Decentralized Autonomous Organization on Ethereum’s blockchain being one of the most notorious ones, the outlook is positive with the intention of greater fragmentation and advanced protocol codes. Even Bitcoin’s alleged excessive usage of electricity can be resolved with its effort to engage in the two solutions. The opposite method of stockpiling assets centrally can increase risk. Moreover due to disputes and non-payment the settling of a legal matter in front of court can imply even more expenses (Cong & He, 2019).

Designs to reward record keepers include for one proof-of-work and proof-of-stake. The latter shows the more currency the keeper has at his or her disposal the more power in terms of mining and approving transactions, whereas proof-of-work implies that miners are rewarded for completing transactions and establish new ones within blocks in a market where many people compete against each other as record keepers. These two incentive based systems are the reward for sensible and precise work as a miner while diminishing the motivation to create havoc and destroy the system through manipulation. This grants a functioning and reliable basis for its usage in industries (Cong et al., 2019). Our social as well as our economic structure could be redefined with blockchain’s foundational ability. But the implementation of this very technology can’t be executed overnight and will require decades to filter through the social and economic framework (Iansiti et al., 2017).

2.2.1 Blockchain’s impact on financial applications

The economy digitally is still dependent on third party entities that are deemed trusted. They all present importance in terms of privacy and security of one’s assets online ranging from email service providers, social networks such as Facebook to even a bank. As a matter of fact, though, all of these third parties can be subject to hacking or any other damage and hence do not provide the safety of their users (Crosby et al., 2016).
2.2.2 Blockchain’s non-financial impact

Apart from the financial applications, the blockchain is capable of offering functions for non-financial services. Papers of all kinds ranging from health data, legal securities to royalty payments in the music sectors can all be secured within the blockchain with a proof of existence. As opposed to saving the digital resources themselves, the blockchain enables the resources to be stored anonymously as well as safe through the usage of their fingerprint digitally (Crosby et al., 2016).

2.2.3 Smart Contracts

Both the financial as well as the non-financial aspects of blockchain technology entail the implementation of a concept that has been invented by Nick Szabo in 1994 and is known as smart contracts (Crosby et al., 2016). Two or more parties operating on assurances that are set digitally inclusive of protocols form a smart contract (Szabo, 1996). The general idea behind these contracts was to streamline the process of finishing contracts between involved parties. This innovation only took off when cryptocurrencies and digital payment methods entered the market. A smart contract innovation can now along with the blockchain technology cause the transfer of money in case in advance stipulated conditions become active within a contract. Data processor execute these smart contracts, which all becomes more convenient with blockchain’s ability to streamline the registry, verification and execution of these contracts (Crosby et al., 2016).

2.2.4 Supply Chain Transparency

Owing to its ability to obstruct the centralized control mechanism with its decentralized layout as well as its positive attributes of safety and namelessness blockchain technology has catapulted the focus on itself (Yli et al., 2016). Lack of transparency within the music industry makes it nearly impossible for artists to understand the flow of royalty payments, which in return might yield benefits for intermediaries (Rethink Music, 2015). Subject to viewpoints, blockchain’s disintermediation causes benefits and drawbacks. Holders of certain strategic positions within the value chain perceive blockchain’s disintermediation as a danger. Simultaneously new management structures can support the establishment of novel organizational structures and reduction of operational costs (Treiblmaier, 2019). The
research in this thesis evaluates how artists perceive the status quo in the music industry and whether a technology that provides more transparency and disintermediation would be welcome or not.

2.3 The Structure and Processes of Music Industry

Before elaborating more on what research has been conducted in the field of blockchain within the music industry, the author will inspect all defining aspects of the music industry ranging from its definition to its current supply chain shape. Products and services originating from artists and finding their way to customers form creative sectors such as the music or film industry. A customer finding music on Spotify and clicking on the play buttons subsequently can be perceived as only the end of this supply chain with the music being composed and produced in the beginning of this chain by an artist. In between those two events other supply chain processes are evident ranging from musicians signing for record labels to those music institutions entering into contracts with distributing companies that spread the artistic work on streaming platforms. The definition of “digitized“ conveys the fact that music is digitally created, distributed and listened to. It takes into consideration that a product is originated and transformed from analog to digital. This does not only count for music as digitized creative sectors such as art, film and gaming industries all provide products digitally (Chevet, 2018).

In general the music industry can be characterized through an abundance of monetary inflows as the main composition of these activities are the public music press, music retail, publication of music, hardware surrounding music as well as instruments, production technology, merchandizing and last but not least licensing, royalty and rights services (Shuker, 2017). All these activities are more and more interconnected with each other and in control by the same corporations due to their intention of retrieving the maximum profit of a product or an artist (Hull, Hutchinson & Glasser, 2011). The music market is unpredictable and a trend towards oligopoly accompanied by instability defines a hard contest to succeed in (Barfe, 2005). In order to compete, genres and artists are packaged as marketing tactics to promote music (Negus, 1999). The shift in technology owing to the digital age revolution has been changing the music industry, though. A change in consumption, making and circulation of music has led this traditional business formation to evolve (Shuker,
2017). This change will be investigated more thoroughly within the frame of this literature review.

2.3.1 Digital Transformation

It was in June 1999 when technology empowered a dropout university student named Shawn Fanning to develop software called Napster, which at that time shook the whole industry. The software caused much insurrection and consequently it made the whole music sector question the status quo and where the industry is headed. Until the digital revolution through Napster appeared, few companies had enjoyed a large degree of control with sales increasing at a fast pace, especially in the 70s through the tremendous help of the CD. Having arrived in the 21th century, the music industry is built on digital foundations without limitations of retail or physical items such as the CD (Mulligan, 2015). Defined as a peer-to-peer network that possesses the capabilities to share music, Napster enables users to share songs without monetary compensation to the artists or companies. By doing so, this technology hindered the potential revenue of the artists that possess the copyright to their work, which they would otherwise obtain through the sale of music in tangible from such as CDs (Carlsson & Gustavsson, 2001).

Until 1999 the music industry had full control of their products due to the forms of compact cassettes, CD and discs. But the implementation of mp3 due to Napster only left a small margin of control to the industry (Mulligan, 2015). After that, the employment of the peer-to-peer application LimeWire came along (Pikas, Pikas & Lymburner, 2011). It functions on the Gnutella protocol. Every node can communicate with all the other nodes as a result of decentralized servers to which all users are enabled to connect. This forms the Gnutella communications protocol. It enables every member to exchange illegal products without any surveillance (Lewthwaite & Smith, 2008). In order to download all songs for free, users only had to leave their registration information on sites such as Napster and LimeWire. To restrict the sharing of downloaded songs, Digital Rights Management Software was implemented. Apple has utilized this software, allowing buyers of music to only play Digital Rights Management encoded music on either as many iPods as one wants or at most five computers. Illicit downloads were still noticeable with websites repeatedly appearing and offering the unauthorized distribution of music (Pikas et al., 2011). There have been various legal fights to obtain some authority back and even though some companies have reinforced their control such as iTunes, Apple or Spotify, the reality shows that piracy is progressing. On the other hand, though, the
digital revolution could place a new building stone for the future of the music industry (Mulligan, 2015).

2.3.2 The Upcoming of Streaming Platforms

The digitization was feared by the music industry as it partly lost its control over copyright through piracy and changes to profit. This can be perceived as a major gain for music listeners who are able to consume music without major expenses (Aguiar & Martens, 2016). Streaming services such as Spotify are either dependent on reoccurring fees paid by their users such as a subscription or obtain their revenue flows through advertising on their platforms. The appearance of such services entails an additional means of distribution for music, which proves to be an added threat to the traditional music business model of sales through downloads or CDs (Wlömert, 2016).

Generally speaking one can differentiate between two kinds of streaming services. The ones that are classified as non-engaging streaming services resemble radio stations by providing listeners with pre-defined pieces of music that leave users unable to choose desired songs or even just the sequence of songs. The streaming provider predetermines everything with Pandora or IHeartRadio being real life examples for this business model. Engaging streaming services such as Spotify or Apple Music empower the users to choose songs of their preference along with the user’s ability to decide on the order of songs being played. Engaging streaming platforms with unlimited access in return for a subscription fee have diminished the consumer’s urge to legally as well as illegally buy music (Aguiar, 2017).

For the sake of this research the engaging streaming platforms will be analyzed. The researcher will investigate the artist’s perception on how important streaming sites are in terms of income and exposure.

2.3.3 The Supply Chain of the Music Industry

After having elaborated on the definition and development of the music industry to what it has transformed to today the question is how the structure of this very industry’s value chain looks like. As it stands today record labels and other intermediaries such as music distribution authorities still prevail in terms of power. The traditional value chain before the ramifications of the Internet consisted out of a vertically integrated supply chain model. This very model presents itself through the feature of all members within the chain belonging to the same institution. Key attributes of a vertically integrated supply chain are increased inflexibility as
institutions such as record labels are limited to choose only among its owned companies (Graham, Burnes, Lewis & Langer, 2004).

One can confirm that before the dawn of the existence of the Internet record labels had the most power in the music industry. It was evident that their services created value for all its members within the supply chain. Ranging from accommodating artists with music instruments, infrastructure, fabricating physical products in form of CDs, vinyl or cassettes to advertising and finding distribution opportunities to guarantee sales. Record labels were deemed a necessity for artists to hit the ground running in terms of success. Such labels obtained the largest cut of the pie with around 30% of all revenues associated to sales of CDs (Hosoi, Stainken & Caro, 2015).

![Figure 1: Supply chain of the recorded music industry prior the digital media – adapted from (Hosoi et al., 2015).](image)

Nowadays the combat against this record label dominance through the emergence of the Internet is noticeable. No longer are labels perceived as necessity for artists to create and distribute their work as the digital revolution has empowered artists to work from home and digitally brand themselves without depending on record labels. This argument can be supported through online platforms such as YouTube or Facebook. The traditional supply chain model, as can be seen in Figure 1, ceases to exist over the course of the last ten years with further evidence lying in the insolvency of Tower Records in 2004 (Hosoi et al., 2015).

The emphasis has shifted towards the end consumers, artists as well as the opportunities through new technologies. This has decreased the importance of certain middlemen within the supply chain of the music industry such as record labels. Even though this trend has been evident, the revenue distribution is still in
the favour of record labels, gaining the benefit of receiving over half of all the monetary payments. The fact that many artists are still under contract with record labels for royalty payments as well as licensing rights makes this one potential reason for this phenomenon. This issue can be attributed to the sector’s blurred value chain making it inexplicable for artists to determine their rightful earnings (Hosoi et al., 2015).

The more recent business model within the music industry after the digital media emergence created aggregators, as can be seen on Figure 2 and Figure 3. These so-called aggregators act as distributors providing streaming and download possibilities.
Even though, the emergence of aggregators came along, the position of record labels as intermediaries did not become weaker as they still continued executing their duties in form of maintaining legal rights and obtaining royalty payments for work of their signed artists (De Leon & Rupta, 2017). Artists acting independent without being under contract with record labels more often than not fail to receive their lawfully entitled revenues for music releases (Sydell & Selyukh, 2015). One quarter of royalties associated to music releases never materialize for artists (Christman, 2015). This confirms the fact that the lack of information transparency and imbalance maintained the dominance of middlemen such as record labels and aggregators (De Leon et al., 2017).

Although such newer supply chain models were praised, they have not provided the power shift in terms of negotiations to the artists. Aggravation of these issues within the music industry can be understood through the obsolete legislation that is not in compliance with the current set of technologies. Ranging from local to global laws concerning copyright, the status quo of these laws might fit the industry in the past when vinyl were responsible for most sales. Technology has outpaced the regulations, in spite of little evidence to the contrary with examples of Spotify and Pandora being lawfully dependent on licensing contracts with established record labels to gain access to their music inventory. Stiffness and inability to grant transparency prove to be the main obstacles in contracts with record labels. Through the emergence of the Internet the sale of physical products was the only business model that was forced in the red (De Leon et al., 2017).

According to Cooke (2016) artists possess the perception that revenue distribution between them and their respective record labels is obsolete. Variance of this phenomenon is existent within the music industry with record label contracts being unique. Yet a general agreement across artists can be identified on the fact that they should receive higher remuneration for their artistic work. This is because record labels face a decrease in risk ever since the digital model has overtaken the industry. The more prominent issues are the monetary withdrawals in the frame of royalties and discounts off artists that record labels undertake, further reducing the revenue shared with musicians (Cooke, 2016).
Some artists request more transparency and honesty coming from their respective labels regarding the reasons for certain deductions on their monetary compensation. There proves to be much opacity in the field of contracts between record labels and digital service providers, which entails many questions raised by artists on how revenues are handled between these parties. This inability of communication that artists wish for hinders them to investigate and obtain information on which streaming platforms provide the best monetary value and exposure for them. It is argued that the inherent imperfection and shortage of information visualized through the industry’s lack of transparency is of benefit for managers in top positions exploiting artists (Cooke, 2016). The research conducted in this thesis evaluates the perception of artists regarding record label power and lack of transparency.

2.4 Potential of Blockchain in the Music Industry

Blockchain technology not only provides value to changing the financial transactions but also possesses the potential to integrate itself in an abundance of other areas in our life. Imogen Heap pioneers this change by selling her music through the usage of blockchain (Nofer, Gomber, Hinz & Schiereck, 2017). This business model established by the musician herself envisions to legitimately attribute royalties to the respective parties involved in the music creation and distribution, implying usage of widely spread platforms and dissolution of intermediaries (Howard, 2015). In what way the blockchain technology can contribute to the music industry and have potential implications for the face of the industry will be elaborated in the following points:

- Transparency within the Supply Chain
- Capital Investment in the Music Industry
- Possibility of Micropayments
- Database Provider for Music Copyright Data

2.4.1 Transparency within the Supply Chain

As mentioned above, blockchain can create transparency within industries (O’Dair et al., 2016). In the music sector it is evident that substantial monetary flows are allocated to wrongful parties involved in creating and providing the artistic work. The insufficiency in transparency makes it nearly impossible for artists to understand the
flow of royalty payments, which in return might only showcase benefits for intermediaries. It is known that once record labels obtain payments from streaming providers, contracts with their signed musicians allow labels to keep the majority of the generated money due to diminutive pay out rates for artists (Rethink Music, 2015). Yet a majority of elements within deals for streaming services are not revealed. It is of difficulty for various parties involved ranging from artists to music composers to uncover the fact whether payments originating from record labels to the various parties can be classified as appropriate or not (Cooke, 2016).

In the case of Mycelia, the British musician Imogen Heap possesses the vision to guarantee more transparency for the two end knots of the supply chain, namely artist and music listeners. She went as far as publicly releasing earnings for every person involved in the creation of the song „Tiny Human“ including her own share. The song could be bought on the Ujo Music website and hence required listeners to pay with the cryptocurrency Ether, which is in use on the Ethereum blockchain. Heap’s Mycelia project does not only intend to create the required transparency for the customers but also tracks back in the other direction helping artists and their representatives to identify from which medium fans are listening to songs (O’Dair et al., 2016).

This model gives expanded information to both ends of the value chain, yet not all parties are in favour of this increase in pellucidity (O’Dair et al., 2016). Delicate pieces of information might not be shared willingly by labels and streaming websites. Contemplating the listeners of music it might be worth noting that some might not approve of having their information forwarded and exposed owing to various reasons (Beaven, as cited in O’Dair et al., 2015). Last but not least the artists themselves might perceive this complete transparency as an issue. As popular musicians higher up the revenue stream fear to have reduced sales when listeners get exposed to the amounts earned whereas many newer musicians want to be deemed earning more. Blockchain’s transparency does not grant this distortion of believed earnings. It is evident, though, that in regard to the music industry the extent of transparency can be aligned to a certain degree. Dot Blockchain Music supports this thesis by only requiring the minimum viable data. Musicians and their representatives can have a thorough look along the supply chain, if other members
within the chain possess the same inflow of data. This is dependent on the artists’ willingness and eventually requires their decision (O’Dear et al., 2016).

### 2.4.2 Capital Investment in the Music Industry

Apart from its ability to provide an increased transparency for members in the value chain, the blockchain technology could potentially help in another department within the music industry that is associated to the transparency aspect, namely financing the growth for artists that want to operate without a record label. So far monetary aid programmes such as Crowdfunding or Seed Enterprise Investment Schemes have many limitations as of now. This is due to artists’ lack of knowledge concerning financial prosperity and insufficiently evaluating capital shares. The implementation of blockchain along its transparency in the music industry can empower potential and willing stakeholders to correctly analyze sales and growth as well as predicting potential return on investment upon their stake in the artist’s brand (O’Dair et al., 2016).

Moreover blockchain technology possesses the potential ability to create a newly adapted investment model that entails artists obtaining the financial support they need for their desired growth as well as investors finding new methods of generating capital. Within the frame of the widely known accelerator model of providing mentoring, valuable information flows as well as resources, the artists can benefit from this model in return of distributing shares through the technology of smart contracts. These smart contracts can simultaneously be utilized for Crowdfunding campaigns with their pre-defined contract terms having investors know that if financial target goals are not met, capital is returned to its owner (O’Dear et al., 2016).

### 2.4.3 Possibility of Micropayments

Monetary compensation for the created sounds as well as the associated words and melody, which are also classified as royalties, can be delayed resulting in payments to the rightful owner after periods of months or even years. This is outdated contemplating the speed at which end consumers have the possibility to listen to songs nowadays. Moreover record labels and other intermediaries cause another
issue in that matter with deductions of the revenues attributable to artists (Rethink Music, 2015). Blockchain possesses the ability to tackle this issue in various forms. First and foremost cryptocurrencies are characterized through low transference costs and simultaneously possessing a high level of division into individual values, called denomination. This criterion grants micropayments to be viable, which can be important in today’s time of streaming platforms (O’Dair et al., 2016). Even though the ridiculous permanence of artists receiving their respective revenue cuts later than the other members of the supply chain, the blockchain technology can at least mitigate the artists’ distress by providing them with the transfer of money in a dramatically reduced time as opposed to the status quo (De Leon et al., 2017).

Another feature of these micropayments is the possibility to have music listeners give tips to musicians starting from diminutive amounts upwards. One has to stress that the current speed of royalties paid to the artists might ignore the contracts between record labels and artists agreeing to advance payments. This method of compensation makes the labels pay the artists upfront while the label holds on to the artists’ royalty payments as long as it has not compensated for its generated costs. Hence the smart contract implementation could be of benefit for artists that receive smaller amounts of advance payments or might even be exposed to fixed advance payments that have them earn no more than this amount. Moreover the smart contracts can provide the possibility of managing royalty payments directly. This could potentially eliminate the steps along the supply chain concerning having record labels interfering in the process and grant a fair revenue share to its rightful owners once their work is in use through downloads and streams by end consumers (O’Dear et al., 2016).

### 2.4.4 Database Provider for Music Copyright Data

The recorded sound is a copyright associated to the artist performing the song as well as the lyrics connected to the songwriter and distributer of the music, forming two sets of proprietorship. Through the usage of a hash that transforms the pieces of information in a cryptographic identity format the copyrights could be retained in the blockchain. The issue at hand, though, is that a multitudinous amount of non-capacious databases exist, storing copyright information with differences in information (O’Dear et al., 2016).
This makes it hard to overcome disputes, as a central board is not existent to provide fixed solutions. When mistakes occur one has to find a way to contact the respective databases to settle the matters. Blockchain’s implementation in the field of database storage could provide immediate and self-controlled updates making information visible to all members. It could offer the ease of contacting copyright holders and other information such as usage conditions aided through the metadata ingrained in the music pieces (O’Dear et al., 2016).

2.5 Blockchain’s challenges moving forward

According to theorists in the blockchain field, the features of the music industry such as increased rate of monetary remittance in low amounts associated with streaming services are reasons on why blockchain is incongruous for such transactions (De Leon et al., 2017). Full productiveness from the blockchain technology is expected to be attained between five and ten years (Gartner, 2016). Instead of classifying blockchain as a substitute for spread databases it can be stated that the technology augments and supplements the databases that are scattered by providing division among these two technologies (Palfreyman, 2017). According to Palfreyman (2017) increased dimensions in low monetary amounts transfers is ordinarily not suited for blockchain. Within the foreseeable future the opposite of transactions that are characterized through their high monetary worth in low numbers are more appropriate for usage of blockchain (Palfreyman, 2017).

Based on the findings of the literature review the author interviews music artists to analyze their opinion on the current structure of the music industry and whether blockchain-based change is welcome.

3 Methodology

This chapter outlines the research design chosen for the research question as well as the sampling method, data collection, coding and analysis criteria to guarantee accurate results.
3.1 Research Design

The purpose of this research is the in-depth investigation of opinions of artists on how they perceive the current state of the music industry along with their views on how they wish the industry to change within the foreseeable future and beyond that. This question requires a qualitative research approach to guarantee precise results. On the matter of research designs, there are three approaches. Qualitative, quantitative as well as a mixed methods approach are the categories to choose from when conducting research. The usage of these individual research designs is dependent on various elements ranging from the research question and the problem of the study to factors such as the author’s background to the study (Creswell, 2014). Qualitative research is characterized through the intention of the researcher to explore the various realities of respondents and showcasing those respectively (Creswell, 2012). Through reporting and assessing motivations, emotions as well as beliefs the respondents are empowered to associate themselves with the topic through this research method (Veal, 2011). The smaller sample size accompanied by selecting interviewees correlates with the purpose of the study. As opposed to quantitative research, the qualitative research entails interpretive ratiocination of the gathered data (Hennink, Hutter, & Bailey, 2011). Qualitative research will be utilized for this study that will entail the implementation of theoretical thematic analysis.

3.2 In-Depth Interviews

Within the scope of qualitative research in-depth interviews are a method to discover the perspectives concerning a specific topic, setting or idea of one or few participants for the purpose of research. In addition to that advantageous usage of in-depth interviews, they are helpful in discovering and investigating new ideas and problems more profoundly (Boyce & Neale, 2006). These interviews are a one-off event with one individual or even a group and the general time schedule for these is predetermined ranging from half an hour to an hour (Corbin & Strauss, 2011). The result of extensive amount of in-depth information is the main advantage of implementing in-depth interviews in one’s research. The fact that surroundings of in-depth interviews can be perceived as more relaxed as opposed to other interviewing methods such as focus groups provides value to the researcher by potentially gaining
more qualitative and honest information from the respondents. Even though in-depth interviewing provides much value to the interviewer, limitations and negative side effects have to be acknowledged. Different types of bias are existent due to various reasons. These require the interviewer to be aware of possible bias and seek to gain data collection in the most objective way possible. Apart from possible interviewee bias, the interviews as well as the data transcription and evaluation of this in-depth information can be time-consuming (Boyce et al., 2006).

In order to gain most insight into the behaviour and attitudes of the respondents, the interviewer is responsible for creating an enjoyable atmosphere. The interviewer’s personal standpoints, body language as well as communicative influence on the respondents have to be in control to guarantee the quality of gained information (Boyce et al., 2006). For the research question at hand for this thesis a semi-structured approach is chosen. According to Mason (2002) the semi-structured interview is characterized through the following key features:

- The two-way communicative interchange between interviewer and interviewee (Mason, 2002).
- Informality within the frame of interviewing as opposed to strictly answers upon questions (Mason, 2002).
- The interviewers possess topics and questions at hand, which they want to make the centre of the interview, with these prepared anchors potentially triggering dialogue (Mason, 2002). Although the interviewers might have prepared a set of questions that are of importance, a complete fixed scheme with questions is not necessary (Mason, 2002). Flexibility in semi-structured qualitative interviews is of importance to guarantee a flow of communication, which possesses potential for discovery of unanticipated pieces of information (Mason, 2002).
- Such qualitative interviews provide the platform for information context and understanding, which are the creation of communication between interviewer and respondent (Mason, 2002).

In order to gain insight into the research question at hand, the data has been collected through the usage of in-depth interviews with seven artists within the
electronic dance music industry that are either exclusively signed by a record label or work non-exclusively. This provides qualitative information concerning their views on the current state of the industry and their views on transparency and awareness of blockchain technology. The place of interview will be held in the production rooms of the individual interviewees where they respectively create their music to ensure familiar surroundings that enable them to extensively communicate their opinions on the research questions investigated in this paper.

3.3 Sampling Method

Sampling displays a significant role in research as investigating entire populations is simply not viable as well economical. Whereas quantitative sampling methods aim at choosing a representative amount of people from a population in order to provide generalizability for the population at hand, qualitative sampling methods take other elements into consideration such as accessibility of subjects or the researcher’s judgment on what criteria respondents need to fulfill (Marshall, 1996). In order to guarantee the quality of research within the frame of this paper seven participants that fulfil the criteria have been non-randomly selected by the researcher through a purposive sampling. This kind of sampling, also referred to as judgement sampling, arranges the considered selection of potential participants owing to qualifications. Preliminary hypotheses or a certain amount of participants is not required for this non-random sampling method (Bernard, 2002). Within the scope of purposive sampling, the technique of expert sampling will be utilized for this thesis.

This method reaches out to experts within the area of research. This field of research requires artists as experts in the music industry. This method is beneficial for areas of studies where not much prior information exists (Etikan, Musa & Alkassim, 2015). This will provide the researcher with qualified participants contributing to the unexplored research question in hand. Within the frame of this research seven artists have been chosen that all distribute their music through streaming sites, with four being under exclusive contract with a record label and the other three acting non-exclusively and hence can provide their views on the research question at hand.
3.4 Data collection

It is vital to form a personal connection in the start of interviews to enable the interviewees to respond unreservedly concerning their views and perceptions (Saunders, Lewis & Thornhill, 2009). The interviews were conducted in the period between 28.05.2019 and 01.06.2019. The interviews took place in Vienna, Austria. Selection of the interview location led to the decision on an informal setting in which the interviewees feel comfortable in and hence were willing to respond to the research question. As mentioned previously a semi-structured guideline in order to lead the conversation to the central question of this topic has been prepared prior the interviews. The interviewee, though, is entitled and welcome to expand on his thoughts beyond the scope of the central question as it might create new understandings. The researcher’s intention is to ask as few questions as possible to eliminate bias or triggering the interviewee into leaning towards a certain standpoint. The recording and transcription will be utilized as probing techniques to provide a more thorough analysis of the data. The semi-structured questions are listed below:

1. How long have you been active in the music industry?
2. Are you signed up by a record label exclusively or do you release your songs non-exclusively? Why?
3. How would you describe the work with your label/s so far?
4. Does your value chain look like this (Figure 3)? If not how does it look like?
5. Would you like to cut out certain intermediaries? Which ones?
6. Do you feel that record labels possess an advantage towards the artist? Do you feel it is fair that way?
7. How important are streaming sites to your income & exposure as an artist?
8. Are you content with the pace of how royalty payments get to you from streaming sites? (Why/Why not?)
9. Are you familiar with blockchain technology? If yes, have you heard about its emergence in the music industry?
10. How would you feel if you knew exactly how much money everybody included in your music releases makes? How would it make you feel if listeners knew exactly how much revenue you make with your songs?
11. In which aspects would you like the music industry to change around you?
3.5 Thematic Analysis & Coding

Understanding the interviewees’ responses and incorporating these into patterns form the idea of data collection (Patton, 1990). Thematic analysis is one of the most conventional pathways to analyzing data in the field of social science (Holstein & Gubrium, 1997). This form of analysis is integrated in this study that seeks to secure the respondents’ demeanor, understanding and attitude. The identification and analysis as well as the description of themes extracted from the gathered data forms thematic analysis (Braun & Carke, 2006). Researchers are empowered to become engrossed in the enormous quantity of data as well as arrange and interpret it through the help of thematic analysis. It provides a framework in analyzing qualitative data such as interview recordings (Lapadat, 2010). When choosing the thematic analysis approach a number of decisions have to be made (Braun et al., 2006). According to Braun & Carke (2006), one of these questions has to be what emerges to be a theme. Patterns in answers that are associated with the research question clarify the definition of a theme. One can differentiate between inductive and deductive thematic analysis (Braun et al., 2006). The definition of coding comprises the classification, conjoining and development of concepts through gathered data (Charmaz & Bryant, 2016).

Whereas deductive thematic analysis is a coding procedure in which the researcher incorporates the gathered data into already existent themes, the inductive thematic analysis displays a technique in coding that omits putting the data into an architecture of coding that has been designed prior data collection (Braun et al., 2006). For the sake of this research both variations of thematic analysis have been applied as pre-existing themes have been developed prior execution of the interviews. In case certain pieces of data don’t comply with and fit into the existent framework of themes the inductive analysis expands the knowledge of this research with new themes.

3.6 Ethical Issues

Certain ethical issues appearing throughout the conducted research have to be contemplated. By transparently informing the research objects about the intention of the research, the researcher tries to overcome this obstacle. Personal data concerning the participants proves to be insignificant to the purpose of this research.
Hence confidentiality about every single respondent will be granted. The insurance of the wellbeing of the interviewees will be given attention to from the part of the researcher to comply with the personal needs of the interviewees (Veal, 2011).

4 Findings

This chapter will depict the findings of this thesis. A description of the interviewee profiles (years of being professional artists, exclusive/non-exclusive contract situation) is shown below to provide the necessary information before commencing to present the findings.

<table>
<thead>
<tr>
<th>Interview No.</th>
<th>Interviewee</th>
<th>Date of interview</th>
<th>Years of being professional artist</th>
<th>Contract situation</th>
<th>Music genre</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A</td>
<td>28/05/19</td>
<td>4</td>
<td>Exclusive</td>
<td>Electronic Dance Music</td>
</tr>
<tr>
<td>2</td>
<td>B</td>
<td>29/05/19</td>
<td>3</td>
<td>Exclusive</td>
<td>Electronic Dance Music</td>
</tr>
<tr>
<td>3</td>
<td>C</td>
<td>29/05/19</td>
<td>10</td>
<td>Non-exclusive</td>
<td>Electronic Dance Music</td>
</tr>
<tr>
<td>4</td>
<td>D</td>
<td>30/05/19</td>
<td>4</td>
<td>Exclusive</td>
<td>Electronic Dance Music</td>
</tr>
<tr>
<td>5</td>
<td>E</td>
<td>30/05/19</td>
<td>8</td>
<td>Non-exclusive</td>
<td>Electronic Dance Music</td>
</tr>
<tr>
<td>6</td>
<td>F</td>
<td>31/05/19</td>
<td>2</td>
<td>Exclusive</td>
<td>Electronic Dance Music</td>
</tr>
<tr>
<td>7</td>
<td>G</td>
<td>01/06/19</td>
<td>5</td>
<td>Non-exclusive</td>
<td>Electronic Dance Music</td>
</tr>
</tbody>
</table>

Table 1: Interviewee profiles

4.1 Analysis

A deductive and inductive thematic analysis was implemented for the analysis of the data. Newly defined codes as well as codes developed in advance form this method (Braun et al., 2006). Deductive codes are derived from the author’s understanding of the existing literature on the supply chain of the music industry and blockchain’s impact on this very sector, whereas inductive codes were detected while analyzing the data. The five following subchapters describe five themes that have arisen from
the interview data. Furthermore, each identified theme is visualized through a thematic map.

- Artists’ perception of record labels
- Artists’ value chain
- Artists’ perception of streaming sites
- Artists’ knowledge of blockchain technology
- Transparency willingness

### 4.2 Artists’ perception of record labels

Through the analysis of the collected interview data the first theme is called “Artists’ perception of record labels”. This theme was partly anticipated by the researcher based on the existing literature of record labels’ position in the music industry’s value chain. Yet two new codes can be classified as inductive and therefore were not expected by the researcher. The following codes along with their frequency throughout the interviews elaborate on the theme “Artists’ perception of record labels”:

- Record label power existence (7/7 respondents)
- Artists view labels as valuable (7/7 respondents)
- Importance of freedom (5/7 respondents)
- Initial attraction (4/7 respondents)

Figure 4: Thematic map of artists’ perception of record labels
The following subchapters elaborate and evaluate these codes that imply the theme “Artists’ perception of record labels”.

4.2.1 Record label power existence

All seven respondents believe that the record labels they work with possess a degree of power towards the artists, which supports the literature on this very topic. Moreover, this result suggests that artists perceive that record labels possess leverage over their artists due to the contract situation and in some cases take advantage of this power. This is a reason for some artists to stay distant from exclusive contracts with labels. Yet artists are willing to work with labels that are more established in the industry in order to gain exposure.

“I think they do have an advantage, because they are in control over my income basically” – Interviewee A

“I feel that the label has a bit too much say over my work. “ – Interviewee D

“If you are exclusive with a label they can do whatever they want to with your songs, because they own everything. They can even change your songs” – Interviewee E

“In most cases they have an advantage, of course. Labels bring you exposure way faster than you could manage on your own, especially when they’re well-known and longer in the business than you as an artist.” – Interviewee C

4.2.2 Artists view record labels as valuable

This inductively arisen code sees all seven respondents agree on the fact that record labels provide value to them. The value of labels to artists can be traced back to the services offered to the artists, ranging from distribution of songs to bringing more exposure back to the artist. Three respondents elaborated on the value of record labels by pointing out the labels’ work outside the music creation that would be difficult to manage on their own. Another two respondents stated that their focus is on the creation of music and that they want to have the label take care of all the other aspects surrounding publishing music, as they are not experts in these processes.

“I think you should focus on the artistic part of it, put all your energy in the creation of bangers that can drive you forward and the rest I can’t do
as well as the labels I work with. They have more expertise in branding, social media and all that stuff.” – Interviewee C

“Apart from all the work related to the music distribution and filming of music videos, they get me to events and meet important people. They help me get my music spread all over the Internet and make my music play on radio which on my own would be difficult.” – Interviewee D

4.2.3 Importance of freedom

From the seven interviewees, five expressed the importance of freedom. All three respondents with non-exclusive contract situations used this argument to defend their decision to work with more than just one label to which they would be legally obliged to with all their work. The other two respondents argued that their lack of artistic freedom with their record labels is a reason for them to potentially work independently in the future. This suggests that creative freedom as well as freedom of deciding with whom and where to publish music are key factors to the artists’ satisfaction.

“I understand they want me to produce music that people want to hear. But I have my own identity, my own style and I don’t like it when people that don’t produce themselves, tell me in which direction I should go as it’s the trend right now and in the end I don’t even benefit from it.” – Interviewee B

“I still want to do whatever I want to with my music and not have a label do with my music whatever they feel like. Because of this I only sign deals with labels for individual songs and they have only the exclusive rights over that song for like a year or so that if a bigger label comes in and want to sign it they can do it after that.” – Interviewee G

4.2.4 Initial attraction

The respondents were asked whether they are under exclusive contract with a label or work non-exclusively. This question was implemented to explore any potential patterns that might differ due to that differentiation. Four out of seven respondents stated an initial excitement when having joined their respective record labels. Three out of these four respondents are in an exclusive contract situation with their respective labels. The fourth respondent with an exclusive rights situation to all of his or her music pointed out that initial scepticism prevailed to exclusive rights but once contact was initiated with a big record label, he or she agreed to exclusive rights with this particular label. The only respondent with non-exclusive rights out of the four
stating initial excitement when joining a label, namely interviewee C, just explained his or her reaction to getting signed by a record label exclusively in the beginning of the respondent’s career. This suggests that labels within the electronic dance music possess great force of initial attraction to artists that are not that established.

“I guess the reason why I decided to go with just that record label was because at the time it seemed like an exciting opportunity for me. I was an artist no one knew about and suddenly this label reached out to me and told me that they want to sign me and help me reach big things. So that really intrigued me.” – Interviewee A

“Obviously back then when I started making music the first label came approaching me real soon after that and I was like “Oh my god, that’s just crazy that they want me”. “–Interviewee C

“...I was kind of afraid because I felt like no label at that time deserved the exclusive rights to publish my music. But then I came across a great contact who recommended me to a big label and they convinced me to release with them.” – Interviewee D

4.3 Artists’ value chain

With reference to the questions whether artists agree with the value chain in Figure 3, illustrated in the literature review, or find deviations to theirs, a theme “Artists’ value chain” was developed to provide a correct model to the respondents’ answers about their respective models. Furthermore this theme signalizes the artists’ desire for intermediation. The codes listed below were detected most frequently throughout the data and hence form the theme “Artists’ value chain”. Their elaboration will provide more insight into the actual look of the value chain of artists within the electronic dance music industry:

- Alternative value chain (6/7 respondents)
- Artists’ preference of intermediation (5/7 respondents)

Figure 5: Thematic map of artists’ value chain
4.3.1 Alternative value chain

Six respondents disagreed with the value chain model shown to them after being asked if it resembles their actual model. In most cases the respondents argued that there are just one to two key adjustments to make to have the model comply with theirs. Five of the six respondents disagreeing with figure 3 argued that they do not use engineers for the production of their music. This can be traced back to the fact that artists in the electronic dance music industry act as producers and in many cases deem engineers unnecessary, as explained by Interviewee C. The majority of respondents clarified that physical retailers and manufacturers are not present in their value chain.

“Partly, the engineers part falls away from me since I mix and master my own music. My label currently does not work with physical manufacturers.” – Interviewee A

“I’d say this is pretty much accurate for the most part. Like maybe the physical parts don’t really apply to mine. It’s all online.” – Interviewee B

“If I go into detail then in our industry and I think other artists would agree with me that these so called engineers and producers are not needed. All the labels in the EDM scene that I work with don’t really deal with physical retailers anymore. I think that’s past.” – Interviewee C

Interviewee C then went on explaining the reason on why artists in the electronic dance music industry deem engineers unnecessary.

“I mean we produce music ourselves and when you have been doing it for over a decade than you can master and fine tune everything yourself.” – Interviewee C

The one respondent, interviewee F, did not state with conviction that figure 3 is in complete accordance with the respondent’s model. The interviewee stated his lack of knowledge concerning that topic. As evidence his response is shown below, suggesting the possibility of a deviation to figure 3 as well.

“I don’t know how mine looks. You know I would have to ask the label.” – Interviewee F

This result made the author visually correct the value chain of figure 3 to comply with the most frequently mentioned changes by the respondents. Below the corrected model for the electronic dance music industry can be seen.
Figure 6: Supply chain for artists within the electronic dance music Industry

The key difference to the supply chain in figure 3 is that physical manufacturers as well as retailers do not play a role in this model anymore. The respondents stated that their music is digitally produced as well as distributed. Moreover the supply chain, visualized in figure 6, is characterized through the disintermediation of engineers. Most artists in the electronic dance music act as producers and engineers as well. They do not deem intermediation for producing or mastering music a necessity.

4.3.2 Artists’ preference of intermediation

This code was inductively developed as the researcher anticipated most respondents to prefer disintermediation. Five out of seven respondents were in favour of keeping other parties involved in their value chain. Their respective reasons for intermediation range from the value other players in their value chain provide to them to them wanting to focus on the music and have experts deal with the processes around it.

“I’m no expert in things like publishing music, getting myself interviews, marketing my social media, so I need the label at the moment and all the other parties.” – Interviewee F
“It’s not so much about cutting out people. I can see the value they bring. Some bring value in the creation of the music and the other ones have the contacts that are important if not even more important to get your music the attention it deserves”. – Interviewee B

“...I think you should focus on your songs, put all the energy in that and the rest I can’t do as well as the labels I work with.” – Interviewee C

The other two respondents prefer disintermediation as both want to pursue a future as independent artists, both expressing their need for record label disintermediation.

“But I guess that would be the best option if I could just sell my music directly to my fans without having to go through labels.” – Interviewee A

“I know that I deserve more and I should get more and to me it’s just the time, you know within a couple of years, I actually might go and do it all by myself” – Interviewee D

4.4 Artists’ perception of streaming sites

The growing importance of streaming sites was discussed in the literature review. The researcher asked all respondents whether they deem streaming sites important and how content they are with the pace of royalty payments they receive from these platforms through their record labels. This sequence in the interviews enabled the researcher to support the literature on streaming sites with two pre-developed codes showing significance in the eyes of the researcher. This theme resulted from two factors that are:

- Importance of streaming sites for exposure (7/7 respondents)
- Slow royalty payments (5/7 respondents)

![Figure 7: Thematic map of artists’ perception of streaming sites](image)
4.4.1 Importance of streaming sites for exposure

All respondents were in synchronization with their perception regarding streaming platforms. They highlighted the importance of streaming sites during this time in the music industry. Even though not all respondents reported that streaming sites are their main source of income, they all shared the opinion that these platforms are an integral part for the exposure of their music.

“Without the likes of Spotify and Apple Music I wouldn’t have gotten so far.” – Interviewee D

“On a scale of 1 to 10 for the whole industry it's a 10, no doubt about it. Everyone listens to Spotify streams or YouTube or somewhere else.” – Interviewee G

“Nowadays they play a big part. ... Spotify, Apple Music and the rest are the centre of attention and that’s why they are up there.” – Interviewee C

4.4.2 Slow royalty payments

Despite streaming sites’ importance for exposure, five out of the seven respondents had the propensity to perceive incoming royalty payments as slow. All seven respondents suggested that their income from streaming sites is issued by their labels. This suggests that this intermediation of record labels might be responsible for the perceived slow payments.

“I already mentioned before that my labels pays me quarterly, which is way to slow”. – Interviewee A

“I get them at the end of every month. I mean I know through the technology etc. it should be faster but that’s how it is and the fact that there are many people involved could be a reason for the payments to take time.” – Interviewee C

“I’m the last person who sees a penny from my own music.” – Interviewee D

4.5 Artists’ knowledge of blockchain technology

The potential implications blockchain technology can have on the music industry were listed in the literature review. An important part of that chapter is blockchain’s ability to provide more transparency to the artists. A theme “Artists’ knowledge of blockchain technology” resulted from questions surrounding the respondents’
awareness of blockchain technology itself and the technology’s emergence in the music industry.

- Awareness of blockchain technology (6/7 respondents)
- Awareness of blockchain-based music streaming sites (4/7 respondents)

Figure 8: Thematic map of artists’ knowledge of blockchain technology

4.5.1 Awareness of blockchain technology

Only one respondent out of seven seemed to have never heard of blockchain technology. Apart from this respondent, every respondent was aware that blockchain technology exists.

“Yes, blockchain is a thing that has been in the news for the last two or three years I think.” – Interviewee D

“I’m pretty much aware of it I’d say. I’ve actually just had some discussions with friends about these blockchain platforms.” – Interviewee G

4.5.2 Awareness of blockchain-based music streaming sites

Four out of these six respondents are aware that blockchain technology exists in the music industry. When further asked what knowledge they have on blockchain within the music industry all four have discussed blockchain-based streaming sites for artists as alternatives to the current mainstream streaming platforms. All four do not possess extensive knowledge about blockchain. They showed openness to join such platforms in the future. Conditions were set by them to move away from their current streaming sites, though.
“Well I can’t answer that right now (joining a blockchain-based streaming platform), but if the benefits outweigh the costs then I would feel inclined to do so” – Interviewee C.

“In the future maybe (joining a blockchain-based streaming platform). Maybe a streaming site that uses blockchain goes on and becomes the next Spotify. You don’t know what else there is to come.” – Interviewee D

“I don’t know (joining a blockchain-based streaming platform). All my people are on YouTube and Spotify mainly. But if bigger producers make that step then I can see myself there too.” – Interviewee E

4.6 Transparency Willingness

According to O’Dair et al., (2016), blockchain’s complete transparency for the whole value chain ranging from the artist to the listener can cause record labels, distributors as well as artists to disapprove of having their sensible information forwarded and shared with everyone else. The extent of transparency can be aligned, though, as Dot Blockchain Music supports this idea by only requesting the minimum viable data (O’Dair et al., 2016). This made the researcher create theoretic scenarios for the seven respondents to see which degree of transparency artists wish for. This theme resulted from one code that was detected by the researcher frequently.

- Artists’ willingness for more transparency (6/7 respondents)

Figure 9: Thematic map of transparency willingness
4.6.1  Artists’ willingness for more transparency

The first theoretic scenario looked as follows:

*How would it make you feel if you knew exactly how much money everybody included in your music releases makes?*

Six out of seven respondents stated they would like this degree of transparency.

> “I love that idea actually. Then there is no corrupt handling of payments etc., which many complain about.” – Interviewee C

> “I want to know what all the others make off my music for ages. So yeah, bring it on.” – Interviewee E

The one respondent, Interviewee A, that expressed unwillingness to that scenario would actually want to see the revenue streams of others involved in music releases, yet does not want others to see his income. Therefore the respondent states:

> “I would like to know some of that information, because I don’t know how much my label actually makes with my songs, but at the same time I don’t want others to see what I earn with songs, so I wouldn’t necessarily fancy it. Same rights for everyone I guess.” – Interviewee A

The second theoretic scenario looked as follows:

*How would it make you feel if listeners knew exactly how much revenue you make with your songs?*

After asking respondents that question four out of seven kept their willingness for full transparency.

> “As an artist through this information I can use this to my advantage. For example, I can see this artist makes this music in this genre of music, which is earning him a lot of money. So maybe if I could like produce music in this genre, maybe I could take advantage of it.” – Interviewee B

> “Honestly I would embrace that. So many fake artists out there pretending to make so much money and live off a reputation that is based on lies and that’s just cheating on your fans.” – Interviewee C

The other three respondents made it clear that this scenario is not preferred with responses as follow:
“I want my listeners to enjoy my music and don’t check my income. I can only imagine how much abuse certain artists would get on Twitter.” – Interviewee E

“Maybe that’s a bit too much. Cause what if fans are then put off by the idea that some people earn a lot and are not willing to listen to their music anymore?” – Interviewee D

5 Discussion

The purpose of this study was to evaluate the perception of artists of the current music industry supply chain and investigate the artists’ willingness to blockchain-based changes to this very sector. A deductive and inductive thematic analysis of data of seven in-depth interviews was executed. This analysis has produced five central themes throughout the research. The results show the power record labels possess. Despite their leverage over signed artists, musicians deem record labels valuable. Artists’ freedom in terms of music creation and distribution is important, though. The reason for artists to initially enter into exclusive contracts with labels is associated with record labels’ power of attraction in the industry.

According to Sydell et al. (2015), record labels and aggregators still possess a large degree of power along with a lack of transparency towards the artists. The researcher can support this statement, as it has been evident throughout the data analysis. The researcher anticipated that artists would prefer disintermediation of value chain members. Yet, there was a clear tendency towards keeping intermediation within the supply chain. This strengthens the argument that record labels, which are a key member of the supply chain, are valuable in the eyes of the artists. The expertise record labels offer and artists’ focus on the music creation are the main explanations for musicians’ preferred record label intermediation. The data analysis shows that most respondents deem engineers unnecessary as artists in the electronic dance music can produce and master songs on their own. This is evidence for disintermediation of value chain within this particular genre. The researcher observed that physical products are hardly existent in the respondents’ value chains. This correlates with all respondents working in the electronic dance music, which sees music get produced and distributed mainly digitally.
Still it strengthens the argument that the music industry of the 21st century is built on digital foundations and does not depend on retail of physical items such as the CD (Mulligan, 2015). Streaming platforms’ emergence as an additional means of distribution is a threat to the traditional business model of physical music sales as well as ones online (Wlömert, 2016). Artists perceive streaming sites as important for their exposure, presenting strong evidence for Wlömert’s argument. According to Cooke (2016), the lack of transparency is of benefit to record labels and aggregators and leaves artists unaware of how royalty payments are handled. Based on the results of this study, artists perceive royalty payments as slow. Royalty payments to the rightful owners can be delayed for months or years (Rethink Music, 2015). The intermediation of record labels and aggregators might be responsible for the perceived slow payments, as these members of the value chain handle and process royalty payments. The majority of respondents appeared to be aware of blockchain technology. More than half of the respondents seem to have realized the emergence of blockchain technology within the music industry. No respondent can be classified as an expert though. The data analysis identified blockchain-based streaming platforms to arouse attention within the music industry, as artists seem to understand that fairer and faster monetary compensation are offered on these sites. Their willingness to join such sites is evident, even though artists require these sites to gain exposure first before joining such platforms. This can be traced back to artists’ belief that the current streaming sites such as Spotify or Apple Music still dominate and bring them the most exposure. The results showed the artists’ willingness for more transparency. They wish to have insight into how much income other members within their value chain generate. The willingness for complete transparency, having listeners see artists’ income, saw still four out of seven respondents eager for that degree of openness. This proves that most artists are willing to see structural change in the music industry along with blockchain’s emergence in the sector.

6 Conclusion

The main question and emphasis of this thesis was the evaluation of the artists’ perception of the current supply chain within the music industry and blockchain’s emergence within this very sector. The researcher used a qualitative research
method of semi-structured in-depth interviews along with a thematic analysis to get insight to seven music artists’ opinions and feelings on these topics. The researcher strongly assumed that artists wish for disintermediation of their respective value chains. This anticipation was partly refuted. The majority of respondents opted for keeping their value chains intact, as they perceive other members along the supply chain as valuable. The researcher’s assumption that record labels still possess a large degree of power and account for a lack of transparency towards the artists was confirmed throughout the process of data analysis with respondents wishing for more freedom. Furthermore the importance of streaming sites in the eyes of the artists was anticipated during the initial research. Subsequently all respondents supported this, even though perceived slow royalty payments from streaming sites are evident. The artists’ feeling of slow transaction of royalties correlates with the intermediation and power of record labels as well as aggregators. The respondents’ wish for faster monetary transaction and more transparency made the researcher believe that artists welcome blockchain’s implications, such as micropayments and increased transparency.

All respondents being aware of blockchain technology within the music industry have a notion that blockchain-based streaming platforms are emerging. Yet, the lack of listeners on such sites and power of mainstream streaming sites such as Spotify and Apple Music makes them hesitant to join other platforms. This suggests that in the eyes of the artists highest possible exposure for music is more important than fairer monetary compensation. Nevertheless, the results present artists’ willingness to opt for blockchain-based solutions in the future. This was confirmed through the respondents’ eagerness to have more transparency along the supply chain, even though just over half of the respondents welcome complete disclosure of their income to music listeners.

As a conclusion to the results, it can be stated that artists value their current supply chains, yet report record label power. Even though intermediation is preferred, they are willing to opt for blockchain-based solutions that guarantee more transparency and fairer monetary compensation. This makes the author believe that increased marketing and information flow about blockchain’s advantages for the artists could potentially cause more musicians to join blockchain-based streaming sites.
Subsequently, it can create a music industry that reinforces the position of the artist through the implementation of blockchain technology.

7 Limitations

As a limitation to this study, the number of respondents, being seven, can be considered too small to be representative for the music industry. Furthermore, the respondents all work within the electronic dance music sector, suggesting that other artists from different music genres could potentially perceive their supply chains and blockchain’s emergence within this industry differently. Moreover the qualitative approach entails the researcher to interpret the findings. In addition, during the execution of in-depth interviews the author could have had direct impact on respondents, affecting their responses. This poses the danger that information was misinterpreted.
Bibliography


Appendices

Interview Guideline

1. Respondent Profile Questions:

- How long have you been active in the music industry?
- Are you signed up by a record label exclusively or release non-exclusively on various labels?
  - Why have chosen this path?

2. Question regarding artists’ perception towards record labels

- How would you describe the work with your label/s so far?
  - Why do you feel this way?
    - Exclusively signed artists initially attracted by labels
    - Record label power existence
    - Importance of freedom
    - Artist’s preference of disintermediation

3. Questions regarding artists’ opinion and feelings on their supply chain.

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  - If not, how does it look like
  - Are the key members (record labels, accelerators present)?
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    - Agreement with figure 3
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- Would you like to cut out certain intermediaries?
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- Do you feel that record labels possess an advantage towards the artist?
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    - Record label power existence
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5. Question regarding artist’s feelings & thoughts on streaming sites,
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  o If yes, have you heard about its emergence in the music industry?
    ▪ Artist’s aware of blockchain technology
    ▪ Artist’s aware of blockchain technology in the music industry

• How would you feel if you knew exactly how much money everybody included in your music releases makes?
  o How would it make you feel if listeners knew exactly how much revenue you make with your songs?
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    ▪ Artist’s unwillingness to complete transparency

7. Question regarding the artist’s wish for changes in the music industry?

• In which aspects would you like the music industry to change around you?
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  ▪ Fairer compensation wished for
  ▪ Artist’s willingness for more transparency
  ▪ Importance of freedom
Interview Transcript with Interviewee A

Interview No.: 1

Date: 28/05/2019

Interview participants:

R: Maximilian Kumptner - Interviewer

A: Interviewee A

Profile of Interviewee and music genre:

4 years professional artist

music genre: electronic dance music

Label status: exclusive

R: Alright, let’s get it started. So let me ask you this first. How long have you been active in the music industry?

A: I started out around 5 years ago, but in the actual industry I've been active for 4 years. So I've been doing it seriously in the last 4 years pretty much.

R: So are you signed up by a record label exclusively or do you release on various labels?

A: I'm currently signed up to a label exclusively. That means that I can only release through them this year.

R: What was the reason to go exclusive?

A: I guess why I decided to go with just that record label is because at the time it seemed like an exciting opportunity for me. I was literally an artist that no one knew about and suddenly this label reached out to me and told me that they want to sign me and help me reach big things. So that really intrigued me.
R: How would you describe the work with your label so far?

A: Unfortunately, it hasn't been as good as I thought it would be. So overall I'd say I'm not very satisfied with the label and I guess there's many reasons for it.

R: Like what for example?

A: The biggest reason is that the label is not very proactive towards me. I approach them for new releases but there is not much coming back from them.

R: What would you like to know more about?

A: Well, first of all their intentions. I don’t know where I stand with them with all my releases under them being like business transactions, like there is no human engagement from their part. This is the main reason why I will quit this particular label and move on to a different one, this time non-exclusively and when I feel like taking a risk I will try to release on my own.

R: Have a look at this. Do you think that your value chain looks like this model here?

A: Partly, the engineer part falls away from me since I mix and master my own music. My label currently does not work with physical manufacturers. So they only release digitally on iTunes, Spotify and all those platforms and I don't think they work with radio either.

R: Why do you think they don’t work with radio and physical manufacturers?

A: I guess cause they don’t play an important part anymore, especially in the electronic dance music that can even be produced on just your laptop when you get yourself producing software. It’s all pointing towards streaming sites, at least that’s what my focus is on and all the other producers that I know of.

R: Do you feel like cutting out certain intermediaries?
A: Well, I definitely like to cut out the engineers since I don't really have any use for them. So I wouldn't want the funds that come from my music to pay for engineers that are of no benefit to me. And I guess as a whole I'd say maybe just do it away with the label completely if I think about it. Honestly, because if I could get the work done and if I could have the benefits of being with a label without actually losing a lot of my freedom as an artist, that would be the dream. Of course that's easier said than done. But I guess that would be the best option if I could just sell my music directly to my fans without having to go through labels. I guess you have to learn from your mistakes, right?

R: I agree, you always learn in life. So do you feel that record labels possess an advantage towards the artist and do you feel it is fair that way?

A: Yeah, I think they do have an advantage definitely because they're in control over my income basically. So of course it's regulated by a contract but for example, since my label does not pay me out monthly that's a huge disadvantage because I would of course like to see more frequent payments. And if I say, that's fair, definitely not.

R: How important are streaming sites to your income and exposure as an artist?

A: They are very important especially in this day and age where people don't really go to shops anymore and buy CDs. They listen to your music on Spotify. So I'd say that streaming sites are actually the most important thing for an artist these days and they definitely get me more exposure than like a CD or what not would bring.

R: And are you content with the pace of how royalty payments get to you from streaming sites?

A: I already mentioned before that my label pays me quarterly, which is way too slow. Personally I would like to at least get paid monthly. If not even directly for every time someone buys a track online or listens to it on Spotify. So that would be my preferred way of doing things.
R: Are you familiar with the blockchain technology?

A: I've heard about it. But I just have a vague idea about it and I mean just have those associations with Bitcoin. That's it if I'm honest with you.

R: But what about its emergence in the music industry?

A: No, I haven't heard about that.

R: That's alright. Then let me ask you this question: How would you feel if you knew exactly how much money everybody included in your music releases makes?

A: I would like to know some of that information, because I don’t know how much my label actually makes with my songs, but at the same time I don’t want others to see what I earn with songs, so I wouldn’t necessarily fancy it. Same rights for everyone I guess.

And secondly how would it make you feel if listeners knew exactly how much revenue you make with your song?

A: I don't think this sort of information is really necessary because the music should do the talking and not how much revenue it makes. Definitely I don't want the listeners to know this information because they should judge me only based on my music and nothing else, not on my earnings whatsoever.

R: In which aspect would you like the music industry to change around you?

A: I definitely like more commitment from labels for their signed artists.

R: Do you mean labels should be more communicative and transparent?

A: Yes, they should change their policies on that and give me more information about how they like my songs, how my songs perform in their eyes and what they expect from me. And also I guess since I go through this label, like what the label provides me is being able to have my music on all these streaming sites. So what if I could just go directly to Spotify for
example and upload my music there that would be much better. If there was like a streaming service where artists could like uploading music directly and get paid directly through the service instead of having to go through a third party like a record label.

R: Great, then thanks for taking the time and answering all my questions.

A: You’re welcome.
Interview Transcript with Interviewee B

Interview No.: 2

Date: 29/05/2019

Interview participants:

R: Maximilian Kumptner - Interviewer

B: Interviewee B

Profile of Interviewee and music genre:

3 years professional artist

music genre: electronic dance music

Label status: exclusive

R: So how long have you been active in the music industry?

B: I would call myself still a newcomer. I've only been active in the last 3 years.

R: Are you signed up by a record label exclusively or do you release your songs on various labels?

B: For the first two years I was without a label. And now for the past year I've been signed exclusively to one label.

R: Why have you chosen that exclusive label and not continued releasing non-exclusively on different labels?

B: I guess the reason that I opted for xxx label is because I've been following them ever since I got into the deep house music genre and I always dreamed of having a song signed by them.

R: How would you describe the work with your label so far?
B: It has some very good sides and some bad ones too. I'd say my opinion on labels is somewhat mixed. On the one hand as I mentioned before they can do a lot, especially for newcomers that don't know their way around the music industry, but on the other hand I know that they exploit me because the work I make and the money I get is ridiculous.

R: What do you mean with ridiculous?

B: Imagine spending 10 hours plus on creating beats, sometimes lyrics, mastering the whole thing, it sometimes takes me several days because I feel stuck creatively and the money I get through streams and sales are a joke. I shouldn’t talk about money but it’s nothing to what they make.

R: What money cut would you wish for?

B: I don’t know. 40/60 at least. I mean do all the work for the music. They do all the work putting it out but it’s not fair now.

R: 40% for you?

B: Yes, I know they take care of lots of promotional stuff and invest more money as well but I can’t see it working how it is right now.

R: Have a look at this. Does your value chain look like this model here?

B: Ok let’s see. I’d say this is pretty much accurate for the most part. Like maybe the physical parts don’t really apply to mine. It’s all online.

R: Would you cut out certain intermediaries in your case?

B: No, I'd say this is fine. It’s not so much about cutting out people. I can see the value they bring. Some bring the value in the creation of the music and the other ones have the contacts that are important if not more important to get your music the attention it deserves.

R: So who are the other ones?
B: Well have a look at the model. The label, the distributors, which in this case are called aggregators I guess, they bring me the value of exposure. In my case the label is just well known and can bring me more listeners than if I was on my own.

**R: Then let me ask you this. Do you feel that record labels possess an advantage towards the artists they have signed?**

Yes they do, but that’s the contract every artist needs to sign. I trust or I did trust my label when I signed up with them because I knew that they could provide me with some sort of value in exchange for some of my freedom as an artist. For example I can only release through them so that freedom is taken away in exchange for some benefits.

**R: So do you still trust them?**

B: Yeah, just that my initial excitement is kind of gone and in my eyes they are not that crazy, massive label anymore. Look, they make good money I think whereas their artists can’t really say that. I look at them like they’re my employer to some degree and like with every job you have there are issues.

**R: Like what if I may ask?**

B: It’s not so easy to answer. How should I put it into words? Let’s put it that way: I’m a perfectionist and I can’t stand it at all, like not at all when people expect me to make music that doesn’t feel right with me. I understand them that they want me to produce music that people want to hear. But I have my own identity, my own style and I don’t like it when people that don’t produce themselves, tell me in which direction I should go as it’s the trend right now and in the end I don’t even benefit it form it. But they do. Do you understand what I mean?

**R: Totally and apart from that how important are streaming sites to your exposure & income as an artist?**
B: Very important. Like I don’t think there’s anything bigger than Spotify for me. It’s like the bread and butter of most artists. Now I just have to find a way to make it that for me too.

R: Are you content with the pace of how royalty payments get to you from streaming sites get to you?

B: It’s ok. I get paid every two months. I mean I’ve heard of labels that pay even less frequently than that. So I guess I’m somewhat lucky because every two months is in my opinion acceptable. I mean I do a lot of gigs in clubs, where I get the money mostly in advance so I don’t depend on the money from streaming sites too much. But of course, I’d prefer every month to two months. I don’t want to complain about that so much now cause I never really looked at it as a problem.

R: I see. Are you familiar with the blockchain technology?

B: Yes I’m.

R: What do you know about it off the top of your head?

B: Like a new technology that deals with cryptocurrency. That’s it pretty much. I’ve actually always wanted to dig into the topic and understand it cause I hear people always talk about it.

R: And have you heard about its emergence in the music industry

B: No. So you pay for music with cryptocurrencies or what?

R: Well it can have some potential impact on the music industry. But it’s not a big deal if you haven’t heard about it. The whole reason of that interview is to figure these things out.

B: Wow, interesting. I should really inform myself better in the future about these things, like honestly, I tell myself so many things to do and never end up doing them in the end cause I’m in the middle of work and gigs and so on.
R: Don’t worry too much, love your music and that’s what you should focus on anyway. I will tell you about it after the interview.

B: Thanks man. I would love that.

R: Ok, let me know how you would feel if you knew exactly how much money everybody included in your music releases make?

B: I think that information, I wouldn’t mind seeing. Nothing to hide then really.

R: Any reason for that?

B: Not really, there are not many people involved in my music anyway. The label knows how much I make but I don’t know exactly how much they make. So yes, would be fair to have that info.

R: And how would it make you feel if listeners knew exactly how much revenue you make with your songs?

B: Interesting question actually. How should I say it's like, on the one hand maybe someone could interpret it like that you're only being judged by your earnings but on the other hand, I'd say that yeah, I kind of like the idea that I can see how popular a certain musician or music genre is. As an artist through this information I can use this to my advantage. For example, I can see this artist makes this music in this genre of music, which is earning him a lot of money. So maybe if I could like produce music in this genre, maybe I could take advantage of it. So these kind of like statistics could definitely be beneficial towards me.

R: And what about your listeners seeing your income?

B: I hope they see that I can’t live off that much money and listen to more of my songs.

R: So no problem with that?
B: No I think that can actually help me find some sympathy with them.

R: Okay and last but not least in which aspects would you like the music industry to change around you?

B: I want this “telling artists what is trending and in which direction we should put our focus on” to stop. It’s just wrong and will destroy the music scene in the long run.

R: What if labels continue that with you?

B: Honestly, then I either have to find myself a record label that let’s me be myself and embraces my music and having me under their wings or just risk it all and do it on my own. I have some close people around me that have studied law and some that work in marketing. Maybe, them and myself could form a thing of our own and then obviously I could cut out most parts in the model you showed me, which I wouldn’t mind.

R: Why aren’t you doing that now?

B: As I said. The label still brings me loads of exposure. But between us I can tell you, especially as I don’t have to mention names that once I’ve reached a level of success I will try to use that to my benefit and hope to do it all by myself as I’d rather share the whole pie with my fellow close friends that I know will not try to take advantage of me than labels that look at me like a product they try to sell.

R: And are there other changes in the music industry you would welcome?

B: Overall, I don’t think there needs to be any big changes. I said I have mixed feelings towards my label. They provide a lot of benefits but there’s also some downsides, like them earning way more off my songs than I do, but again they’re big in deep house music and being signed by them makes others look at you with some respect.
R: Great, then I say thanks a lot for the interview and best of luck for your career!

B: My pleasure and thanks I will try my best.
Interview Transcript with Interviewee C

Interview No.: 3

Date: 29/05/2019

Interview participants:

   R: Maximilian Kumptner - Interviewer

   C: Interviewee C

Profile of Interviewee and music genre:

   10 years professional artist

   music genre: electronic dance music

   Label status: non-exclusive

R: So starting the interview I’ve got the first question for you. How long have you been active in the music industry?

C: Well honestly when I think about it it’s almost 10 years. Yes pretty much 10 years ago I had my first song come out commercially. Crazy how fast time goes by.

R: And right now, are you signed up by a record label or do you release your songs on various labels?

C: At the moment it’s not exclusive, because you know, I’ve gone through so many labels and so many bad experiences. I want to just keep myself the freedom. You know the freedom of choosing the record labels that fit my music instead of being exclusively with one label because I’ve a contract with them. I don’t like that.
R: You said you don’t like being with one label. How come?

C: It's too much of a hassle, because you know, I remember when I was with the first two or three labels exclusively for a year, it's not really that nice, because you know during that time I evolved as an artist and grew as a person and changed my music style into something that back than didn’t really fit these labels and I still had to kind of honor my contract and release a certain type of music, which was progressive house at that time, but I didn’t feel like it anymore and wanted to move on. I don’t want to mention their names but that made my whole journey a whole lot more difficult but who knows. Maybe that’s what I needed back then. That being said at the moment I am actually happy.

R: How would you describe the work with your record labels so far that you’re working with at the moment?

C: Like I said I can’t really complain. I mean if you’ve gained a certain degree of establishment in the industry people respect that. I can tell you when I started out, I mean a was a naive young lad back then but I knew that the labels had the upper hand towards me and could easily exploit me and I couldn’t really do anything about it. Obviously back then when I started making music the first label came approaching me real soon after that and I was like: “Oh my god, that’s just crazy that they want me”.

R: And in this very moment are you completely content or are there things to complain about?

Look being in the industry for 10 years, like we said before and you know being on the big stage actually let’s me gain a lot of leverage, which not many artists can claim obviously. So my name and influence in the industry helps me a lot to keep a fair and healthy relationship with the labels I’m working with at the moment. But it’s a two-way game I think. You have to show them willingness to compromise and then they are more willing to come your way as well at least from my experience. As I said, I have a label on which I release my deep house music on and a different one where you can find more of my drum’n’bass stuff.
R: Ok, then let me ask you this: Does your value chain look like this?

C: Give me a minute. If I go into detail then in our industry and I think other artists would agree with me that these so called engineers and producers are not needed. I mean we produce electronic music and when you have been doing it for over a decade than you can master and fine tune everything yourself, but that’s just me being picky here.

R: No, that’s good that way. Anything else that you would change in your case?

C: Just the engineers and producers are not necessary. Maybe the songwriter as well. Most of my tunes don’t even have vocals but even if so then I like to create them myself. I don’t like to work with 5 people where my own style is lost really. Oh and I forgot, all the labels in the EDM scene that I work with don’t really deal with physical retailers anymore. I think that’s past.

R: Would you like to cut out certain intermediaries here? And if yes which ones?

C: Of course you can always cut out others but I think that it’s about the relationship you have with them. If there is respect and you can work well with each other why would you want to destroy that? When I started out I wanted to do it all by myself.

R: What would that have been?

C: I told you I wasn’t really happy with the exclusive deals I got myself into and I wanted to change that in that time. I would have probably said I wanted to cut out everybody cause I was so angry at myself and everybody around me for getting myself into that mess.

R: Do you think that’s what upcoming artist might feel like right now?

C: 100%. At least from the ones I’ve talked to and the ones that ask me for advice for their careers. I think it’s a trend right now making it yourself and I find that great. But I think many young artists overestimate their ability to
actually make it to be a big star in the industry without the help of anyone else and I mean let’s not fool ourselves. There are many artists out there that want to make the impression that they are independent but in truth they have a label behind them pushing them.

R: And what is the reason for not cutting out the label now?

C: When you’re a musician, I think you should focus on your songs, put all your energy in that and the rest I can’t do as well as the labels I work with. They have more expertise in distribution, branding, social media and much more. And if they make me feel good about my music and show me the support I need then I would feel bad to cut them out. There is no reason in my case to just say “Let’s throw everyone out“.

R: Do you feel that record labels possess an advantage towards the artist?

In my case I wouldn’t say so but that’s because of my name. In most cases they have an advantage, of course. They give out the contracts and you as an artist take it or can move on. Not many are willing to compromise with artists that are just upcoming. Labels bring you exposure way faster than you could manage on your own, especially when they’re well-known and longer in the business than you as an artist.

R: So do you feel it is fair that way?

C: Depends from label to label. Some labels are so big that they can catapult you to the top within a year and of course some exploit you. At least in my case it’s fair. I don’t want to mention numbers but it’s pretty much a 50/50 split for everything.

C: How important are streaming sites to your income & exposure as an artist?

Nowadays they play a big part. I remember when I started out you could still buy everything in CDs. But like most things in life they change. Spotify, Apple Music and the rest are the centre of attention and that’s why they are up there. And I can see it, when I release songs, most listeners are on streaming
sites and I’m happy my labels manage all of that for me cause I’m not so savvy in these things.

R: Alright, and are you content with the pace at which the royalty payments come to you from streaming sites?

C: the pace?

R: the time it takes for you to get the royalty payments from streaming sites such as Spotify.

C: Oh sorry, my mistake. I get them at the end of every month. I mean I know through the technology etc. it should be faster but that’s how it is and the fact that there are many people involved could be a reason for the payments to take time. You would always want to have it faster. Obviously I know many young artists never getting their payment. Their contracts say that they get paid out once their songs reach a threshold of money and they never really get there, which is sad and puts a bad reputation on labels.

R: What about advance payments for these young artists?

C: Well most of them don’t get that as far as I know. And there are strings attached with advance payments.

R: What do you mean with strings attached?

C: Well you might get advance payments and therefore give up future royalty payments for the music. Thankfully that happened to me just once and ever since that moment I read my contracts.

R: Let me ask you this: Are you familiar with blockchain technology?

C: Yes I read many articles about it and will be interesting to see where it goes.

R: And have you heard about its emergence in the music industry?
C: Well actually the first time I heard about it was when I met a friend, who’s a musician as well, and told me that there this blockchain thing can help people like us.

R: Help you in what way?

C: Like we talked before when you asked me whom I would like to cut out. It can erase middlemen that make money off your songs but that you don’t really need. Have you heard of these own streaming sites that use cryptocurrencies and you get paid with that?

R: Yes I have. How do you feel about such technology potentially changing the industry?

C: I’m always skeptical about these new things.

R: Would you join a blockchain-based platform on which you could release your songs?

C: Well I can’t answer that right now, but if the benefits outweigh the costs then I would feel inclined to do so. Even though I’m pretty much happy with my situation at the moment.

R: How would you feel if you knew exactly how much money everybody included in your music releases makes?

C: I love that idea actually. Then there is no corrupt handling of payments etc., which many complain about.

R: How would it make you feel if listeners knew exactly how much revenue you make with your songs?

C: I wouldn’t mind that either. Honestly I would embrace that. So many fake artists out there, pretending to make so much money and live off a reputation that is based on lies and that’s just cheating on your fans. Of course some musicians could see that as a threat, but I have nothing to hide.
R: Great. And last but not least in which aspects would you like the music industry to change around you?

C: I wish for more positivity. The music industry is such a big one and to be part of that feels amazing. But still there are just too many people that are negative and jealous and want you to fail. I don’t care about some people hating on me, I mean that’s even important to realize that you’re successful. But many people want to put a burden, an obstacle in your way and I think there is enough for everyone.

R: And in terms of work with labels or problems we've discussed before?

C: Of course in my case I can’t complain too much. But I wish that upcoming artists get the recognition they deserve, that they get a fair split of the money made from their songs and not be treated like animals that you use and when you don’t need them anymore you take new ones. The respect and honesty is key.

R: Do you think blockchain will help in that matter?

I mean blockchain could help there definitely but I think it will take time for that to make an impact. I just can’t see artists simply move away from labels. Labels are everywhere and are the first address you go to when you’re serious about producing music.

R: I say thanks a lot for taking the time and giving me that inside in your career.

C: My pleasure. Hope I could provide some valuable information.
Interview Transcript with Interviewee D

Interview No.: 4

Date: 30/05/2019

Interview participants:

R: Maximilian Kumptner - Interviewer

D: Interviewee D

Profile of Interviewee and music genre:

4 years professional artist

music genre: electronic dance music

Label status: exclusive

R: Alright, let's get it started. So how long have you been active in the music industry?

D: About 4 years.

R: Are you signed up by a record label exclusively or do you release your songs on various labels at the moment?

D: I'm exclusive with xxx Records.

R: What made you sign with them exclusively?

D: Well, you know before that I jumped around from label to label, never had an exclusive contract because I was kind of afraid because I felt like no label at that time deserved the exclusive rights to publish my music. But then I came across a great contact who recommended me to a big label and they convinced me to release with them.

R: I mean, how would you describe the work with the label so far?
D: You know, I don't want to complain too much. If I had the chance again, I would probably just choose a different route. I feel that the label has a bit too much say over my work. I mean don't get me wrong, I'm thankful because they are doing important things for me that I could have only dreamed of couple of years ago.

R: Like what services do they offer you?

D: Apart from all the work related to music distribution and music video creation they get me to events and meet important people. They help me get my music spread all over the Internet and make my music play on radio which on my own would be difficult.

R: Why do think it would have been difficult?

D: Just cause I don’t have the knowledge about these things and I didn’t know anybody in the industry. I can only talk for myself, but I feel I deserve a bit more.

R: Is it not enough at the moment?

D: No. My time I spend on my music in comparison to the money I get is not worth it at the moment. I'm just keeping up with it because I know the current label has value to me. They get me exposure on my social media driving up my numbers on Instagram, Youtube or even Twitter.

R: Have a look at this figure. Does your value chain look like that model?

D: What are the aggregators?

R: They distribute the music onto various streaming sites like Spotify or Apple Music.

D: I see. That is xxx in my case.

R: Your label uses physical manufacturers as well?

D: No, of course not. I didn’t see them.
R: And you use engineers for your music as well?

D: Yes I still do, but just because I have some good friends that are more experienced and offer these services. I guess not all producers need them.

R: So would you like to cut out certain intermediaries?

D: Sorry, what do you mean with intermediaries?

R: Let's put it that way: Would you like to cut out certain boxes that you can see on here?

D: When I get bigger I want to work with the labels and all that stuff. I told you before that I’m with that label now just because they are bigger than me and that kind of helps me to get it going. I don’t feel ready as of now because I want to kind of gain some experience. But eventually I want to have my own thing going on.

R: Like what?

D: Like driving traffic to it, publishing it everywhere with my cover arts, pretty much all the things a label would offer me now. And of course I have to get to know people that can help me on my way to actually create my own music brand. To publish my music without the help of a label is not easy. I think a lot of people that go independent right now still fail and end up signing for labels again. But nowadays you can do everything yourself. You just need the proper equipment, which can cost you a bit. But you just need to have the proper computer, a good software like FL Studio and the rest is free. Distributers you still need unfortunately.

R: Why do you need them?

D: I know. They don’t cost much, but I just don’t get the idea. Why do you have to pay for the service of someone putting my music on streaming sites? So if you go through a label, obviously the label pays them or maybe a label has their own direct way to the streaming sites, but most labels have a distributor and obviously the distributor takes off a fee per month or year,
which is not much but still I think like why should you even have to pay one penny for putting up music on a site? Why can’t I do that myself?

R: Do you feel that record labels possess an advantage towards the artist?

D: Yeah, of course. I told you that already. That’s why I’m thinking about doing it on my own, but that will take me some time.

R: Why do you feel it will take time?

D: Everything takes time in life. It took time for CDs to nearly dissapear so what we have now will take time as well to dissappear or at least, let’s say change.

R: So how important are streaming sites to your income and exposure as an artist?

D: Without the likes of Spotify or Soundcloud I wouldn’t have gotten so far. They are the main drivers for me to get booked and then obviously earn even more money off the Internet. I mean for the last year I’ve been pretty active on YouTube as well and that’s actually coming along quite well, but yeah.

R: Are you content with the pace of how royalty payments get you from streaming sites?

D: I’m the last person who sees a penny from my own music. Again I want to make it clear that I’m thankful for all they do but I get maybe 20% of the royalties paid out.

R: Why did you enter into a exclusive deal with them then?

D: Because they’re big, as a whole they are bigger than me and being with them will help me, but that doesn’t mean I’m happy with everything

R: Have you told them that you’re not fine with the contract?

D: I did and they said that that’s the contract they give every artist and it would be unfair to the other producers to change it.
R: How long does it take for you to get royalty payments?

D: Two months.

R: So are you familiar with blockchain technology?

D: Yes, blockchain is a thing that has been in the news for the last two or three years I think.

R: Have you heard about its emergence in the music industry?

D: I looked up these platforms that work with cryptocurrencies but they’re just tiny when you compare them to what we already have.

R: Anything else you’ve heard about blockchain in relation to the music industry?

D: Well yeah, that these streaming platforms allow producers to upload your music on them and in return you get actually almost all the revenues. The problem of this is that these sites don’t have the numbers of users Spotify, Youtube, Soundcloud and others have.

R: Would you join them?

D: In the future maybe. Maybe a streaming site that uses blockchain goes on and becomes the next Spotify. You don’t know what else there is to come.

R: How would you feel if you know exactly how much money everybody included in your music releases makes?

D: Something I haven't thought about so far, but I like that thought.

R: Why?

D: Because then I can actually see the actual breakdown of what everyone gets.

R: And how would it make you feel if listeners knew exactly how much revenue you make with your songs?
D: Maybe that's a bit too much. Cause what if fans are then put off by the idea that some people earn a lot and are not willing to listen to their music anymore?

R: In which aspects would you like to the music industry to change around you?

D: Number one, less record label power, but that’s nothing new you haven’t heard from me.

R: What about these blockchain based sites you’ve mentioned before? Can you see them being relevant?

D: If they can come in and help us artists then yes why not? I know that I deserve more and I should get more and to me it's just the time, you know within a couple of years, I actually might go and do it all by myself.

R: Well, thanks for the interview. It was very interesting to hear your points about the music industry.

D: Man, my pleasure. Hope I could help
Interview Transcript with Interviewee E

Interview No.: 5

Date: 30/05/2019

Interview participants:

R: Maximilian Kumptner - Interviewer

E: Interviewee E

Profile of Interviewee and music genre:

8 years professional artist

music genre: electronic dance music

Label status: non-exclusive

R: All right. So my first question would be how long have you been in the music industry?

E: I’m 8 years in the game.

R: Are you signed up by a record label exclusively or do you release on various labels?

E: I don’t have any obligations to one label. I’m releasing music on labels for songs every now and then sometimes do it through my channels too.

R: Why are not exclusive with one label?

E: I want my options to be open right now. I don’t know if my future will be in the EDM. I make quite a bit of electronic themed music for films and I feel that right now. So who knows if I will still release songs in 5 years from now.

R: How would you describe the work with your label?
E: I think I have a pretty decent experience with the three labels I'm working with at the moment. I mean I know the owners well and we all know how the industry works so no problem there. I just want to keep my options free as I said.

R: Why would you say that?

E: Simply because I can approach labels when I feel like releasing a song through them. I put out music constantly and I think the consistency is the key. Sometimes I like to release some songs on my own.

R: So you would say independently?

E: Yes on my YouTube channel mainly. Sometimes I do some featuring with singers to kind of cross promote and get other fans on board and that is handled better without a label unless both of you are signed up by one label.

R: Okay, let me show you this figure here. Could you tell me if this figure here resembles your value chain or if there are some differences?

E: When I release with labels I’d say that the labels and aggregators are right here, the rest doesn’t exist.

R: Do you use engineers throughout the process?

E: Yeah I use them sometimes, but it really depends on the music I make. For commercial releases I have colleagues who specialize in that and I trust them with that.

R: Would you like to cut out certain intermediaries?

E: Right now?

R: Yes, right now.

E: Not really, of course you could do all by yourself but I wouldn’t recommend that to anybody.
R: Why?

E: Then you won’t have so much time to focus on the actual music. Most artists can’t afford doing all the things a label does for you. So it’s kind of difficult to imagine.

R: But from what I’ve heard from you, you release on your own as well. So why would you say it’s hard without the label?

E: You have to make a clear distinction here. I have my own distribution channels with people waiting for me to come out with new songs. Most artists don’t and labels get them that.

R: Okay and what about the distributors?

E: No you need them.

R: Why do think that?

E: Number one they have the direct contact to streaming providers and if you think about it their real job is to filter out low quality songs so that the platforms have quality music on them and not a load of garbage.

R: Do you feel that record labels possess an advantage towards the artist?

E: If my answer were no then I would be lying.

R: Why?

E: Okay well, they can control everything about you as an artist. Depends on the contract of course but like you’ve asked me before about exclusivity with labels. If you are exclusive with a label they can do whatever they want to with your songs cause they own everything. They can even change your songs.

R: Do you feel it is fair that way?
E: Look, it really depends on the situation, it really depends on the size of the label. I think most artists, unless you’re big like AVB or others don’t see much of all the money generated with labels. That’s no secret, though. All the producers that I know of will tell you the same. So either create label yourself or make some friends that own some like me.

R: How important are streaming sites to your income & exposure as an artist?

E: Important to say the least. In my case I earn more money through the transition to more electronic music for movies than for songs on streaming sites. But it’s a good passive income. I’m happy about that.

R: Are you content with the pace of how royalty payments get to you from streaming sites?

E: I get them like, every two months it is, I think.

R: Are you content with that?

E: I never really thought about it. It’s different from label to label and depends on the distributors you work with. Obviously it should be reduced.

R: Are you familiar with blockchain technology?

E: I wouldn’t say that I’m an expert but I’ve just recently seen that PewDiePie started to stream on a video streaming service that is based on blockchain and there are many of these sites for music too.

R: Would you go on these platforms too?

E: I don’t know. All my people are on Youtube and Spotify mainly. But if bigger producers make that step then I can see myself there too.

R: Do you know the benefits of these sites?
E: In a video it was explained. From what I remember, they let you keep most of what you earn.

R: What do you think do these platforms need to get the attention?

E: I think they have to invest more in ads and get in front of the actual listeners. Create some incentive to go on there. But even if they succeed I think it will take them some time. I mean PewDiePie is the biggest Youtuber, that’s what you need.

R: How would you feel if you knew exactly how much money everybody included in your music releases makes?

E: I want to know what all the others make off my music for ages. So yeah, bring it on.

R: How would it make you feel if you listen us exactly how much revenue you make with your phone?

E: I don’t know how I should feel about that actually. I want my listeners to enjoy my music and don't check my income. I can only imagine how much abuse certain artists would get on Twitter.

R: Which aspects would you like the music industry to change around you?

E: I mean off the top of my head it’s hard to come up with concrete ideas but I want to urge aspiring artists to start their career because they love music and not do it for the money they think it gets them. That will bring you in trouble and create a toxic career and all you can do is paper over the cracks.

R: Do you feel that blockchain based platforms can be a real competitor to these mainstream streaming sites of today?

E: They could. You never know what can happen. But I can’t imagine that streaming sites like Youtube and Spotify, will just disappear like that.

R: Thanks for giving me your insight.

E: Thank you and no problem.
Interview Transcript with Interviewee F

Interview No.: 6

Date: 31/06/2019

Interview participants:

R: Maximilian Kumptner - Interviewer

F: Interviewee F

Profile of Interviewee and music genre:

2 years professional artist

music genre: electronic dance music

Label status: exclusive

R: So my first question would be how long have you been active in the music industry?

F: Only 2 years.

R: Are you signed up by a record label exclusively or release on various labels?

F: I’m under contract with a label called xxx records for this year so actually it’s only 6 or 7 months left.

R: Why have you chosen that road?

F: It was the way to go. I think everybody around me, all my fellow producers got to be on labels, so I wanted it too. I sent many demos to hundreds of labels and a couple of them reached back to me and then I started out with one label that I thought was right for me and right now I’m with them until the end of the year.
R: How would you describe the work with the label so far?

F: Pretty good, you know I would need to be signed by different labels as well to give you a reference or a comparison.

R: Is there anything that bothers you?

F: I could always need more money, but they have the knowledge that helps me. They provide me with tools that I couldn’t do on my own like giving me access to promotional outlets and taking over costs that occur during music production. So that helps me focus on my music and they help me with all the other stuff.

R: I see, have a look at this figure here. Would you say that your value chain looks like this?

F: I don’t know how mine looks. You know I would have to ask the label, but I can tell you that the label puts up the music on streaming sites with xxx as distributor. Where is the distributor in this model?

R: It’s called aggregator here.

F: Oh that’s what it’s called. But all in all it seems about right if I have to decide.

R: Would you wish for the music label to communicate these things like how your value chain looks and who is involved in your music?

F: When you think about it yes, but my contract with them is purely about submitting songs to them. You know that’s all I do. I submit my songs to them. They tell me whether it’s good or not good enough, ask me if I need some mastering and most cases then they move it on to have it mastered and then they release my songs on streaming sites and try to get me other opportunities.

R: Like what?
F: Events on which I can play, features on playlists, yeah that’s about it. They don’t give me feedback, which bothers me a bit and I feel left in a corner.

R: Would you like to cut out certain intermediaries?

F: I’m no expert in things like publishing music, getting myself interviews, marketing my social media, so I need the label at the moment and all the other parties. I can’t really tell you about the others because the label works with them. I’m just in contact with my label. I don’t deal with anybody else.

R: Do you feel that record labels possess an advantage towards the artist?

F: I mean they control everything so I would say they have an advantage. I’m not that long in the business. So I can’t have many expectations. I think I’m a realist when it comes down to that. I think that a lot of young producers just think that they might be the next Martin Garrix and they think that they deserve more but I think you have to build something before you ask for more.

R: How important are streaming sites to your income and exposure as an artist?

F: I don’t really earn that much with streaming sites just because I’m pretty much in the beginning of my career. But of course it’s one of my goals to get big on sites like Spotify. Everyone I know uses it, even my father.

R: Are you content with the pace of how royalty payments get to you from streaming sites?

F: I don’t know what I’m allowed to say here, but my contract says that once my songs reach a specific sum then I get paid out so it depends but I’m not focused on it. I want to focus on my songs and grow as a producer first before thinking about the money so much, you know. I’m still young. I still have time. I will definitely spend the next 1 to 2 years just exploring different genres to really focus on one thing.
R: Are you familiar with blockchain technology?

F: Familiar with what?

R: Blockchain technology.

F: Not heard of that

R: Ok, then, let me ask you this how would you feel if you knew exactly how much money everybody included in your music releases makes?

F: I can imagine that being a good thing. I think that openness is important.

R: And how would it make you feel if listeners knew exactly how much revenue you make with your songs?

F: I can’t really tell you how that would make me feel. I think I would have to experience that first to really tell you my opinion on that. But before I told you openness is important. I believe that counts here too. I can’t really think of anything bad to happen when you make good music and people love it and then just see that you earn well.

R: Alright, last but not least in which aspects would you like the music industry to change around you?

F: Good question, I have not really thought about that because I’m right in the beginning, right at the start. My focus is really on making sure I get the best possible product out there, which is my music.

R: And with your label?

F: I hope the communication between them and me gets better and they give me feedback on my performances.

R: Then I say thank you. Hope you have a great career ahead of you.

F: Thanks, best of luck to you too.
Interview Transcript with Interviewee G

Interview No.: 7

Date: 01/06/2019

Interview participants:

R: Maximilian Kumptner - Interviewer

G: Interviewee G

Profile of Interviewee and music genre:

6 years professional artist

music genre: electronic dance music

Label status: non-exclusive

R: So first of all let me know how long have you been active in the music industry?

G: I’d say for around 6 years.

R: Are you signed up by a record label exclusively or do you release on various labels at the moment?

G: I only release on two labels, and that for the past year. I still want to do whatever I want to with my music and I not have a label do with my music whatever they feel like so because of this I only sign deals with labels for individual songs and that they have only exclusive rights over that song for like a year or so that if a bigger label comes in and wants to sign that they can do it after that.

R: So how would you describe the work with the labels you work at the moment?
G: Decent. xxx recordings, that’s the label I work with mostly at the moment. I mean they have secured me live spots on multiple events and flew me out to London and Birmingham to two radio stations to promote my latest single back in April. They are really doing a lot for me and they've also shown me trust with that. Funny thing I was eager to commit myself more to the label with future songs but now I'm getting offers from other labels that offer me more and that kind of makes it hard to come up with a decision if I should stay with them.

R: Why is it a hard decision?

G: Well I think I'd feel bad because they have helped me out so much in gaining popularity so it would be like leaving them behind.

R: Have a look over here. Does your value chain look like this model here?

G: Okay. I think with the current label and the capacity they have you could divide that into separate segments.

R: Which segments?

G: Like for example they have a whole legal team and then a unit that takes care of all the business around their signed musicians and tracks.

R: Do you use engineers?

G: The label does have their own engineers and sometimes they check my music but I don’t really need them because I do the mastering and mixing myself.

R: What about the physical retailers here?

G: As far as I'm aware they don’t sell physical goods like CDs. But sometimes they work with other companies that produce CDs like for example those best of Ibiza 2018 type CDs. You know these?

R: Yes heard about them.
G: Yes, so those companies probably have a contract with them that they get paid in exchange for the right to use the label’s music in their compilation CDs.

R: Would you like to cut out certain intermediaries here?

G: No, you just have to find the right people. But that's why I don't want to settle with one label. You never know if something better comes up that could push you to the next level.

R: But do you think that record labels possess an advantage towards the artist?

G: Advantage? In my opinion they do but it's fine as long as they are bigger than you as an artist. I think most artists don't really understand that once you agree to a deal exclusively you don't have much to say anymore, even if sounds exciting getting signed by a label.

R: What if that changes then?

G: Well then the artist or producer or whatever you want to call him has the advantage over the label. I mean it depends on your deal. When your contract says that you get no money then it's not fair either way. It's simple.

R: So how important are streaming sites to your income and exposure as an artist?

G: Okay how should I say that? I'm going to put it this way. On a scale of 1 to 10 for the whole industry it's a 10, no doubt about it. Everyone listens to Spotify streams or YouTube or somewhere else. For me personally it's a 7 out of 10.

R: Why just 7?

G: Because I make money from live sets and gigs and they pay me well and now I license specific instrumental music to shows and companies in general.
R: Would you say that you’re content with the pace of how royalty payments on these streaming sites get to you?

G: You have to know that the payments first are going to the aggregators and labels. So I’m the last one in the chain to receive any money. It’s sometimes three months. I remember two years ago six months was the longest I have waited on royalties so far. I think if my other income streams didn’t exist then I would be bothered more.

R: Let me ask you this question. Are you familiar with blockchain technology?

G: I’m pretty much aware of it I’d say. I’ve actually just had some discussions with friends about that.

R: What in particular?

G: Well I know producers that just believe that this is the future.

R: Yes, I mean can be. Do you think it will have an impact in the music industry?

G: I don’t know so much. I can understand some people complaining that they don’t want to share their income so much. I think that’s like the reason for many to start thinking to join sites that work with blockchain.

R: What is your opinion on them?

G: I don’t know. The idea of instant payments and the fact that fans can tip musicians is great. I don’t know if all sites offer that, just heard about Musiccoin. Just have a look at Twitch. For years already viewers can donate money to their favourite streamers while watching. So why wouldn’t listeners of my music want tip me for the music they like?

R: Do you see yourself on such platforms in the future?

G: I would say if my fans are willing to go such sites then I’m up for it.
R: Why would you think that your listeners and fans are not willing to change to such platform?

G: Because people are comfortable. They have their platforms on their phones, which they are on 24/7. It would be quite hard to convince someone to try totally new sites where they have to pay for music in cryptocurrencies. I don’t think that most people even understand what that means and that they’re not willing to pay for music anymore.

R: How would you feel if you knew exactly how much money everybody included in your music releases makes?

G: So we’re talking about complete transparency right?

R: Yes you can call it that way. What’s your opinion on that?

G: It's a good solution. Transparency can benefit everyone to be motivated to work hard if you want to change the industry to become fairer.

R: And what if fans could see how much you make as well?

G: All or nothing. I think you should be prepared for such a thing so I might not feel comfortable in the beginning, but I'm sure after some time of such change everyone will look at it as normality. Look at our lives, most things are not even private anymore so I think such a thing wouldn’t affect things badly.

R: Last but not least in which aspects would you like to music industry to change around you nowadays?

G: That question was the reason for my mates and me to talk about ways of changing things or even changing to a different industry where it’s not so saturated. This blockchain can really transform a lot but I think a problem is that people expect music to be free, 10 years ago such thing wasn’t taken for granted and to make that happen again we would have to find good convincing arguments to make music lovers and fans support artists.
R: Great, thanks for all the insight and your answers. Was a pleasure talking to you.

G: No worries, you’re welcome.